

THE TRAFFORD COLLEGE GROUP

**Minutes of the Audit Committee Meeting  
held on Monday 24 April 2023 at 4.00 pm in the Boardroom at the Altrincham Campus**

<b>Present:</b>	Jed Hassid Heather Lang Lina Tsui-Cheung Ian Duncan Emma Kelly	(Chairperson)
<b>In Attendance:</b>	Barry Watson Brian Welch *Anthony Gribben-Lisle Alison Duncalf Dave Fitton Michelle Leslie Kal Kay Karen Rae	(Corporation Secretary) (BDO – Internal Auditors) (Data Protection Officer) (Deputy Corporation Secretary) (Director of Information Technology) (Vice Principal Corporate Services and Planning) (Chief Finance Officer) (Armstrong Watson – Financial Statements and Regularity Auditors)

\*Attended Via Microsoft Teams

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**AUD/01/23 Apologies for Absence**

The Corporation Secretary (CS) reported that apologies for absence had been received from Brian Bradley.

**AUD/02/23 Declarations of Direct or Indirect Interest**

There were no declarations of either Direct or Indirect Interest in any of the meeting business items.

**AUD/03/23 Minutes of the Meeting held on 21 November 2022**

The minutes of the meeting were approved and accepted as a correct account of the meetings proceedings subject to the amendment of the surname of EK from Murphy to Kelly.

**Action: Corporation Secretary**

**AUD/04/23 Matters Arising from the Minutes**

The CS went through the pro forma actions arising from the minutes of the last meeting and it was agreed that all the matters arising had been completed or would be covered through the business items and/or were future actions.

There were no issues raised by members arising from the minutes.

**Minute No****AUD/05/23      Appointment of Internal Auditors 2023/2027**

The CS advised the Committee that, the Board of the Corporation at its meeting on 29 March 2023, had approved the Committee's recommendation that Beever & Struthers be appointed as the Group's Internal Auditors for the period 2023/2027.

It was further advised that the appointment had been formally confirmed and that a Letter of Engagement was awaited from the company, due to the finalisation of onboarding arrangements, which would be signed off by the Chairperson of the Audit Committee in due course.

**Action: Corporation Secretary/ Beever & Struthers/ Chairperson of the Audit Committee**

A member asked if the appointment was for a straight 4 years, and the CS advised that it was and had been made for that duration in order to align with the period of the appointment for the Financial Statements and Regularity Auditors (FSRA).

It was further confirmed that the appointment was subject to an annual satisfactory performance review.

**There were no further issues raised by members arising from the update and it was resolved that it be noted.**

**AUD/06/23      Data Protection Progress Report**

The DPO presented a report which provided members with an overview of the latest position regarding Data Protection and its effectiveness across the Group.

The progress report covered the following issues:

- **Data Protection Policy, Procedures and Controls Framework**

The DPO commented that elements of the report would overlap with the Internal Audit Report into Data Privacy which could be considered in detail later in the meeting.

- **Subject Access and Individual Rights Requests**

It was advised that two subject access requests had been received and processed or were in progress for the period from November 2022 to March 2023 and that both cases, were complex requiring further external advice due to their association with other ongoing processes.

It was also advised that the Group had also received a further formal objection to processing, which was currently being investigated.

The DPO advised the Committee concerning the details of the matter and that he was currently awaiting further information from the individual but that steps had been taken to address their initial concerns.

The DPO commented that a new process for managing requests for information would be introduced as part of the follow-up actions from the recent internal audit, which would assist departments across the Group with the tracking of responses.

**Action: Data Protection Officer**

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- **Data Breaches**

The DPO advised that there have been no new data breach incidents in this reporting period and that the continued low numbers, alongside a continued dialogue of questions about process and procedure, gave some assurance that staff were increasingly aware of the importance of the process, and the value of close working with the Data Protection Team to manage risks and incidents.

The DPO advised that, alongside the actions to ensure full compliance with mandatory training, all staff would be reminded of the importance of reporting any near misses or breach incidents to the Data Protection Officer.

With regard to the high-risk data breach incident reported to the last meeting of the Committee, the DPO advised that the matter had now been concluded, with the Information Commissioners Office reporting their satisfaction with the Group's report and the actions to be taken to reduce the risk of future breaches.

It was noted that the Information Governance Group would undertake a review of the actions to ensure that they all had been completed.

**Action: Information Governance Group**

**There were no issues raised by members arising from the report and after due discussion and consideration it was resolved that it be noted.**

**AUD/07/23 Subcontractor Assurance Review 2023**

The FSRA presented a final report in respect of their assurance work which they had completed in accordance with the ESFA's Subcontracting Standards requirements.

The FRSA provided members with an overview of the reasons for the review and that it would help to mitigate the following risks:

- The inadequate contract management of subcontractors.
- The non-compliance of ESFA subcontracting rules by subcontractors and
- Fraudulent and incorrect funding claims.

The FRSA also advised concerning the objectives and scope of the review together with the possible outcomes from the review by the ESFA.

With regard to the review of the Group's subcontracting arrangements the FRSA advised that there was **only one recommendation** made in respect of Administration and that was to do with the signing of documentation.

With regard to the other 9 standards, it was advised that no issues had been noted during the review and that the overall review had been **Rag Rated as Green**.

The FSRA provided the Committee with the details of the next stage of the process and the duration of the report which was dependent on the outcomes from the ESFA.

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Members raised a number of issues arising from the report as follows:

- A member asked about the delegated budgets around AEB with regard to the GMCA and the FSRA explained the composition of the AEB budget between ESFA and the GMCA and that the new report requirements were a catch all in respect of the ESFA.
- A member sought further clarification around the process going forward.

The FSRA advised that the report would now go to the Group who would need to submit it and upload it along with the relevant declaration to the ESFA by 31 July 2023.

In terms of whether there was a requirement for Board of the Corporation approval for the report it was noted that it would be presented to the Board at its meeting on 17 May 2023 through the minutes and normal reporting process.

**Action: Corporation Secretary.**

**There were no further issues raised by members and after due discussion and consideration it was resolved that it be recommended to the Board of the Corporation for approval.**

**Action: Board of the Corporation**

**AUD/08/23 Internal Audit Progress Report**

The Internal Auditor (IA) advised and updated the Committee concerning the current progress in respect of delivering the agreed Internal Audit Plan for 2022/2023.

The IA provided the Committee with an overview of the planned audits for the year together with the proposed scoping and timing arrangements and anticipated that all the audits should be completed by the end of the Academic Year 2022/2023.

**There were no further issues raised by members arising from the update and it was resolved that it be noted.**

**AUD/09/23 Internal Audit Visit 1 2022/2023**

The Committee received the IA's Internal Audit report (Visit 1 2022/2023) as follows:

**• Information Technology General Controls Review**

The IA advised that the purpose of the audit was to provide reasonable assurance that the management of the Information Technology infrastructure mitigates the key risks and was in line with industry best practice.

The IA advised that they had noted some good areas of practice during the audit particularly regarding controls in the Access to Programs & Data and Computer Operations scope areas.

It was further advised that they had identified 1 finding of **High Significance**, 1 finding of **Medium Significance** and 1 finding of **Low Significance**.

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The IA further advised that the high and medium significance findings were as detailed below:

- A Cyber Security incidence response is not in place and no recent penetration test has been performed.
- A Change Management Policy is not in place to define and communicate change management expectations and requirements.

It was further advised that the level of assurance for **Design was Limited** for the in-scope IT controls areas.

The Director of Information Technology (DIT) advised the Committee that all the recommendations were being implemented with the Change Management Policy being already built in and implemented with effect from last week.

With regard to the Incidence Response Plan, it was advised that it was ready to be finalised and presented to the Information Governance Group. The DIT also advised that JISC had been approached with regard to costs for pen testing.

The Vice Principal Corporate Services and Planning advised that the Group had built on its position in terms of Pen testing alongside Cyber Essentials (7 separate tests over a period of 2/3 days) but that it may take some time to undertake to confirm the frequency of the testing.

Members raised an issue arising from the report as follows:

- A member asked if Pen testing was a statutory requirement and was advised that it is not a requirement, but it is good practice.

The Committee had a discussion in respect of timescales for any agreed actions and the need for the Committee to have an overall assurance that the Group is in a position, as best as it can be, to deal with any potential cyber-attack.

The VPCSP commented that Pen testing is not the answer to everything and that the Group undertake the required actions from the testing as well as undertaking the cyber plus work. It was added that the undertaking of Cyber Essentials plus entails a lot of work and was a big step up from where the Group is now.

The VPCSP also added that the report did not reflect all the other work that is being undertaken and had the view that everything was dependent on pen testing.

- A member asked about the historical risks with regard to the issue and what was good practice at other Colleges.

The DIT advised that the Group meets with other local Colleges monthly to discuss good practice and that cyber essentials was widely used by other Colleges and Universities.

- A member asked how the Board gets independent assurance with regard to the identified risks and if testing had not taken place for three years did this raise the level of risk.

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The DIT commented that it needed to be decided how often the Pen testing was required and that the extended detection platform went beyond the pen test.

The IA advised that the independent IT specialists have reviewed the Group's responses and were content with the responses which was a high level of assurance for the Audit Committee and Board of the Corporation.

The FSRA commented that it depends on the level of resources that the Group is prepared to expend on the issue and advised concerning some of her client's approach to the matter.

- A member asked about Cyber Essentials and good practice and what layer the Group needed to have cyber assurance and if this was contained in any document or Policy.

The VPCSP advised that the appropriate level of assurance was in place and that the relevant details are contained within the Digital Strategy and Information Security Policy.

- A member asked about timescales and DIF advised that once Cyber Essentials had been reviewed by July the Group would have 60 days to take the plus test and 30 days from that to rectify an issue taking the Group to August/ September 2023.
- A member asked about training for staff and the VPCSP advised of the mandatory training that is undertaken by all staff. The CS also advised on the training for Governors which would take place around Business Essentials including Cyber Security in July 2023.
- A member asked if the Group had any Cyber insurance cover and, if it was not in place, what level of risk mitigation it might provide.

The VPCSP undertook to look into the matter and report back to the Committee in due course.

**Action: Vice Principal Corporate Service and Planning**

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be recommended to the Board of the Corporation for approval.**

**Action: Board of the Corporation**

- **Data Privacy**

The IA advised that the purpose of the review was to provide assess the design and operational effectiveness of the Group's internal framework relating to some of its obligations under the UK GDPR and to identify any areas for improvement.

The IA further advised on the scope of their work and that **3 medium, and 9 low significance recommendations** had been identified in the report.

It was further advised that the level of assurance for **Design was Moderate – Blue** and for **Operational Effectiveness it was Moderate – Blue**.

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The DPO commented that he fully understood the reasons for the recommendations and that they had all been actioned. He further commented that the agreed actions were monitored by the Information Governance Group.

Members raised a number of issues arising from the report as follows:

- A member commented that they were surprised by the recommendation concerning the Information Asset Register and asked if anything was missing from the Register.

The DPO advised that there was no missing data rather it needed further work and a greater focus to get it to where it needed to be.

- A member asked about the take-up of mandatory training and why it was rated as low significance. Other members asked about how successful was the “chasing up” of staff who had not completed the training.

The DPO advised that appropriate systems were in place to ensure that staff completed mandatory training and some of the non-completion rates related to staff on long term sick, short term contracts and other reasons for non-take up.

The VPCSP commented that the Group look at the timing of the training to ensure that as many as staff as possible are available to take it up at a time that is convenient to them.

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be recommended to the Board of the Corporation for approval.**

### Action: Board of the Corporation

- **Adult Admissions Enrolment and On Boarding**

The IA advised that the purpose of the review was to provide assurance to the Group management and the Audit Committee that the adult admissions and enrolment and onboarding process are well designed, operate fairly, consistently, and effectively across the Group.

The IA further advised on the scope of their work and a number of areas where good practice had been evidenced including publication of an adult programme brochure, implementation of a Task and Finish Group and comprehensive learner numbers update which is reported to Governors on a regular basis.

The IA further advised that the auditors had identified **five areas of medium priority** and that as a result the level of assurance for **Design was Limited – Amber** and for **Operational Effectiveness of the controls in place it was Moderate – Blue**.

The IA went through the 5 areas of medium priority recommendations in detail.

Members raised a number of issues arising from the report as follows:

- A member asked about internal targets and timescales for responding to enquiries for courses.

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The CFO commented that she was not aware that such processes were in place.

- A member suggested that the Group might like to look at the possibility of digitally logging all enquiries. The CFO commented that this was an issue which was currently being looked at arising from the report by the Task and Finish Group which had been established to review the recommendations.
- A member asked if some of the bad student experiences had been looked into and was advised that it was accepted that there had been poor student experiences in some areas of activity and the Group was looking into an approach that ensured consistency of experience across the Group.
- A member commented that there were some easy fixes to be made including a consistency of approach and ensuring that all courses were on the website.

The CFO advised of the actions that were to be taken by the Director of Marketing and External Affairs to rectify and address the issues.

- A member asked what the role and the terms of membership for the Task and Finish Group were and what are the reporting lines. It was also asked what the role of the Group in relation to the recommendations was contained in the report.

The CFO advised concerning the Task and Finish Groups membership arrangements and that it reported to the Leadership Team. It was understood that the terms of reference had yet to be formalised, but the Group had seen the report and taken ownership of the recommendations.

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be recommended to the Board of the Corporation for approval.**

### Action: Board of the Corporation

- **Recruitment**

The IA advised that the purpose of the review was to provide assurance over the controls that were in place to support the recruitment process at the Group.

The IA further advised on the scope of their work and the substantial numbers of areas where good practice had been evidenced including appropriate business justification for vacancies, a comprehensive recruitment procedure, consistent recruitment approval across the process and the incorporation of EDI.

The IA commented that it had been a very positive audit with **no recommendations** for improvement being made.

It was further advised that the level of assurance for **Design was Substantial – Green** and for **Operational Effectiveness it was Substantial – Green**.

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Members raised a number of issues arising from the report as follows:

- A member sought clarification regarding the training provider for staff involved in the recruitment process.

The CFO advised that extensive training takes place for all staff involved including the undergoing of “Safer Training” for relevant staff.

- A member commented that the report evidenced that an appropriate process was in place but that the key issue was the actual difficulty in the recruitment of staff.
- A member commented on the staff turnover figures and that seemed very high.

The CFO advised that the numbers included a lot of fixed term contracted staff such as invigilators who were only employed for short periods of time. Comments were also made in terms of the impact of the recent merger and the curricular rationalisation process.

- A member commented that the processes around recruitment were important, but it was equally important that the Group engage, retain and develop staff and asked if it was worth an audit/consultant review into these areas of activity and performance.

The CS advised on the extensive information that is presented to the Resources Committee with regard to the issues raised together with the extensive monitoring of performance and challenge made by the Committee in its deliberations.

Reference was also made to the key HR Strategies and the Group’s overall strategic Priorities.

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be recommended to the Board of the Corporation for approval.**

### Action: Board of the Corporation

#### AUD/10/23 MIS External Review Audits

The CFO presented a report, including the Audit outcome letters, which advised the Committee that since the last meeting there had been 3 separate audits within MIS as follows:

- **ESF Audit – Government Internal Audit Agency**  
It was advised that this had been a review of 16-18 Apprenticeships provision and that no issues had been identified and that no further action was required.
- **GMCA AEB Compliance and Standards Monitoring**  
It was advised that the outcomes from the audit were 2 Red RAG ratings and 2 Amber RAG ratings.

The CFO advised that there had since been another report (GMCA AEB Audit) during March 2023, with the report not yet finalised which would be reported at the next

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Committee meeting and that the overall rating had improved to Amber from Red.

- **ESF Audit – ESF Managing Authority**

It was advised that this had been a review of 24+ Apprenticeships and that no issues had been identified and that no further action was required.

Members raised a number of issues arising from the report as follows:

- A member commented that the outcomes had been Rag Rated as Red for a number of years and asked was it the same items that were re occurring and if so, was this a cause for concern. The member also asked potential risk to funding.

The CFO advised that they were the same themes, but that improvement was being evidenced by the movement from an overall Red Rag Rating to Amber.

It was advised that the picture was the same over the GMCA and that no providers had a Green Rag rating. It was further advised that the Group had prioritised addressing the higher risk issues and that the current Rag Ratings currently provided no risk to funding.

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be noted.**

**AUD/11/23      Board Assurance and Risk Management Framework Update 2022/2023**

The CFO presented a report, which updated the Committee in respect of the Board Assurance and Risk Management Framework (BARMF).

The CFO provided an overview of the report referring specifically to the link to risk and the Group's Strategic Priorities, the small number of changes since the last report, the potential reduction in inflation and how the Bank would deal with the Technical Breach in Covenant through a waiver the treatment of which had been discussed and agreed with the Group's Financial Statement and Regularity Auditor.

The report also provided members with details of the following:

- The updated draft Strategic Risk Register (SRR) of 26 risks of which 22 had a net score above 13 and of which 3 were unmitigated with 10 being for priority discussion and identified in the report.
- The outcomes from Horizon scanning and emerging risks.
- The updated Board Assurance Risk Summary.
- The updated Board Assurance Heat Map.
- The updated risk assessment scores and the link to risk appetite together with the relevant impact and likelihood assessments.

Members raised a number of issues arising from the report as follows.

- A member asked if the breach in Covenant a one off was and whether it would be carried over to next year.

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The CFO advised that the breach could well be carried over to next year depending on the Group's clawback position at the time.

- A member sought clarification regarding the deterioration in planning risk for the Cheadle Project in respect of local elections.

The CFO provided the details and the background to the particular risk particularly in the context of the advice that had been received from Stockport MBC to the members satisfaction.

- A member asked about the risk relating to the curriculum rationalization plans in terms of potential delays and financial contributions and costs.

The CFO provided the member with full details in terms of the Group's curriculum rationalising plans particularly in the context of timings and its link to the Group's financial position to the members satisfaction.

- A member commented that she found the Assurance Summary a very useful document and the CFO commented on the changes that had impacted on the Summary including the changing landscape in terms of finance, policy, and external factors.
- A member commented concerning the Horizon Scanning element of the report and asked if Technology (students and how they learn) should be a standalone category within the report.

The CFO commented that it might be necessary to watch the list that details the threats to the organisation.

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be noted with appropriate reporting to the Board of the Corporation as detailed in the report.**

**Action: Chief Finance Officer**

**AUD/12/23      Audit Tracker – Management Actions Arising from Audit Reports March 2023**

The CFO presented a report which enabled the Committee to review any outstanding audit recommendations in order to provide assurance that previously agreed recommendations were being implemented within agreed timescales.

With regard to the MIS audit recommendations the CFO commented that good progress had been made but there continued to be challenges in recruitment.

The CFO provided the Committee with details of the current position in terms of staffing in MIS and that a number of appointments had been made with some staff having taken up their posts and some staff waiting to start. The CFO commented that it was hoped to report a much-improved position at the next meeting.

With regard to the other audit recommendations, it was advised that a total of 3 recommendations had been brought forward from the last report and that the recommendations had been reviewed and that all three actions had been completed which resulted in a completion rate of 100%.

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**There were no issues raised by members and after due discussion and consideration it was agreed that the 9 actions identified on the audit tracker (green and grey) be closed.**

**Action: Chief Finance Officer**

**AUD/13/23 Managing Public Accounts Return 2022/2023**

The CFO presented a report which provided the Committee with a report which detailed the new requirements in respect of the expansion of the Group's Regularity Framework to take into account the requirements of HMT Managing Public Money (MPM).

It was advised that the ESFA also required assurance that colleges and their subsidiaries have complied with these new requirements for the period 29 November 2022 to 31 March 2023 in order to provide assurance to the ESFA's accounting officer and the National Audit Office on the regularity of funds provided to colleges, reported in ESFA's 2022-23 accounts.

The report therefore included a copy of the Group's return which provided both information and assurance of the Group's compliance under the new requirements.

It was also advised that the return would be uploaded on the day after the Committee meeting (25 April 2023).

The CFO commented that the Group's Financial Regulations had already been updated but that the Treasury Management Policy would also need to be updated and would be presented to the Resources Committee in June 2023 before final approval by the Board of the Corporation in July 2023.

**Action: Chief Finance Officer**

- A member asked about the Group's approach to debt write off as detailed in the return.

The CFO advised that the debt write off was not significant and it mainly related to student and employer fees and Higher Education student withdrawals.

**There were no further issues raised by members and after due discussion and consideration it was resolved that the report be noted.**

**AUD/14/23 Any Other Business**

There were no matters raised under any other business.

**AUD/15/22 Date of Next Meeting**

It was agreed that the next meeting would be held at 4.00pm on Monday 26 June 2023 at the Altrincham Campus.

Anthony Gribben -Lisle left the meeting at 4.50 after the consideration of the Internal Audit Report- Information Technology General Controls Review.

The meeting closed at 7.36 pm.