

BLACKPOOL AND THE FYLDE COLLEGE
AUDIT COMMITTEE
MINUTES OF A MEETING HELD ON 29 JUNE 2022 AT 5.00PM
BY VIDEOCONFERENCE

Present:

J Cole	Independent Member (in the Chair)
P Hewetson	Co-opted Subject Specialist
C Holt	Independent Member (from item 8)
Martin Long	Independent Member

In attendance:

- J Butterfield, TIAA (to item 6)
- G Gillespie, Wylie and Bisset
- P Howard, PDH Advisory (minutes)
- S Hutchinson, Beever and Struthers
- A Mulvey, Vice Principal Finance and Planning
- D Walmsley, First Actuarial (for item 15 only)

1. Chair and quorum

J Cole took the chair and noted that due notice of the meeting had been given to all members and that a quorum was present. She therefore declared the meeting duly convened and constituted.

2. Apologies for absence

No apologies for absence were received. Apologies for late arrival were received from C Holt.

3. Declarations of interest

No Committee members declared an interest in any of the agenda items. M Long informed the Committee that his longstanding interest as a representative of one of the parties involved in a land transaction with B&FC had now ended, as a result of the transaction having been completed.

4. Minutes of previous meeting

The minutes of the previous meeting held on 20 April 2022 were **AGREED** as a true and accurate record of proceedings. The Committee considered the action log and noted that no actions were due at this meeting.

5. Internal audit reports

(i) J Butterfield presented a suite of internal audit reports for the Committee's review.

- (ii) With regard to the compliance review of learner numbers, the Committee noted that it had received a substantial assurance level with no recommendations. In response to a question from P Hewetson, J Butterfield confirmed that the audit had considered the controls around fraud and that no concerns had been identified.
- (iii) With regard to the assurance review of ICT business continuity and disaster recovery, J Butterfield confirmed that the review had received substantial assurance with two routine action points arising from it. In response to a question from P Hewetson relating to the updating of distribution lists, J Butterfield confirmed that this would be undertaken as part of a wider review of the recovery plan which she noted is undertaken on a regular basis.
- (iv) With regard to the assurance review of ICT network cybersecurity, confirmation was provided that a reasonable assurance level had been reported and that one important and one routine action point had been identified. Particular note was made of the fact that there were a number of user accounts that had not been accessed for some time and note was made of the fact that a process had been developed to ensure that they are closed in a timely fashion. The Vice-Principal for Finance and Planning also advised that additional cybersecurity insurance had been purchased.
- (v) In response to a question from M Long, J Butterfield advised that the audit had concluded that B&FC had a good system in place but cautioned that the nature of cybersecurity is such that the threats are constantly changing. In response to a question from M Long around the frequency of cybersecurity mandatory training for staff, the Vice-Principal for Finance and Planning confirmed that this is required on an annual basis. M Long noted that some organisations, including his own, require cybersecurity training to be undertaken on a more frequent basis and the Vice-Principal for Finance and Planning agreed to feed this back to the author of the IT and Information Security Policy for consideration at the next review. P Hewetson suggested that consideration might also be given to increasing the frequency of policy review from the current three-year approach.
- (vi) At the request of the Committee, the Vice-Principal for Finance and Planning agreed to provide a report to the next meeting to confirm whether the current mandatory training provision satisfies the requirements of the newly procured insurance policy.

ACTION: Vice-Principal for Finance and Planning

- (vii) With regard to the internal audit follow-up review, J Butterfield noted that of the 15 recommendations that had been due for follow-up, 14 had been implemented and that the one outstanding recommendation related to the updating of a policy, with confirmation having been received that the recommendation would be incorporated at its next review.
- (viii) The Committee received the reports and noted the content.

6. Internal audit annual report 2021/22

- (i) J Butterfield presented the final internal audit annual report for 2021/22, which had been circulated with the agenda. M Long commented that there had been a significant increase in the number of recommendations made when compared with the previous year. J Butterfield acknowledged this and confirmed that it reflected an expected variation between years in any organisation and that there was no underlying reason for this.
- (ii) The Chair noted that this would be the last meeting to be attended by TIAA due to their contract having come to an end. On behalf of the Committee, she thanked J Butterfield and TIAA for their work over the course of the contract.
- (iii) The Committee received the report and noted the content.

J Butterfield left the meeting.

7. Internal audit tracking log

- (i) The Vice-Principal for Finance and Planning presented the usual internal audit tracking log, noting that there were no requests for extensions to deadlines included in the report.
- (ii) The Committee received the report and noted the content.

C Holt joined the meeting.

8. Internal audit plan 2022/23

- (i) G Gillespie presented the high-level internal audit plan for 2022/23 to 2024/25, following discussion with the Principal and Chief Executive and the Vice-Principal for Finance and Planning. Particular thanks were offered by the Committee for the speed with which the plan had been developed following Wylie and Bisset's appointment as the new internal auditors.
- (ii) P Hewetson suggested that it may be beneficial to consider moving the IT audit into year 2 or 3, given that it has recently been tested. In response to a question from M Long, G Gillespie noted that a risk-based approach had been adopted and that this had informed the proposed phasing of the audits.
- (iii) The Committee **RECOMMENDED** the draft internal audit plan 2022/23 to 2024/25 to the Corporation Board for approval.

9. External audit plan overview

- (i) S Hutchinson presented a report which had been circulated with the agenda to outline the proposed approach to the external audit for the year ended 31 July 2022. She confirmed that the audit would follow a similar approach to the previous audit,

and that it had been informed by the auditors' understanding of B&FC and the wider sector.

- (ii) In response to a question from C Holt, S Hutchinson confirmed that there were no specific areas of concerns to raise, and that the areas identified within the plan were the usual assumptions and risks that auditors are required to test.
- (iii) In response to a question from P Hewetson around the calculation of the materiality threshold, S Hutchinson confirmed that the same benchmarking and source data had been used as in the previous year. She confirmed that a 2% threshold had been adopted which was within the established range and advised that an external review of the audit file had supported the use of a 2% threshold.
- (iv) The Committee **RECOMMENDED** the external audit plan to the Corporation Board for approval.

10. Risk management report

- (i) The Vice-Principal for Finance and Planning presented a report which had been circulated with the agenda to share the risk register and to seek endorsement of the updates provided.
- (ii) The Committee received the report and endorsed the content.

11. Review of Financial Regulations

- (i) The Vice-Principal for Finance and Planning presented a report which had been circulated with the agenda to seek endorsement of a number of proposed changes to Financial Regulations.
- (ii) The Committee supported the proposed changes and **RECOMMENDED** them to the Corporation Board for approval.

12. Breaches of Financial Regulations

- (i) The Vice-Principal for Finance and Planning presented a report to summarise the breaches of Financial Regulations during March and April 2022. Note was made of the fact that all breaches related to invoices being received before purchase orders had been approved and the report detailed the remedial action being taken to address the issue.
- (ii) The Committee received the report and noted the content.

13. Other matters to report to the Committee

The Vice-Principal for Finance and Planning confirmed that there were no other matters to report to the Committee.

14. Committee cycle of business

- (i) A draft cycle of business for 2022/23 had been circulated with the agenda. The Committee **APPROVED** it as presented.

15. Training session: Pensions

- (i) D Walmsley of First Actuarial joined the meeting. The Committee received a training session on pensions and welcomed the opportunity to ask questions of a pensions expert.
- (ii) The Committee expressed its thanks to First Actuarial for the helpful overview provided.

16. Date, time and venue of next meeting

The next meeting of the Audit Committee will be held on 23 November 2022, 5.00pm by videoconference.