

**MINUTES OF THE AUDIT COMMITTEE MEETING HELD REMOTELY ON 19<sup>TH</sup> JUNE 2023  
AT 5PM VIA MICROSOFT TEAMS**

<b>Present:</b>	Michele Bacon	External Governor
	Karen Banks (Chair)	External Governor
	Andrew MacManus	External Governor
<b>In Attendance:</b>	Marc Harvey	Internal Auditor, ICCA
	Julie Holland	Deputy Principal (Finance & Resources)
	Sue Hutchinson	External Auditor, Beever & Struthers
	Catherine Shaw	Clerk to Governors

The Committee met with the Auditors in the absence of the College's senior managers to ascertain whether there were any matters they wished to raise. The Auditors advised they had no issues of concern and reported positively on the effective working relationship that continued to exist between the respective audit firms and the College.

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

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received and accepted for Jayne Edwards (External Governor), Jason Burgess (External Auditor, Beever & Struthers) and Patrick Clark (Internal Auditor, ICCA).

**2. DECLARATION OF INTERESTS**

None declared that were additional to the annual declaration of interests recorded at the start of the academic year.

**3. MINUTES**

**3.1 To approve the minutes of the previous meeting held on 14<sup>th</sup> March 2023**

*(previously circulated)*

The Committee reviewed the minutes from the previous meeting.

**Resolved** - The minutes of the meeting held on 14<sup>th</sup> March 2023 were **approved** as a correct record.

**3.2 To review the action log and to consider any matters arising from the minutes**

*(previously circulated)*

The action log was reviewed and the Committee noted that the only actions that remained partially completed related to (i) part two of the unconscious bias training and (ii) the delivery of the risk management training; this was scheduled to be delivered by the Association of Colleges (AoC) on 27<sup>th</sup> June 2023.

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

#### **4. INTERNAL AUDIT REPORTS**

The Internal Auditor highlighted key aspects of the firm's findings in respect of the assignments within agenda items 4.1 to 4.3 (inc):

##### **4.1 Risk Management** *(previously circulated)*

The Internal Auditor advised that a high-level review of the College's risk management framework as designed and operating during 2022/2023 had taken place. The review considered the controls established by the College to identify, assess, mitigate, manage, monitor and report on strategic risks faced by the College. As a result of the work carried out, the Internal Auditors provided College 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. The audit concluded with one recommendation being made of a low-level nature and two recommendations of an advisory nature.

A discussion took place. The Deputy Principal informed the Committee that progress was being made in the design and implementation of an enhanced electronic risk management reporting system, with its launch anticipated early in the 2023/2024 academic year.

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

##### **4.2 Additional Learning Support and High Needs Students** *(previously circulated)*

The Internal Auditor advised that a review had been undertaken of the College's Additional Learning Support and High Needs Funding (HNF) control framework, which had paid particular attention to the initial assessment process and identification of support needs and costs. As a result of the work carried out the Internal Auditors provided College Management and the Audit Committee with substantial assurance that the areas of the control environment tests during the audit were designed and operated effectively with no significant weaknesses. The audit concluded with two recommendations being made of a low-level nature.

A discussion took place with several questions being raised by Governors and responded to by the Internal Auditor. A Governor raised a query regarding the adequacy of sample sizing when undertaking audits. In response to a question raised concerning quality and outcomes relating to HNF/Special Educational Needs and Disability (SEND), it was confirmed that this aspect per se would be monitored by the Quality and Standards Committee in accordance with its remit; any related risk was to be monitored by the Audit Committee.

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

##### **4.3 Follow Up On Previous Recommendations** *(previously circulated)*

The Internal Auditor informed the Committee that a follow-up review had taken place to ensure satisfactory progress had been made by College Management in its timely implementation of previously agreed internal audit recommendations. The Committee was advised that all of the previously agreed recommendations were found to have been fully implemented or superseded by College Management, where appropriate; as such, substantial assurance was provided in this respect.

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

4.4 **Engagement Letter 2023/2024 to 2024/2025 (inc)** *(previously circulated)*

The Committee considered the terms of the Engagement Letter presented by ICCA in respect of their continuance to provide internal audit services to the College for the next two academic years.

**Resolved:** The Committee **recommended to the Board** that the Engagement Letter covering academic years 2023/2024 and 2024/2025 be approved.

4.5 **DRAFT INTERNAL AUDIT PLAN 2023/2024** *(previously circulated)*

The proposed plan was presented by the Internal Auditor and considered by the Committee with numerous questions being raised and responded to.

**Resolved:** The Committee **approved** the internal audit plan, subject to the inclusion of the following audit areas: (i) Student Voice and (ii) Financial Key Controls

5. **FINANCIAL STATEMENTS & REGULARITY AUDIT PLAN 2022/2023** *(previously circulated)*

Sue Hutchinson guided the Committee through the proposed plan which included an overview in connection with:

- Audit Timetable
- Auditor Team
- Respective Responsibilities of the Board and the Auditor
- Risk Based Audit Approach and subsequent Audit Opinion
- Materiality
- Communication with the Board
- Ethics, Independence and Fees
- Areas of Focus
- Sector Update

A discussion took place with numerous questions being asked by Governors and responded to by the External Auditor. At the request of the Committee, additional information was provided regarding the IT control environment and risk associated with financial systems, in contrast to an internal audit report on cyber security. The College's Business Continuity Plan was referred to and the Committee was advised that the College had received the Cyber Essentials accreditation. In response to a question raised, the External Auditor explained the audit fee structure and clarified the separate fees in respect of (i) the Financial Statements audit, and (ii) the sub-contracting audit which was also being undertaken by the firm. The importance of adequate sampling was discussed when considering the approach to the audit.

A Governor enquired as to whether any issues had arisen at the interim stage of the work undertaken to date and was advised that no issues had been identified.

**Resolved:** The Committee:

- (i) **Noted** the contents of the comprehensive document
- (ii) **recommended to the Board** that the External Audit Plan be approved in respect of year ended 31<sup>st</sup> July 2023.

*The External Auditor was thanked for her comprehensive report and she left the meeting.*

## **6. RISK MANAGEMENT**

**To receive a report on risk management activities that have taken place since March 2023** *(previously circulated)*

The Committee considered the updates presented in relation to the ten strategic risks and assurance mapping which were monitored at each committee meeting. The Deputy Principal advised that following the most recent review undertaken by the Risk Management Group (RMG) the Risk Register RAG ratings had been changed in respect of Key Risks 1, 4 and 7 and the reasons for those adjustments were provided. These were discussed in detail by the Committee and clarification sought, where required. The Deputy Principal responded to questions raised in association with two sub risks and their correlation to the respective key strategic risk. The risk appetite statement was discussed in connection with the internal audit report on risk management (reference: agenda item 4.1) and the intention to incorporate this into the Risk Management Policy for review at the next Committee meeting. The Committee was advised that the statutory sub-contracting audit was due to take place imminently and the findings would be reported at the next Audit Committee meeting.

**Resolved:** The Committee:

- (i) **noted** the contents of the report, and
- (ii) **requested** that Strategic Risk 10 be re-worded to ensure clarity of the actual risk.

## **7. ANNUAL WHISTELBLOWING AND ANTI-FRAUD REPORTS**

### **7.1 Whistleblowing Reports 2022-2023** *(previously circulated)*

The annual report was presented in compliance with the Whistleblowing Policy whereby it was stated that the College was to keep a record of all concerns raised under the policy and an annual report presented to the Audit Committee. The Clerk to Governors advised that following appropriate liaison with the Principal and HR Manager confirmation had been received that no concerns had been raised to date in the 2022/2023 academic year.

**Resolved:** The Committee **noted** the nil report.

### **7.2 Anti-Fraud Reports 2022-2023** *(previously circulated)*

The Clerk referred to the College's Anti-Bribery Policy whereby it was stated that any instances of bribery or potential bribery was to be reported to the College's Senior Management Team (SMT) and the Board's Audit Committee. It was confirmed that there had been no cases of actual or suspected fraud reported to date in the 2022/2023 academic year.

**Resolved:** The Committee **noted** the nil report.

## 8. POLICIES

### 8.1 **Anti-Bribery** *(previously circulated)*

The Committee reviewed this policy with the Clerk highlighting that one of the four main offences under the Bribery Act 2010 was failure by an organisation to prevent bribery and the necessity for the Board to ensure that it had in place adequate procedures to prevent bribery.

**Resolved:** The Committee:

- (i) **recommended approval** of the Anti-Bribery Policy to the Board
- (ii) **Approved** to synchronise further reviews of the Anti-Bribery guidelines and associated policy in June annually.

### 8.2 **Anti-Fraud and Corruption** *(previously circulated)*

When reviewing this policy the Committee took into account that there had been no changes to the legislative framework underpinning the policy since the previous review and therefore no contextual changes were being proposed.

**Resolved:** The Committee **recommended approval** of the policy to the Board.

### 8.3 **Anti-Money Laundering** *(previously circulated)*

The Committee reviewed this policy.

**Resolved:** The Committee **recommended approval** of the policy to the Board.

### 8.4 **Whistleblowing** *(previously circulated)*

The Committee reviewed this policy and noted that there were no changes being proposed since its last approval.

**Resolved:** The Committee **recommended approval** of the policy to the Board.

## 9. GOVERNANCE UPDATES

### 9.1 **ONS reclassification and Managing Public Money Return 31<sup>st</sup> March 2023** *(previously circulated)*

The Committee considered the contents of the correspondence issued to Accounting Officers on 29<sup>th</sup> November 2022 relating to the reclassification of FE colleges to the public sector and the subsequent requirement for compliance with the HM Treasury (HMT) document 'Managing Public Money' (MPM). The Committee was advised that in relation to this the Education and Skills Funding Agency (ESFA) had required assurance that colleges had complied with HMT MPM for the period from 29<sup>th</sup> November 2022 to 31<sup>st</sup> March 2023. The Deputy Principal confirmed that this return had been submitted in accordance with the regulations.

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

### 9.2 **Post 16 Audit Code of Practice 2022/2023** *(previously circulated)*

The Clerk provided a summary of the changes which had been made by the ESFA in its annual review and publication of the Post 16 Audit Code of Practice. The Deputy Principal provided specific detail relating to any implications as a result of the reclassification of FE colleges to the public sector.

**Resolved:** The Committee **noted** the contents of the updated Audit Code of Practice.

9.3 **FE Corporations Governance Guide** (*previously circulated*)

The Clerk advised that an update to this guide had been published on 2<sup>nd</sup> March 2023 and outlined requirements in respect of (i) the appointment of a SEND Link Governor and its importance in respect of equality, diversity and inclusion related matters and (ii) requirements relating to 'executive pay' following the reclassification of FE colleges to the public sector.

**Resolved:** The Committee **noted** the contents of the report and that in the first instance the requirements were to be addressed by the Quality & Standards Committee and Remuneration Committee respectively, with any subsequent recommendations to be made to the Board for approval.

9.4 **Audit Committee Terms of Reference** (*previously circulated*)

The Clerk drew the Committee's attention to paragraph 5.20 of the HM Treasury Audit & Risk Assurance Committee Handbook whereby it stated that the Committee's Terms of Reference (TORs) should be reviewed regularly. Following this review, it was agreed that the TORs remained fit for purpose to ensure the Committee effectively discharged its responsibilities.

**Resolved:** The Committee **recommended approval** of the TORs to the Board.

9.5 **Meeting Schedule 2023/2024** (*previously circulated*)

The approved meeting schedule was reviewed and there was consensus that the start time of 5pm remained suitable.

**Resolved:** The Committee **approved** that the start time for all meetings was to remain unchanged.

9.6 **Training Schedule 2023/2024** (*previously circulated*)

The Clerk advised that at its first meeting in the 2023/2024 academic year, the Search & Governance (S & G) Committee would be considering the training schedule for subsequent Board approval. An opportunity was provided for the Committee to identify any training needs for future consideration by the S & G Committee. The Clerk advised that there would be a further opportunity to discuss training needs at the individual Governor review process at the start of the 2023/2024 academic year. It was suggested that ways in which the Board could prepare for the statutory external board review would be helpful.

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

10. **ITEMS TO BE REPORTED TO THE BOARD**

A discussion took place:

**Resolved** – in addition to the overarching summary report the following items were to be presented to the Board at its next meeting on 3<sup>rd</sup> July 2023

- Update on the Board's Training Schedule 2022/2023
- Review of the Committee's Terms of Reference
- Recommendation to approve policies (agenda items 8.1 to 8.4)

- Recommendation to approve the Letter of Engagement provided by ICCA, the internal audit provider.

**11. DATES OF FUTURE MEETINGS**

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

- Board – 3<sup>rd</sup> July 2023, Cronton College at 4.30pm
- Audit Committee – 25<sup>th</sup> September 2023, Riverside College at 5pm

The Chair thanked all attendees for their attendance and contribution at the meeting. The meeting was closed at 6.40pm.

**Signed:** .....Office Copy signed by Karen Banks ....

**Chair of Audit Committee**

**Date:** .....25<sup>th</sup> September 2023.....