

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 23rd SEPTEMBER 2024 AT 4:30 PM AT THE KINGSWAY CAMPUS

Present:	Karen Banks	External Governor
	Jayne Edwards	Co-Opted Governor
	Paul Leatherbarrow	External Governor
	Andrew MacManus	External Governor
	Rachael Owen	External Governor
In Attendance:	Leeann Bellfield	Vice Principal, Head of Centre - Cronton
	Jonathan Creed	Associate Director, ICCA (Internal Audit)
	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 that he had no issues of concern.

The Clerk welcomed all attendees to the meeting. Being his first meeting, a warm welcome was extended to Paul Leatherbarrow with introductions being made.

1. **APOLOGIES FOR ABSENCE**

All Governors were present and the meeting was declared quorate.

2. **DECLARATION OF INTERESTS**

None.

3. **APPOINTMENT OF CHAIR 2024/2025**

Resolved: Karen Banks was duly appointed as Committee Chair for the 2024/2025 academic year.

Karen Banks took the Chair. Julie Holland (Deputy Principal, Finance & Resources) and Leeann Bellfield (Vice Principal) joined the meeting.

4. **MINUTES**

4.1 **To approve the minutes of the previous meeting held on 17th June 2024 (previously circulated)**

The Committee reviewed the minutes from the previous meeting.

Resolved - The minutes of the meeting held on 17th June 2024 were **approved** as a correct record.

4.2 **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 all outstanding actions had either been completed or featured on the agenda. The Chair advised that there was no further update to present following her attendance at the AoC Committee Chairs' Network Meeting.

In response to a question raised by a Governor, the Deputy Principal confirmed there had been an increase in HE recruitment this year compared to 2023/2024.

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

5. **ESFA SUB-CONTRACTING AUDIT** (previously circulated)

This Government publication (July 2023) was considered by the Committee with a particular focus on the highlighted sections relating to Board responsibilities.

Resolved: The Committee **noted** the contents of the report and that the next audit was due to take place in two years' time.

6. **INTERNAL AUDIT REPORTS**

6.1 **Student Voice** (previously circulated)

The Internal Auditor advised that this audit had taken place in line with the approved annual internal audit plan. The aim was to provide an independent assurance opinion that the College had in place effective processes and controls for its Student Voice survey and analysis.

A discussion ensued. In response to a question raised by a Governor, the Internal Auditor advised that from a benchmarking perspective the findings compared favourably against other colleges where an internal audit of this nature had been undertaken. In response to another question raised, the Vice Principal informed the Committee that during the recent Ofsted inspection the College did not receive sight of individual responses to student questionnaires requested by the inspectors, though the overall feedback from the inspection confirmed its findings correlated with the College's student voice strategy.

The Committee considered the three curriculum areas where there had been no student voice feedback in response to the 'Have Your Say Student Survey.' The challenges relating to this were acknowledged, as it was not mandatory for students to complete the survey. The Committee was pleased to note the actions to be taken by College managers in its continued efforts to ensure that the surveys were completed by all students in scope. For additional assurance purposes, the Vice Principal informed Governors that where a low response rate was identified, College managers visited those student groups to ensure there were no issues which were adversely impacting on their student experience.

In conclusion, the Internal Auditor provided College Management and the Audit Committee with substantial assurance that the areas of the control environment tested were designed and operated effectively with no significant weaknesses. One recommendation of a low level nature had been made and accepted.

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

6.2 **HR Performance Management** (*previously circulated*)

The Internal Auditor advised that this high level review of the College's HR performance management framework had taken place in line with the approved annual internal audit plan. The aim was to provide an independent assurance opinion that the College had in place effective processes and controls to drive measurable improvements in quality, performance and outcomes for learners.

In conclusion, the Internal Auditor provided College Management and the Audit Committee with substantial assurance that the areas of the control environment tested were designed and operated effectively with no significant weaknesses. One recommendation of a low level nature, one of a medium nature and one advisory recommendation had been made and accepted.

A detailed discussion took place regarding the potential benefits of introducing a specific Performance and Development Review (PDR) policy. The Committee was advised that this was currently under discussion by the College Management Team (CMT). The completion rate of PDRs became a focus of the discussion with the Deputy Principal and Vice Principal providing an explanation as to the process undertaken and where dispensations were allowed, for example where a Manager was responsible for a large team and October being a very tight deadline for all PDRs to be completed. In response to a question raised by a Governor, the Deputy Principal confirmed that all PDRs had been completed in 2023/2024, unless a staff member had been on long term sickness leave. It was further confirmed that PDR completion rates were reported weekly at Senior Management Team (SMT) meetings.

Clarification was sought by a Governor in connection with the inclusion of five continued professional development (CPD) days on the College calendar and the potential for an insufficient number of days being allocated for some accredited qualifications. The Deputy Principal confirmed that this was taken into account on an individual case-by-case basis, as part of the College's staff development processes.

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

6.3 **Follow Up to Previous Recommendations** (*previously circulated*)

The Internal Auditor informed the Committee that in accordance with the approved annual plan for 2023/24, ICCA had completed a follow-up review of management progress in implementing previously agreed internal audit recommendations. He advised that the specific areas reviewed consisted of:

- Quality Assurance and Lesson Observation Process
- Corporate Governance
- Risk Management
- Additional Learning Support and High Needs Students
- Health and Safety Compliance
- Key Financial Controls

As a result of the work undertaken the Internal Auditor was pleased to report that the College was 100% compliant in respect of (i) the implementation of recommendations, and (ii) the accurate reporting on the status of recommendations.

In conclusion, the Internal Auditor provided College Management and the Audit Committee with substantial assurance that progress with implementing previously agreed internal audit recommendations had been timely and effective.

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

6.4 **Internal Audit Report 2023/2024** *(previously circulated)*

The Internal Auditor referred to the report and confirmed that the approved Audit Plan for 2023/2024 had been fully completed. Audits carried out consisted of:

- HR Performance Management
- 16-18 Student Journey – Enquiry to Enrolment
- Financial Planning and Budgetary Control
- Examinations
- Marketing Strategy
- Key Financial Controls
- Student Voice
- Follow Up of Previous Internal Audit Recommendations

In respect of all areas audited each had resulted in substantial assurance being provided to the Audit Committee that the areas of the respective control environments tested were designed and operated effectively with no significant weaknesses. The Internal Auditor advised of the importance of this report in terms of it being a cornerstone of the assurances that the Committee provided to the Board.

The Head of Internal Audit's professional opinion stated he was satisfied that sufficient internal audit work had been undertaken to allow an opinion to be given as to the adequacy and effectiveness of risk management and systems of internal control, for the year ending 31 July 2024. A discussion took place in respect of being unable to provide an opinion on the corporate governance element due to insufficient audit work being undertaken.

In response to a question raised, the Internal Auditor confirmed that the highest level of assurance that could be given in this report was one of 'reasonable assurance' that there were no major weaknesses in the College's governance and risk management arrangements, or systems of internal control.

Resolved: The Committee

- (i) **noted** the contents of the report
- (ii) **agreed** that the Annual Internal Audit Report 2023/2024 be re-worded where reference was made to corporate governance and insufficient work being undertaken to provide an opinion. This was requested and agreed upon to avoid any mis-interpretation.

6.5 **Terms of Reference – Internal Audits 2024/2025** *(previously circulated)*

As requested by the Committee at the previous meeting, the generic Terms of Reference (ToRs) for forthcoming audits were considered.

Two members of the Committee raised queries regarding the proposed ToRs. Following a discussion, it was agreed for any queries to be forwarded to the Deputy Principal (F&R) who would then liaise with the Internal Auditor.

Resolved: the Committee

- (i) **Noted** the contents of the report
- (ii) **Agreed** that Committee Members with any queries were to forward the details to the Deputy Principal (F&R) at their earliest convenience to prevent any delay in the commencement of planned audits.

7. **RISK MANAGEMENT** (*previously circulated*)

7.1 To receive the annual risk management report for 2023/2024

The Deputy Principal summarised the risk management activity that had taken place in the previous academic year, in accordance with the Risk Management Policy. She highlighted the following aspects from her report:

- The Key Risk Register had been revised throughout the year at each Risk Management Group (RMG) meeting, in response to both internal and external influences
- The Risk Management Action Plan (RMAP) detailed the active recommendations and provided a progress update
- The College was rated 'outstanding' by Ofsted in April 2024 and the Education and Skills Funding Agency (ESFA) had officially agreed with the College's assessment of being in 'outstanding' financial health
- Overview of the RAG rated changes to strategic risks that had been made throughout the year and included those relating to (i) student numbers, based on the achievement of planned student numbers and funding target, (ii) learner success, primarily based on the outcomes from the Ofsted inspection and (iii) information and business-critical systems, based upon HR and financial system upgrades and the introduction of multi-factor authentication for students

The Deputy Principal advised that the RMG had agreed to amend the risk scoring mechanism and outlined the likely benefits this would bring when presenting future reports for the Committee's consideration. She explained how the revised scoring system would operate in terms of the key strategic risks and it was anticipated that the sub-risk register would be utilised for operational purposes.

Governors welcomed the changes made to the risk scoring system relating to the key strategic risks considered by the Committee. During discussions it was agreed that the sub-risk register would no longer routinely be presented in order to streamline reporting, unless any of the strategic risks escalated in terms of greater concern being identified.

In response to a question raised by a Governor relating to the RMAP and the Capital Strategy and Estates Management internal audit, the Deputy Principal expanded on the progress to date. She confirmed that proprietary software was fully operational at the Cronton campus and currently subject to monitoring, following which an assessment was to take place with a view to rolling it out at the Kingsway campus, at which time staff training would be arranged.

Resolved: The Committee **noted** the contents of the reports which included:

- (i) The annual Risk Management Report for 2023/2024
- (ii) Risk Management – Review of Effectiveness and Achievements in 2023/2024
- (iii) Key Strategic Risks and Sources of Assurance Mapping
- (iv) Risk Management Action Plan - September 2024

7.2 **Risk Management Policy 2024/2025** (*previously circulated*)

As referred to in the preceding agenda item relating to the recent introduction of a revised risk scoring mechanism, the Deputy Principal advised that this needed to be incorporated into the annual review of the Risk Management Policy.

Resolved: The Committee **agreed to defer** the approval of the Risk Management Policy 2024/2025 to the next meeting, to allow the recent amendments to be included in the policy.

8. **ASSESSMENT OF CONTROLS ON FRAUD & IRREGULARITY**

In the briefing paper the Clerk outlined the responsibilities of governors to fulfil the ISA (International Standard on Auditing) 240 requirement which was necessary in order for the Board to approve the annual Financial Statements. Governors were advised that it was the responsibility of the Audit Committee to review the effectiveness of the College's internal control framework, including risks on fraud and irregularity to enable the Board to approve the Letter of Representation that accompanied the Financial Statements. With the exception of the proposed fraud questionnaire, the Committee was informed that the completion of all appended documentation was prescribed within the Post-16 Audit Code of Practice (ACOP). As part of its remit, the Committee considered comprehensive reports relating to:

- A completed draft of the Self-Assessment on Regularity Questionnaire (SARQ) which included a variety of sources of evidence relating to the controls operating within the College
- The proposed fraud questionnaire that was to be completed by all Governors following advice taken from the External Auditors
- A self-assessment summary showing areas of most significant risk of fraud for the College and ways in which these risks were mitigated in 2023/2024
- Completion of Annex D of the ESFA's Audit Code of Practice (ACOP), which served to provide a further assessment of the College's anti-fraud framework.

The comprehensive suite of documents was considered and the contents provided the required assurance to the Committee in order for it to (i) advise the Board that it was able to demonstrate that public money was spent in accordance with HM Treasury's guidelines, and (ii) to have confidence that statutory and other legal requirements had been properly discharged.

Resolved –

- (i) the contents of the report were **noted**
- (ii) the Committee **recommended** that the SARQ be submitted for approval to the Board at its meeting on 14th October 2024, as required by the ACOP
- (iii) **approved** that the fraud questionnaire was to be completed by all Governors

9. **COMMITTEE SELF-EVALUATION 2023/2024**

To approve the Committee self-evaluation of performance in 2023/2024

The Clerk referred to the draft Committee self-evaluation of performance which provided a narrative on the following aspects of its performance:

- Committee Attendance
- Membership
- Terms of Reference
- Summary of activities in the previous academic year
- Areas for Development
- Impact

The Committee reflected on its performance during the 2023/2024 academic year. There were no areas of concern identified and the Committee was satisfied that it had fully complied with its statutory obligations and discharged its responsibilities in accordance with the committee's terms of reference. When considering any areas for development, it was agreed that the introduction of short presentations on risks aligned to the Key Strategic Risk Register would be a welcome addition at meetings.

Resolved – the Committee

- (i) **approved** the Self-Evaluation of the Audit Committee's Performance 2023/2024.
- (ii) **agreed** for short presentations on the various risks aligned to the Key Strategic Risk Register were to be delivered by relevant staff members at future meetings; delegated authority was granted to the Deputy Principal and Clerk in determining a schedule.

10. **ANY OTHER BUSINESS**

Whilst there were no matters of urgent business to address that was not on the agenda.

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

Resolved – the following reports were to be presented to the Board at its next meeting on 8th July 2024

- Outcomes from the Internal Audit Reports
- Annual Risk Management Report 2024/2024
- Key Strategic Risk Register
- Assessments of Controls on Fraud and Irregularity

12. **MEETING REVIEW**

The Clerk advised that this was a newly introduced agenda item following a recommendation made by the External Board Reviewer and accepted by the Board.

It was agreed that pre-reading material had been prepared to a very high standard and that excellent support had been received from the Internal Auditor.

13. **DATES OF FUTURE COMMITTEE MEETINGS**

Resolved - The Committee **noted** the following meeting dates commencing at 4:30pm at the Kingsway campus:

- 18TH November 2024
- 3rd March 2025 at
- 16th June 2025

The Chair thanked all attendees for their attendance and contribution at the meeting. The meeting was closed at 5:35pm.

Signed: ...Office copy signed by Karen Banks

Chair of Audit Committee

Date:18th November 2024.....