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Directorate: Governance

Minutes of: Audit Committee

Date: 25 November 2020 **Time:** 09.30

Venue: Executive Meeting Room, Uxbridge Campus

Present:

Nasim Khan (NK)	Governor (Chair)
Tracey Critchley (TC)	Governor
Ketan Sheth (KS)	Governor
<u>Present for items 13 onwards</u>	
Alasdair MacLeod (AM)	Governor (Member of HCUC Resources Committee)
Steve Owen (SO)	Governor (Member of HCUC Resources Committee)
Simon Boulcott (SB)	Governor (Member of HCUC Resources Committee)

In attendance:

Simon Atkins (SA)	Cooper Parry, External Auditors
Imtiaz Aziz (IA)	HR Director (Present for item 8 only)
Darrell DeSouza (DDS)	Group Principal & CEO
Andy Miller (AMi)	Exec Director Corporate Services
Vikash Patel (VP)	Head of Finance
Tracy Reeve (TR)	Clerk to the Corporation
Shane Woodhatch (SW)	Group Director Finance & Resource Planning
<u>Present for item 13 onwards</u>	
Pat Carvalho (PC)	Principal Harrow & Deputy CEO

1. Chair's Agenda Item

The Chair informed the meeting that he had no business to raise under the Chair's agenda item.

2. Apologies for absence

No apologies had been received. The Clerk assured the meeting that she was still looking at options to find an additional corporation member to fill the ongoing vacancy on the Audit Committee.

3. Notification of any urgent items that members may wish to raise under Any Other Business

There was none.

4. Notification of Interests Members may wish to declare relating to any item

There were no declarations of interest.

5. Minutes of the meeting held on 17 September 2020

The GDFRP highlighted an error on page 4 (first paragraph) – the reference to BDO should read Cooper Parry. Subject to this amendment the Part 1 minutes and the Confidential Part 2 minutes were approved and signed by the Chair.

6. Matters arising from the minutes of the meeting held on 17 September 2020 not on agenda

• Covid-19 Update

The Executive Director Corporate Services (AM) updated the meeting with the current work being undertaken to meet the Covid-19 guidelines. Numbers of people testing positive were increasing; last week there had been 13 students and 4 staff for the whole week but during the 3 days of the current week there had already been 11 students and 2 staff testing positive.

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Public Health England: The meeting noted that the College had been in discussion with Public Health England (PHE) during the prior week as they were concerned that the number of positive cases at Uxbridge College could constitute an 'outbreak'. However, after a lengthy discussion with key staff PHE were satisfied with everything that HCUC was doing to meet Covid guidelines and with the records that were being kept. PHE had commended the accuracy of the colleges' record-keeping and the format of the register being used to record details in relation to any possible or confirmed cases. AM informed the meeting that he had agreed that he would send an update to PHE North London on a weekly basis every Tuesday. Governors noted that there had only been one case where a member of staff believed to have contracted Covid via contact in College; this was a first aider.

Health and Safety Executive: Audit Committee members also noted that the College had received a visit from the Health and Safety Executive (HSE) following the death in service of ENGME lecturer Dr Mansour Mohammad in early November 2020 after contracting Covid-19. The meeting noted that Dr Mohammad was vulnerable due to his age but had not declared any underlying symptoms. AM informed the meeting that the HSE representative had been quite confrontational and were judging the college against standards employed for schools; HCUC was the first College that HSE had visited and they were not aware of the different guidelines for Colleges than for schools. AM informed the meeting that he had sent the relevant guidelines to HSE staff and they now had a better understanding of what was good practice in a college context. AM informed the meeting that he still had concerns over the ongoing need to ensure the mandatory wearing of facemasks was being adhered to in all scenarios. He informed the meeting that strict repercussions were now in place and any learner not complying would immediately be removed from College premises as they presented a very real health risk to others.

NOTED

- **Cyber Security Update**

The meeting received a verbal update which provided assurance for the Audit Committee on progress with this matter. See part 2 confidential minutes for details.

NOTED

There were no other matters arising that were not already on the agenda.

ITEMS FOR APPROVAL

7. To receive, re-consider and approve the annual report of the HCUC Audit Committee to the Corporation for 2019/20.

The Clerk (TR) introduced the final Audit Committee Report 2019/20. TR confirmed that this was as approved in draft format at the September 2020 meeting and the requisite amendments suggested had been actioned; these were in relation to the addition of a reference to priority recommendations.

The Annual Report of the HCUC Audit Committee 2019/20 was APPROVED for submission to the HCUC Corporation.

- **Performance Indicators (PIs) 2019/20 for College external audit providers, Cooper Parry**

The meeting considered the PIs relating to Cooper Parry's performance during the audit of the Financial Statements 2019/20, (same format as used in prior year). SW reminded the meeting that Cooper Parry had picked up the external audit contract at short notice when the previous external auditors BDO had withdrawn from the education sector. Both the College assessment and the external auditors' self-assessment were wholly positive assessment. The audit had gone extremely well even though it had been moved onto a remote platform due to Covid-19 restrictions. The use of Teams meeting during the audit had been very effective. SW reminded the meeting that he would be going out to tender for external audit services in spring 2021 and he hoped that Cooper Parry would submit a tender proposal.

The meeting APPROVED the assessment against the agreed PIs for the External Auditors 2019/20, Cooper Parry, as presented. [These would be submitted to the ESFA as an appendix to the HCUC Annual Audit Committee Report 2019/20.]

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ITEMS FOR INFORMATION

[HR Director (IA) joined the meeting.]

8. Review of previous audit recommendations

The Head of Finance (VP) presented a report on progress against the previous audit recommendations. This register contained recommendations from the Key Financial Controls audit undertaken in February 2019, and from the internal audit of Human Resources in March 2020. Ongoing action against the higher priority recommendations not yet completed was discussed by the meeting.

Key Financial Control Audit: VP outlined progress against the outstanding recommendations in relation to the Finance Audit of February 2019. The Fixed Asset Register verification had been delayed due to Covid-19 which restricted the freedom of movement around the College. The timeframe for completion had now been revised to Easter 2021 to enable finance/ IT/ Estates staff to access the resources outside term-time. Audit Committee members were reminded that the College was now tagging all new assets as they were brought online it was older assets that needed updating.

Human Resources: The HR Director provided assurance to the Audit Committee on progress against the 6 'Medium' and 1 'Low' priority findings, and 1 'Advisory' finding from the prior HR Audit. These 7 recommendations had been made in relation to the following aspects of HR work: Incomplete Recruitment Records; Induction Process; Induction Evaluation Forms; Training and Development Resources; Sickness Management; Leaver Process; Policies and Procedures (low priority); and one advisory finding in relation to the Leaver Acknowledgment Letter. The meeting was pleased to note that action to implement all of these recommendations was now complete (all were completed in October 2020). IA confirmed that all recruitment decisions now went through himself and there was a complete paper trail. The move to putting the induction process online – implemented due to Covid-19 – was making the whole process more effective and timelier. However, IA did highlight that the need for new starters to meet senior staff was missing from the new online induction; this would be remedied wherever possible. The new online CPD record system was also proving very beneficial for staff and HR with better access and tracking. IA confirmed that all HR policies had now been reviewed and a number of new policies had recently been introduced e.g. Home Working Policy. AM highlighted the monthly HR Newsletter which was sent to all staff during the last 6 months to remind people of new guidelines and protocols for working during the unusual circumstances. A new list of starters and leavers was also sent to all managers on a monthly basis. IA highlighted that there was still further work to be undertaken regarding the improvement to sickness management procedures; additional data security would be installed before the system was fully implemented. There would also need to be a review of the resourcing issue within HR with the member of staff covering training and development and induction records resourced at 0.6 FTE rather than 1. The Chair thanked IA and AM for their clear assurances that all the issues raised in the internal audit of HR had now been fully addressed.

The meeting was reminded that for clarity all completed recommendations would be removed from the next version of this report.

The Audit Recommendations report was NOTED.

[The HR Director (IA) left the meeting.]

9. To receive the Risk Register update

The meeting received the HCUC Risk Register that had been updated by the Executive Team, through a review of the 2019/20 and 2020/21 corporate goals, and projects coming on stream throughout the year. The meeting discussed risks with changed risk profile and the key 'red' rated risks in more detail and the mitigating actions that had been put into place:

- 1.08 Insufficiently qualified and equipped staff to support the delivery of study programmes and quality outcomes for learners. (Risk score unchanged at 12 'red').
- 1.09 Failure to recruit sufficient staff, qualified at the appropriate level. (Risk score still at 12 'red').

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- 1.13 College SAR and/ or Ofsted rating falls below Outstanding within the new Ofsted EIF. (Risk score remains at 12 'red').
- 3.07 International income fails to meet financial targets due to unforeseen events. (Risk score remains at 10 'amber'). The meeting discussed this item and agreed that this risk would not decrease soon but HCUC were currently planning on maintaining a pipeline for this work for the foreseeable future.
- 3.11 Underachievement of funding targets (Risk score still at 15 'red'). The ongoing impact of Covid-19 on particularly Apprenticeship work was being very carefully monitored
- 3.12 Failure to secure and respond to large levy paying employers could impact on apprenticeship income (Risk introduced in June 2020 and still had a risk score at 15 'red'). This risk had become ever more of a threat during Covid-19 lockdown; the college had recognised this and the Business Development Consultants (BDCs) were working hard to stay in touch with employers during Covid-19 business disruption.
- 3.20 WBL non-levy 16-18 and 19+ apprentices target not met. (Risk score still at raised level of 15 'red'). Current WBL delivery against the ESFA allocation was being closely monitored but had been severely impacted by the Covid-19 pandemic.
- 5.11 Compliance with GDPR and other data related regulation (Risk score raised from 12 'red' to 15 'red'). SLT were concerned that despite staff training and advice from the Information Commissioners Office (ICO) on best practice, destruction of obsolete data was not always happening as quickly as recommended. The Chair sought clarity on whether the College had the correct policies in place in relation to data destruction. SW confirmed that HCUC had put all requisite policies in place during 2018/19 but the issue was non-compliance from staff. AM confirmed that the HCUC Policy clearly identified all types of data – operational and personal – and gave staff time limits for holding the data before destruction. The time limits were based on AoC and JISC recommendations. **The Chair asked the SLT to focus on how they would ensure staff compliance with the policy requirements for data destruction in order that this risk score could be reduced.**
- 5.12 College loses IT capability and/ or data following a cyber-attack. (Risk score remains at 12 'red'). This risk was very real despite IT Services using up to date security software and policies.
- 5.13 Operational impact due to Coronavirus (Covid-19). (This new risk added in March 2020 was still deemed as a risk score of 12 'red'). The meeting was reminded of the measures in place and the adherence to all Public Health England and Government guidelines.

The HCUC Risk Register was NOTED and RECEIVED.

10. To receive a report on any additional work commissioned from auditors during 2020/21.

It was noted that no additional audit work had been commissioned by the College during the current academic year to date.

The report was NOTED

11. To confirm and agree the dates and times for the meetings in 2020/21

The dates and times of the meetings were agreed as follows:

- Tuesday 16 March 2021 at 9.30am
- Wednesday 23 June 2021 at 9.30am

12. Any Other business

There was no other business. The Audit Committee meeting closed at 10.10am and the joint meeting of HCUC Audit Committee and HCUC Resources committee commenced at 10.15am with Alasdair MacLeod (Chair of Resources Committee) as Chair of the Joint Committee meeting.

JOINT MEETING OF HCUC AUDIT AND RESOURCES COMMITTEE

ITEMS FOR DECISION

13. To RECEIVE the Report & Financial Statements and associated reports for the period ended 31 July 2020 for HCUC

i) Financial Statements

The GDFRP (SW) introduced the draft reports and financial statements for the period ended 31 July 2020 and highlighted that the Resources Committee would be required to approve the Report and Financial Statements and then recommend to the full HCUC Corporation for approval.

The following key points were highlighted:

- The operating surplus for the year was £3,434,000 (compared with £1,006,000 in 2018/19).
- Once the impact of the £16.9m actuarial FRS17 pension loss was applied this resulted in a 'Total Comprehensive Loss' of £13.481m.
- The balance on the income and expenditure account (excluding pension reserve) now stood at £77.162m (compared with a figure of £71.777m in 2018/19).
- Total income for the year was at £52.977m compared with £50.103m in the prior year.
- Total expenditure was at £49.543m compared with £49.097m in the prior year. The increase of £446,000 equated to a figure of less than 1% and the meeting noted that within this figure £33,000 had been spent on exceptional staff restructuring costs post-merger. Other operating expenses had been kept flat at circa £10.2m in the current and prior year.
- The College had accumulated reserves of £41.15m, non-current assets of £105.388m and cash balances of £19.360m. The Chair sought clarity on the proposal to categorise £13.5m as restricted reserve; SA confirmed that the format of the Financial Statements followed the ESFA Accounts Direction which required any ring-fencing of reserves to be 'designated' rather than 'restricted'.
- Net Current assets were at £11.915m compared with £9.239m in the prior year.
- The LGPS pension liability was noted as £40.661m compared with £21.773m last year. Governors were reminded that the pension liability (FRS17) was not included by the ESFA when assessing the financial health of colleges as it was a factor outside Colleges control. The reason for this large movement was a change in the actuarial assumptions especially in the discount rate used which had been adversely affected by changes in bond yields due to Covid-19. The LGPS triennial revaluation had used a rebased discount rate of 1.4% (rather than the previous rate of 2.1%). The transitional provisions brought in because of the McCloud judgement had also been a factor in the increase although this had less of an impact (circa £500,000). The external auditors had confirmed that the assumptions used by the College actuaries were largely in line with those used at other Colleges. The meeting discussed the impact of the actuarial pension loss in year on the Statement of Comprehensive Income (SOI); the £3.4 million surplus was changed to a £13.4 million deficit. However, Governors were assured that within the sector there was a general awareness that the £16.9m pension loss was an accounting adjustment; the key figure was the operating surplus. SA highlighted the more useful focus on the extra employer pension contributions that might become payable in the future. The current employer contribution rate for LGPS was 25.4% and was probably likely to go even higher. It was also noted that to date there had been no additional central government funding to pay increased LGPS employer contributions as there had for the higher liability under the Teachers' Pension Scheme (TPS). The GDFRP assured the meeting that he had accounted for the additional £1.5m cash element of the pension scheme in the budget 2020/21 and the mid-year review. The meeting agreed that issues around pensions – cash impact and long-term liability - would also have to be a key element of the due diligence work with Richmond Upon Thames College.

The meeting went through the Income and Expenditure account and the Notes to the Financial Statements and Balance Sheet in detail. The meeting noted that in 2019/20 the College delivered activity that produced £44.850m in Agency main allocation funding (compared with £41.522m in

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2018/19). The total Agency funding was at 82.7% of income in 2019/20 (81.4% in prior year). The meeting noted the detail of the fixed asset additions during the year, which amounted to £16.558m (compared with £6,833m in 2018/19). The meeting noted the strong financial performance indicators for the 2019/20 year which included a strong cash position even after the cash outflow of £0.6m as well as the following:

- Cash days in hand at 31 July 2020 were 131.8 against a target of 119.1
- Current ratio (assets over liabilities) of 2.23 against a target of 1.74 (2.12 in 2018/19).
- EBITDA (education specific) - earnings before interest, tax, depreciation and amortisation - at 13.18% which was a marginal increase on the prior year figure of 13.0%. The sector average was noted as 5-6%.
- Accumulated reserves were 144% of income against a target of 137%.

SW highlighted the impact of Covid-19 on the financial results with the following income streams adversely affected as follows: other income £55,000; commercial activity £92,000; Work Based Learning provision £329,000. There had also been additional costs incurred of £89,000 in relation to PPE sourced. This was counter-balanced by a saving of £212,000 from the HMRC Coronavirus Job Retention Scheme (to cover furlough payments for staff).

The Members' Report and notes to the accounts were considered in detail by the meeting. The Chair of Resources Committee suggested that **the reference to the merger with Richmond up Thames College (page 11) should make it clearer that it was a proposed merger at the current time subject to the results of due diligence and a final resolution to merger by the Corporation.** The Chair suggested an addition to the Reserves narrative on page 7 of the Members' Report; **it was suggested that the following wording (underlined) should be added: 'This is to cover unexpected gaps in income and costs associated with Covid-19 and Brexit, and any other unforeseen circumstances'.** The Members' table also needed updating to reflect: **all current members (Simon Boulcott was appointed in October 2020); and the correct end date for the Chair of Resources' (AMcL) term-of-office.** The meeting also considered and noted the Statement of Corporate Governance and Internal Control and the assessment of the College as a 'going concern'. SW confirmed that the other senior members of the SLT at HCUC had contributed to the narrative of the Members Report on HCUC Strategy, curriculum and the summary of capital works undertaken at the Uxbridge, Harrow Weald and Harrow-on-the-Hill campuses. The meeting commended the strong financial results and agreed that the College was able to meet current and future economic challenges from a position of relative strength when compared with many other FE Colleges. HCUC was a strong cash generating organisation with an EBITDA ratio more than double the sector average. It was agreed that the College's key strategic aim in relation to finances 'To maintain the strong financial profile needed to ensure a secure future', had been fully achieved.

The Members' Report would be amended as highlighted above.

ii) July 2020 Management Accounts

The restated Management Accounts for 31 July 2020 and the adjustments arising post-year end from the preparation and audit of the Financial Statements were noted by the meeting. Adjustments totaling £268,000 were made against the income and expenditure. As previously noted by the meeting the revised historical surplus was £3,434,000 against a forecast surplus of £2,607,000. The accounts were taken as read as they agreed with the Financial Statements.

The 2019/20 Financial Statements and July 2020 Management Accounts were RECEIVED and APPROVED, (they would be recommended to the HCUC Corporation for approval by the Resources Committee).

iii) Audit Findings Report of the External Auditors, Cooper Parry, following their audit of the HCUC Financial Statements for 2019/20, for APPROVAL & recommendation to Corporation.

Simon Atkins (SA) of Cooper Parry presented the Audit Findings Report to the Governors, which acknowledged the strong financial outturn and cash position for HCUC. The meeting was pleased to

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note the clean unqualified opinion on the financial statements and for the regularity audit. SA informed the meeting that the audit had gone very smoothly from their perspective; the flow of information from management had been accurate and timely. This had been even more complicated during the current year when the audit had taken place completely remotely. The remote audit had been undertaken via real-time screen shares as well as Teams meetings online; it had been a very robust process. He reminded the meeting that this was a notable achievement as it was VP's first year in post as Head of Finance at HCUC working with Cooper Parry. SW and VP agreed that the audit process had gone well from the College management perspective from the planning stage to the completion of the audit. The Management Report was considered in detail.

The meeting was pleased to note that the audit conclusion on all qualitative aspects considered was clean; SA also highlighted the unmodified regularity audit opinion. The meeting questioned the level of materiality and SA confirmed that it had been set at 2% of income so was circa £1 million. The Chair (NK) sought, and was given, confirmation that this level was appropriate and noted that this drove the sample size of the audit; triviality was noted as 10% of materiality. **NK suggested that the level of materiality used should be included in future management reports for information.** The meeting went on to consider the significant audit risks that had been identified by Cooper Parry and detailed in their audit planning letter. The key risks were noted as follows: income recognition; going concern; management override of control; related party transactions; and retirement benefits. Governors noted that Cooper Parry's conclusion against all five of these risks was clean and that there were no issues identified which needed to be reported to the Audit Committee. The meeting discussed the generic audit risks in more detail and how they affected HCUC although SA confirmed that none of these risks were heightened for HCUC. In relation to income Recognition, the Chair of Resources sought confirmation on when the last Funding Audit had been undertaken at HCUC; SW confirmed that the last national funding audit had been commissioned by the ESFA in autumn 2018. The College had not been able to commission its own funding audit in 2019 due to late auditing guidelines and in 2020 due to Covid-19. SW confirmed that there was a plan for an audit of Work Based Learning provision during 2019/20 and that an external funding audit would be commissioned in autumn 2021. SA informed the meeting that there had recently been a strengthened auditing standard against Going Concern and the testing of assumptions used by Colleges. This would lead to even more rigorous scrutiny of Going Concern in the 2020/21 external audits for colleges. Management Override had been tested against the College's Finance Regulations and there was nothing to report on this or in relation to related party transactions or Register of Interest declarations.

Governors also noted the positive assurances given by Cooper Parry around the risks of fraud and independence and related party transactions. The meeting spent some time discussing the need for the College to remain vigilant as the incidence of fraud and financial scams being perpetrated in the FE sector was on the increase. The importance of going concern was discussed and Governors were reminded that this would be discussed under a separate agenda item. The meeting noted that that one unadjusted journal had been raised relating to the reclassification of debit balances within creditors from prepayments into trade debtors for £74,750; this journal had no impact on the Statement of Comprehensive income (SOC). The audit had not identified any misstatements that required adjustment in the financial statements. SA highlighted the table on page 3 of the report which clearly presented an 'uncluttered' summary of the year-end outcome with an actual operating surplus of £5.4m before the in-year pension costs of £1.9m had been applied. Funds carried forward on the I&E were showing as £77million which all agreed was a strong outcome.

SA highlighted that during the audit there had been four low risk weaknesses of controls identified which had resulted in recommendations for improvement. These four risks were in relation to: Year End Stock Takes; Fixed Asset Register; Payroll and Salary Review Letters. All four recommendations were accepted by College management and would be actioned as soon as possible; SA confirmed that Cooper Parry were fully satisfied with the management response and planned actions. Governors (SB) sought additional detail on the issue with salary review letters and was informed that the issue had been with a lack of completeness on the HR files in relation to both salary review letters and updated contracts

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of employment. The meeting agreed that the low number and low risk score of the recommendations highlighted an ongoing positive control environment at HCUC. The Audit Committee members commended the College finance team and Cooper Parry for a robust and positive external audit.

The Chair sought confirmation from SA on where he believed HCUC sat when benchmarked financially against other Colleges. SA confirmed that HCUC were in a much stronger position financially than many FE Colleges although many colleges and Multi Academy Trusts had reduced expenditure in 2019/20 due to Covid-19 and remote delivery. However, the audit at HCUC had been completed without challenge to meet the ESFA deadline; this had not been the case in all colleges.

The Audit Report and Management Letter of the External Auditors, Cooper Parry, for HCUC 2019/20 was APPROVED and would be RECOMMENDED to the HCUC Corporation for approval by the Audit Committee (8/12/20).

iv) Letter of Representation

The meeting noted the draft Letters of Representation; one for the Financial Statements and one for the Regularity Audit. SA confirmed that these letters had a standard format for all FE Colleges – dictated by the Joint Audit Code of Practice – they did not include any narrative specific to HCUC.

The Letter of Representation for HCUC would be taken for approval to the HCUC Corporation (8/12/20) before being signed by the Corporation Chair on behalf of the Corporation, and the Group Principal/ CEO as Chief Accounting Officer of HCUC.

14. Assurance of Going Concern

SW reminded the meeting that the FE/HE Statement of recommended practice required the Corporation to carry out a formal assessment of going concern. SA highlighted that it would be important to demonstrate that the Corporation had undertaken due diligence around their consideration of the going concern of the College now that the FE sector had moved forward to being bound by a new Insolvency Regime. Members noted that the governing body were required to make their own assessment of their institution's ability to continue as a going concern so that they were certain of the validity of the 'going concern' assumption when preparing the financial statements. In making this assessment, an institution's governing body were required to take account of all available information about the future for at least, but not limited to, 12 months from the date the accounts were approved. An institution was required to disclose any material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. SW assured the meeting that HCUC Corporation had carried out a formal assessment of the going concern in preparation of signing the financial statements. This had included an assessment of the following factors:

- The financial position and reserves on 31 July 2020
- Cash and investment balances and cash flow forecasts for the next 12 months
- The 2020/21 financial budget as approved by the HCUC Corporation.
- The level of student recruitment in 2020/21
- Known liabilities and commitments during the next 12 months.

The meeting agreed that the Governing Body should be assured that the College had adequate resources to continue in operational existence for the near future. For this reason, HCUC should continue to adopt the going concern basis in preparing the financial statements.

The assurance around Going Concern was NOTED and APPROVED; the Resources Committee would recommend it to the Corporation for approval (8/12/20) alongside the HCUC Financial Statements 2019/20.

15. Regularity Self-Assessment Questionnaire

The meeting considered the detailed Regularity Self-Assessment Questionnaire 2019/20. This was completed by the College Management Team for the assurance of the External Auditors on all

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Regularity Issues. As previously noted, Cooper Parry had provided a clean opinion on the Regularity Audit for HCUC during 2019/20. The meeting agreed that this document which had been enhanced for 2019/20 with an additional Annex A in relation to the operational impact of Covid-19 provided a useful summary for the Governors. The meeting was reminded that the OfS were able to access this information via the ESFA as the regulator of FE Colleges.

The Regularity Audit Questionnaire was NOTED and APPROVED; the Audit Committee would recommend it to the Corporation for approval (8/12/20).

16. Any Fraud/ Corruption issues 2020/21.

The meeting noted the two incidents of Fraud that had occurred during the 2020/21 academic year to date: the cyber incident that had taken place on 13 August 2020; and a one-off 'phishing impersonation email' which took place on 23 October 2020 when the Director of HR (IA) had his email address compromised. A phishing email had been sent from IA's email to 1500 recipients but this was spotted and mitigation taken. Audit Committee Members were reminded that the August incident had been discussed in detail during the September 2020 Audit Committee meeting; an update is minuted at Part 2. The meeting was assured that there had been no impact from the second incident which was spotted very quickly by College IT staff. The meeting noted that two-factor authentication had now been put in place on staff email accounts to heighten security. The IT Team were also planning a 'penetration test' to ensure that recent changes had increased security.

The report was NOTED

17. Any Other Business

There was no other business. The joint meeting of the Audit Committee and the Resources Committee closed at 11.15am.

Signed ***Nasim Khan (Chair)***

Date.....