City of Portsmouth College

Minutes of the Audit Committee Meeting
Held at 4.30pm on 12 March 2024

Present: Prue Amner (left 6.30pm), Ashley Cullen (left 5.35pm), Liz Rix & Pauline Tiller (chair)

Apologies: Shirley Nellthorpe

In Attendance:
Chris Caddemy	VP Information Services
Mike Cheetham	RSM (internal auditors)
Paola Schweitzer	Director of Governance
Maria Vetrone	COO

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M i n u t e s

157   Attendance and Participation

Shirley Nellthorpe sent her apologies.

158   Declarations of Interest

There were no declarations of interest.

159   Minutes

The minutes from the meeting on 05 December 2023 were **Agreed** as a correct record.

160   Matters Arising

Governors **Noted** matters arising were either completed, closed or on today's agenda.

161   Cyber Event Report (paper 553/24/A)

A cyber event on 31 January 2024 impacted a small part of the College network and access was restricted as a precautionary measure. Services were partially operational from 07 February 2024 and fully operational from 19 February 2024. The College's response to the event was informed by cyber experts who, after in depth forensic investigations, confirmed that there was no evidence of a data breach or core systems being compromised. The College was able to respond quickly and effectively to the event due to the significant investment in core IT infrastructure.

The known vulnerability affecting Citrix gateways which allowed access to the College systems may have been mitigated if a software patch had been installed. An independent internal investigation would ascertain what had happened within the College and identify lessons learnt. Changes had already been instigated and the operational risk register updated. In response to a question, Chris stated that the impact on students had been minimal and no external deadlines had been missed. Governors asked about the College's preparedness for other types of attack. Maria stated that the College's current business continuity plan identified various procedures and these would be updated and communicated to staff following the ongoing independent health & safety review. Mike noted that some cyber events were due to trusted 3rd party access to systems. Chris reported that the College did not have any

such arrangements. Governors were satisfied that the College had responded effectively to the cyber event and noted that work was being undertaken to ensure the College's future preparedness. Governors asked Maria and Chris to pass on their thanks to colleagues for their effective handling of the cyber event.

162   Internal Audit Report: Financial Budgeting & Planning (paper 554/24/A)

The objective of the audit was to determine whether the College's financial budgeting and planning processes were adequate and effective. RSM found that there was generally a *'good control framework in place regarding the budget setting process'* and therefore believed that the board could take *'substantial assurance'* that controls were suitably designed, consistently applied and effective. One low priority management action was identified and had been accepted by management. Governors welcomed this clean audit and were assured that the College's financial budgeting and planning processes were effective.

163   Internal Audit Report: Key Financial Controls (paper 555/24/A)

The objective of the audit was to determine whether the College's budgetary control and management accounting and reporting processes were adequate and effective. RSM found that the College had robust financial controls, with no major areas of concern and that the board could take *'substantial assurance'* that controls were suitably designed, consistently applied and effective. One low priority management action was identified and had been accepted by management. Again, governors welcomed this clean audit and were assured that the College's key financial controls particularly around budgetary control were effective.

164   Internal Audit Progress Report 2023/24 (paper 556/24/A)

The report provided an update on progress against the 2023/24 Internal Audit Plan and summarised the results of work to date. Of the five audits, two had been completed (governors noted the delay in issuing one of the reports due to the Christmas/New Year holiday), the draft report for one (staff utilisation) had been issued as a draft and two (learner number systems and capital projects) would start in March and May respectively. An additional subcontracting standard review for Pompey in the Community would take place in the summer. Governors **Noted** progress to date and welcomed the information appended to the report, in particular the emerging risk radar and ONS reclassification analysis

165   Internal Audit Benchmarking Report 2022/23 (paper 557/A/24)

The report provided a snapshot of the College's performance against others in the sector based on RSM's 2022/23 internal audit reports. The data showed that the College had fewer *substantial assurance* and more *partial assurance* outcomes than other colleges. The number with *reasonable assurance* was broadly in line with the sector average. Data would develop over time.

166   External Assurance: FE Commissioner (FEC) Stocktake Report (paper 558/24/A)

The FE Commissioner's report dated November 2023 found *'The board and senior team have made good progress since the merger in August 2021. They have a good understanding of the key issues and challenges and have moved swiftly to take decisions and implement changes where required. It appears that the college leadership now have a more strategic focus on the future of City of Portsmouth College, driven by the board with strong support from the senior team. There is a clear*

determination to drive improvement in the quality of provision. [...] Similarly with finances, college leaders have worked hard to stabilise the operating position.'

Governors scrutinised the report, noting that all actions from previous FEC visits had been implemented and that there were no new recommendations. There would be a meeting with the DfE in April to discuss going into Post Intervention Monitoring & Support (PIMS).

167   Outstanding Audit Recommendations Follow Up (paper 559/24/A)

This report provided a progress update on implementing recommendations raised by auditors and other independent reviewers of the College's internal control framework. 49 internal audit recommendations had been raised by RSM and accepted by management in 2022/23 (recommendations arising from other audits/reviews had been completed). 48 have been implemented with the outstanding recommendation relating to IT infrastructure and cyber security. In response to a question, Maria stated the delay was due to the time taken to test the market for the most appropriate product for the College and to negotiate with the preferred supplier. A solution had now been ordered (the cost would be circulated following the meeting). Until the solution was fully implemented, JISC would undertake the vulnerability testing. The cyber event investigation would explore whether failure to implement this recommendation had had a bearing on the cyber event. Having scrutinised the report, governors **Noted** the completed audit recommendations and were satisfied that the outstanding recommendation was in progress.

168   Risk Management Policy (paper 560/24/A)

The Risk Management Policy set out the framework by which the College managed risk. The policy was reviewed annually and had been updated to reflect staff changes. There were no significant changes. Governors were satisfied that the policy was clear and reflected College practice and **Agreed** to recommend it to Corporation.

169   Training: RSM Risk Management and feedback from other training events

Feedback: Shirley's feedback from the AoC's Audit Committee Masterclass was circulated. Prue and Ashley attended RSM Audit Committee training. Key points were:
- Sequencing agendas with decision, discussion and information reports
- Hyperlinking supplementary papers
- Risk presentation by risk owners. Mickiela to present staff risk at next meeting
- Sharing good practice through peer meetings with other Audit Committees. Liz to explore with Portsmouth Hospitals NHS Trust.
- Co-opting members to the Committee
- How has the Committee improved the student experience?

Governors noted that improving the student experience was achieved by ensuring the Committees' work aligned to the strategic objectives. This led to a discussion about auditing safeguarding beyond controls/processes ie risks concerning the student experience. Governors agreed that be investigated further.

Risk Management Training Session, RSM: Mike gave a brief overview of risk management. Key messages were:
- Be confident you have identified the right risks and that everybody has the same understanding of what the risks mean

- Ensure the risk management process is clear and well understood by everyone that needs to understand it, but is not overcomplicated!
- Board/Audit Committee to maintain oversight, particularly of strategic risks, but not manage the process.

There was a discussion about risk appetite, with Paola noting that *'ensuring setting risk appetite/tolerance was an annual agenda item as part of strategy planning'* was one of the recommendations in the external board review to be considered by Corporation. Governors discussed the merits of assessing the board's risk appetite and concluded that given the FE sector regulatory framework, it was more appropriate to consider risk on a case by case basis. Governors thanked Mike for the risk management overview and agreed that the next session would explore board assurance.

170   Strategic Risk Register (paper 561/24/A)

The strategic risk register identified 25 strategic risks all of which aligned to the College's strategic plan. Changes since the last report were highlighted. 60% of all net risks were categorised as *significant/business critical'* (seven risks) and *high'* (eight risks). This was an improvement of 4% at the last report. The remaining 40% of all net risks were categorised as either low or acceptable. There was a discussion about the College's board assurance framework and the assurance map which indicated *medium* assurance for risk 21 regarding arrangements to prevent radicalisation and extremism at the College. This is a challenging area to audit, which was why *high* board assurance was not easily achieved. Governors discussed the fact that strategic risk 3 had materialised and that further lessons would be learnt following the internal investigation. Governors then turned their attention to apprenticeships, recognising that whilst there was better visibility of the qualitative and financial issues of delivery, it remained a high risk. Governors acknowledged the work to reduce the number of out of funding apprentices (OOFs) and improve quality, understanding that the College was always going to take a big hit in this area in 2023/24. Prue assured governors that Learning & Quality Committee considered the risks associated with apprenticeships. An update on apprenticeships would be tabled at Corporation. Having scrutinised the strategic risk register, governors satisfied themselves that risks were appropriately identified and scored, with the exception of apprenticeships which they asked management to reconsider with a view to revising the net risk score up, and were being appropriately managed. Governors **Agreed** to recommend the register to Corporation.

Prue left the meeting, meaning it was no longer quorate. The remainder of the meeting is therefore recorded as notes rather than formal minutes.

Data Protection Breaches: There were no data protection breaches. The cyber event which, although not technically a breach, had been logged as such.

Fraud Update: Maria reported a nil return.

Maria and Chris left the meeting.

Meeting with Internal & External Auditors without Staff Present

Neither governors nor the internal auditor raised any concerns. Mike noted that RSM's relationship with the College's senior leadership team was going well.

The meeting ended at 6.35pm