



**AUDIT COMMITTEE
PART I**

Minutes of the ninety-eighth meeting of the Brockenhurst Audit Committee meeting, held on Tuesday, 8 February 2022 via Zoom.

Present:	Governors		Meetings attended
	Mr I Fry	Chair	(2 out of 2)
	Mrs D Hawkins		(2 out of 2)
	Mrs S Murray		(1 out of 2)
In attendance:	Mr L Feingold	Acting CEO and Chief Accounting Officer	
	Mr S Lovegrove	Acting Principal	
	Mrs J Munro	Assistant Principal, Learning and Quality	
	Mrs L Payne	Clerk to Corporation	(1 out of 1)
	Mrs K Webb	Consultant	

Meeting commenced at 5.00pm

		Action
98.1	WELCOME, APOLOGIES AND DECLARATIONS OF INTEREST The Chair welcomed everyone to the meeting. Apologies had been received from Mr G Cooper. No member declared any conflict of interest with the agenda.	
98.1.1	Election of Vice-Chair of the Committee It was agreed to appoint Sarah Murray as Vice Chair to the end of this academic year. Sarah Murray confirmed she was happy to take on the role. All Members were agreed.	
98.3.2	COMMITTEE BUSINESS	
98.2.1	Minutes of previous meeting held on 18 November 2021 The minutes of the meeting held on 18, November 2021, having been previously circulated to members were agreed as a true record and would be signed electronically by the Chair. All Members were agreed.	
98.2.2	Matters arising from the meeting held on 18 November 2021 67.4.1 It was noted that there would be an update report on Cyber Security. The other matters arising would be considered within the agenda.	
98.3	EXTERNAL AUDIT	
98.3.1	Final Management Letter from External Auditors on College Accounts The Acting CEO and Chief Accounting Officer advised members that the Final Management letter from the External Auditors had not changed since the one issued at the end of last year. The report was noted.	
98.4	INTERNAL AUDIT	
98.4.1	Internal Audit Report – Autumn Term visit The Acting CEO and Chief Accounting Officer informed members that the College’s internal auditors – TIAA had not carried out any compliance reviews during the autumn term of 2021/2022. The Audit plan for the year 2021/2022 comprised one compliance review namely Key Financial Controls and the related work would be undertaken during the summer term. The review of learner number data would now be undertaken by the External Auditors as part of their funding insurance work during the year, and would be completed during the External Audit of the accounts.	

	<p>The report was noted.</p> <p>The Acting CEO and Chief Accounting Officer reported on the WESS transition which he confirmed was going ahead in a timely fashion. He confirmed that the finance section of WESS would come to the college at the end of April, after the Easter break. There would be an internal audit after the transition was complete to check the controls environment remained effective and in place.</p> <p>The Chair agreed to take the agenda item on the Cyber Security update at this stage but it would be reported sequentially at 5.4.</p>	
98.4.2	<p>Internal Audit Recommendations Register</p> <p>This item was presented by the Acting CEO and Chief Accounting Officer. Members noted the summary that five of the six recommendations had been reviewed and addressed by the college. The outstanding recommendation related to the formal amendment of the Vice Principal – Finance’s, job description to include his responsibility as the college’s data protection officer.</p> <p>Members noted the update</p>	VP-F
98.5	<p>RISK MANAGEMENT</p>	
98.5.1	<p>Risk Management Register and Action Plan 2021-2022 Update</p> <p>The Acting CEO and Chief Accounting Officer went through the Risk Management Register as at January 2022. It was noted the college’s key current risks related to:-</p> <ul style="list-style-type: none"> • Failure to effectively manage and safeguard the safety of young children within the Highwood Nursery setting. • Failure to manage the operational and financial impact of the introduction of T Levels and the potential defunding of existing Level 3 BTEC qualifications. • Failure to manage the operational and financial impact of an increase in student numbers, notably the disconnect between rising resource costs and lagged funding, and the physical capacity of the teaching estate. • Failure to manage the operational and financial impact of the Covid-19 pandemic on the College, and safeguard the health of our students and staff. • Failure to achieve ‘requires improvement’ ESFA health rating, thereby falling into formal intervention by the ESFA. • Failure to manage the operational and financial impact of BCP withdrawing from the WESS Shared Services Agreement. • Failure to protect against the loss of data and maintain ongoing operations including the educational provisional and digital communications as a result of a cybersecurity breach. • Loss of control of the College by the Corporation were the College unable to maintain its financial solvency. • Failure to manage and deliver the major new build construction project and curriculum changes as part of the SEN Hub/New Classroom Post 16 Capacity Fund Project. <p>The Chair of the committee asked whether the risk relating to the Nursery was a risk around Safeguarding, and requested more information.</p> <p>The Acting CEO advised members of the reason for the closure of the Nursery and the actions that had been taken from the temporary closure in December to the re-opening in January.</p> <p>Members were advised that a new Nursery manager had been appointed to take over from the Nursery manager who had resigned in December and whose employment ends in March.</p> <p>The Chair of the committee mooted whether not having a Principal on site should be a risk on the Risk Register. The Consultant spoke about approaches to risk management and the interrogation of the risk appetite being an iterative process. Each committee should look at the risks that concern their committee and the Audit committee should look at all the risks for all the committees. Members had a comprehensive discussion on the Risk Register with many questions and much challenge.</p> <p>Members agreed to recommend the Risk Management Register and Action Plan to the Board for approval.</p>	Refer to Corporation

	All Members were agreed.	
98.5.2	Log of outstanding recommendations from Internal and External Audit reports There were no outstanding recommendations to consider.	
98.5.3	Notification of Incidents or actual fraud identified There were no matters to being to the attention of the committee.	
98.5.4	<p>Cyber Security update The Acting CEO and Chief Accounting Officer informed members that senior staffing of the IT Services Team had been impacted over the last 12 months and so the implementation of improved Cyber Security measures had not progressed as much as had been planned. He confirmed standard cyber security measures were in place and that there was an ongoing review of college measures to assess against best practice.</p> <p>The college had obtained cyber security insurance to guard against the financial risks of ransomware attacks and the provision of backup systems. The Acting CEO informed members that cyber security was an ongoing priority for the college and that whilst standard security measures were in place, there had been no incidents to date. Improvements would be required to mitigate the growing risk of cyber security breaches. The Acting CEO informed members who the college had been working with, to understand what was required in this area of insurance for risks related to cyber breaches. Members were advised that the cyber insurance was currently partially compromised, until the college had a multi-factor authentication. This was discussed.</p> <p>Members noted the fact that the level of excess for cyber risks was increased at present and that ransomware cover was reduced. This would remain so until all the insurers' requirements had been satisfied, notably the implementation of Multi Factor Authentication and there would be an update at the next meeting.</p> <p>Members asked questions in relation to the cost of upgrading to be cyber secure and thereby achieving better insurance cover. The Acting CEO spoke about the operating system upgrades that were required for that to be satisfied.</p> <p>Members discussed the issues and in particular how the IT department at the College needed a leader to drive the cyber security area and initiate the new operating software and the need to address that shortly.</p> <p>The report was noted.</p>	VP – F
98.6	Evaluation of Meeting Members were pleased to confirm they felt the standard of the papers sufficient to inform their discussion and decisions, and recommendations to the Board. They felt they had added value and there had been good, effective, useful, and appropriate challenge, from members.	
98.7	AOB (to be notified to Clerk in advance of meeting) No other business was raised.	
98.8	Date of next meeting	
	Tuesday, 17 May 2022 at 5.30pm	
	Tuesday, 17 November 2022 at 5.30pm	

Meeting ended at 6.00pm