

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 14TH MARCH 2023 AT 5PM AT THE KINGSWAY CAMPUS

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| Present: | Karen Banks (Chair) | External Governor |
| | Jayne Edwards | External Governor |
| | Andrew MacManus | External Governor |
| In Attendance: | Patrick Clark | Head of Internal Audit, ICCA (<i>remote attendance</i>) |
| | Julie Holland | Deputy Principal (Finance & Resources) |
| | Catherine Shaw | Clerk to Governors |

The Committee met with the Internal Auditor in the absence of the College's senior managers to ascertain whether there were any matters he wished to raise. The Auditor advised he had no issues to raise. Mr Clark reported that the College officers continued to respond swiftly to any queries asked of them and commended the effective partnership in place between ICCA and the College.

Julie Holland (Deputy Principal, Finance & Resources) joined the meeting which was then opened by the Chair of the Committee.

1. **APOLOGIES FOR ABSENCE**

There were no apologies for absence with all members being present and the meeting was quorate.

2. **DECLARATION OF INTERESTS**

None declared.

3. **MINUTES**

3.1 **To approve the minutes of the previous meeting held on 28th November 2022** (*previously circulated*)

The Committee reviewed the minutes from the previous meeting.

Resolved - The minutes of the meeting held on 28th November 2022 were **approved** as a correct record and signed by the Chair.

3.2 **To review the action log and to consider any matters arising from the minutes** (*previously circulated*)

The action log was reviewed and a discussion took place.

Financial Statements

In response to a question raised by a Governor, the Deputy Principal clarified the national averages relating to (i) non-funding income, and (ii) achievement rates.

Health and Safety Internal Audit Report

The Deputy Principal informed the Committee of the staff training completion rate relating to (i) health and safety awareness, and (ii) fire awareness.

Governors' Training

The Committee Chair confirmed that she had recently completed the 'Safer Recruitment' training via Educare.

The incumbent Clerk drew the Committee's attention to some historical action points from 2021/2022 which related to unconscious bias training where progress appeared to have stalled. An in-depth discussion took place, with the Committee expressing disappointment concerning the delays in receiving the identified training. The Clerk advised that this issue had been discussed by the Search & Governance Committee on 13th March 2023 and provided assurance that plans remained in place for unconscious bias training to be delivered by the end of 2022/2023. In respect of the risk management training, this was on track for delivery to the full Board upon completion of the risk management internal audit, as previously agreed. It was noted that the internal audit report on risk management was scheduled to be presented at the Audit Committee meeting in June 2023 with the training to take place thereafter.

Resolved: The Committee **noted** the reports and due to unforeseen circumstances the change to how the unconscious bias training was to be delivered.

4. INTERNAL AUDIT REPORTS

4.1 HR & Payroll *(previously circulated)*

The Internal Auditor attended the meeting remotely and highlighted key aspects of the firm's findings in respect of the following assignments:

HR & Payroll Internal Audit Report

The Internal Auditor advised that a review had been undertaken of the College's controls in respect of its payroll system; payroll being the College's largest expenditure. The review focused on the controls in place to ensure that payroll was complete, accurate and correctly remunerated employees for work completed. Part of the review included an assessment of the links and segregation of duties between the HR and Payroll functions.

The Internal Auditor provided management and the Audit Committee with substantial assurance that the areas of the control environment tested during the audit were designed and operated effectively with no significant weaknesses. As a result of the audit, ICCA had not identified any areas for improvement. In terms of general benchmarking, the Internal Auditor commented that typically internal audits of this nature do result in recommendations being made and praised the College regarding the very good processes that were in place.

A discussion ensued with a clarification being sought by a Governor in relation to risks 5e and 15a, which was responded to by the Deputy Principal (Finance & Resources).

Resolved: The Committee **noted** the contents of the report and commended the College on its practice.

4.2 **Key Financial Controls** (*previously circulated*)

The Internal Auditor advised that a high-level review of the systems, processes, and controls established to effectively control the College's main financial systems had been undertaken. The review focused on the key control testing of the core financial systems, such as (i) general ledger, (ii) cash and banking, (iii) purchasing and creditor payments, and (iv) other income and debtors.

The Internal Auditor provided management and the Audit Committee with substantial assurance that the areas of the control environment tested during the audit were designed and operated effectively with no significant weaknesses. One recommendation of a low-level nature was accepted by College management and this related to 'aged creditor reporting' – the College should ensure that aged/unallocated debit balances on the purchase ledger were cleared as soon as possible in the following month to ensure that an accurate balance is reported. The Internal Auditor commented that this was not an unusual finding when undertaking an internal audit of this nature.

Resolved: The Committee **noted** the contents of this pleasing report.

5. **INTERNAL AUDIT PLAN 2022/2023**

The Internal Auditor informed the Committee that the annual plan was on schedule for completion as previously agreed and outlined the remaining areas to be audited by the end of 2022/2023:

- Risk Management
- Follow Up to recommendations made in 2021/2022
- Corporate Governance

Having noted that the Corporate Governance fieldwork was to be undertaken in June 2023, a Governor enquired as to whom may be required to participate in this assignment. The Internal Audit advised that it was likely to be the Chair of the Board and the Clerk to Governors.

Resolved: The Committee **noted** the update provided by the Internal Auditor.

The Internal Auditor was asked for his opinion in respect of agenda item 7 which was provided. Due to a conflicting and prior commitment the Internal Auditor was thanked for his reports and he left the meeting.

6. **RISK MANAGEMENT**

To receive a report on risk management activities that have taken place since November 2022 (*previously circulated*)

The Deputy Principal (Finance & Resources) presented this report and advised that the Key Strategic Risk and Assurance Mapping report had been reviewed by the Risk Management Group (RMG) at its meeting on 20th January 2023; the Committee had received sight of those minutes. The Deputy Principal provided an overview of the revisions made to the higher risk scores and RAG-ratings following discussions on the effects of eleven individual areas. She informed the Committee that the RMG considered the College's main risks to relate to key risks 1 and 3 and were kept under close scrutiny. The Committee was informed that the Disaster Management and

Business Continuity Plan had also been reviewed. Governors received assurance that the Quality Improvement Plan (QIP) recommendations had been updated following agreement of the Self Assessment Report (SAR) and QIP for 2022/2023. In doing so, this enabled Governors to directly monitor progress against actions and gain assurance that the Risk Management Action Plan (RMAP) covered any risks associated with an Ofsted inspection.

A discussion took place which included the impact of re-classification of FE colleges to the public sector, car parking issues on both the Riverside and Cronton College campuses and Level 3 curriculum reforms. In response to a question raised, the Deputy Principal advised that there had been increased footfall and attendance at Open Evenings; encouraging indicators for projecting student recruitment in 2023/2024.

Resolved: The Committee **noted** the contents of the report.

7. SCHEDULE OF BUSINESS 2022/2023 (*previously circulated*)

The Committee considered the draft schedule of business as presented by the Clerk which encompassed both Committee and Board meetings throughout the year.

Resolved: The Committee **approved** the Schedule of Business subject to the following:

- Amendment to explicitly reference any committee agenda items that subsequently required Board approval, as suggested by the Internal Auditor.
- A suggestion that the Board considered convening three Search & Governance Committee meetings in 2023/2024, as opposed to the current two meetings. In connection with this, the Committee was mindful of the statutory review of governance that was to take place and/or whether the establishment of a Working Group would be preferable.

8. POLICIES

8.1 Bribery Act Guidelines for Staff (*previously circulated*)

The Deputy Principal advised the Committee of the proposed updates to the guidelines which were considered by the Committee.

Resolved: The Committee recommended that the Board approves the Bribery Act Guidelines for Staff.

9. GOVERNANCE UPDATES (*previously circulated*)

The Committee received the updated Education and Skills Funding Agency (ESFA) publication of 'College Corporation Financial Management and Good Practice Guides – the scope of work of audit committees and internal auditors in college corporations.' The Clerk advised that the ESFA had enhanced sections on (i) risk management, (ii) placed greater emphasis on the importance of learner data, (iii) cyber security risks and introduced new sections on value for money and committee papers.

Following discussions and representations/advice from the Clerk to Governors and Deputy Principal, the Committee was satisfied in terms of its compliance to the good practice guide.

Resolved: The Committee **noted** the updates to this Government publication.

10. ITEMS TO BE REPORTED TO THE BOARD

A discussion took place:

Resolved – the following items were to be presented to the Board at its next meeting on 27th March 2023:

- Risk Management Report
- Bribery Act Guidelines
- Audit Committee meeting summary report

11. DATES OF FUTURE MEETINGS

Resolved - The Committee **noted** the following meeting dates:

- Board Meeting – 27th March 2023 at 5.00pm
- Audit Committee - 19th June 2023 at 5.00pm

Jayne Edwards had previously notified the Clerk to Governors that she would be unavailable to attend the next Audit Committee meeting. She was thanked for this advance notification which had enabled to the Clerk to make appropriate enquiries to ensure quoracy. The Clerk advised that it had been agreed at the Search & Governance Committee that Michele Bacon would be attending the Audit Committee on 19th June 2023 to ensure quoracy.

The Chair thanked all attendees for their attendance and contribution at the meeting. The meeting was closed at 6.00pm.

Signed: ...Office copy signed by Karen Banks.....

Chair of Audit Committee

Date: ...19th June 2023.....