

## Minutes of the Audit Committee Meeting Held at 4.30pm on 13 June 2023

Present: Prue Amner (left the meeting at 6.30pm), Ashley Cullen (via Teams), Graham Goddard, Shirley Nellthorpe & Pauline Tiller (chair)

Apologies: Liz Rix

In Attendance: Mike Cheetham                      RSM (internal auditors)  
Chris Mantel    Alliotts (external auditors)  
Paola Schweitzer                                      Director of Governance  
Maria Vetrone    COO

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### Minutes

#### 102 Attendance and Participation

Liz Rix sent her apologies. Paola to arrange for Pauline to have an induction meeting with Liz.

#### 103 Declarations of Interest

There were no declarations of interest.

#### 104 Minutes

The minutes from the meeting on 06 March 2023 were **Agreed** as a correct record.

#### 105 Matters Arising

Governors **Noted** that the matters arising were either complete or on today's agenda.

#### 106 Internal Audit: Key Financial Controls – Procurement & Payments (paper 360/23/A)

The audit sought to determine whether payments were made to the correct supplier for the correct amount and only following receipt of goods and services. The internal auditor concluded there was '*reasonable assurance that controls were suitably designed, consistently applied and effective*'. There were four medium and four low priority recommendations, all of which had been accepted by management. Some areas of weakness were due to the Head of Procurement & Contracts only recently returning from extended sick leave. Additional resources had been allocated next year to address this. Governors noted that the absence of key staff created a management capacity risk and Maria confirmed this was captured in the risk register.

Governors **Noted** the key financial controls: procurement and payments internal audit.

#### 107 Internal Audit: Follow Up Report (paper 367/23/A)

Mike reported on progress in implementing management actions from the key financial controls, sub-contracting, governance & risk management, staff retention & knowledge management and follow up audits. The review focused on the medium priority actions and concluded that the College had '*demonstrated good progress in implementing agreed management actions*' with 21 out of 23 recommendations

completed. Pauline thanked Maria and her team for their hard work. Maria noted that the report's findings matched the College's outstanding audit recommendations follow up report, thereby providing assurance to governors.

Governors **Noted** the internal audit follow up report.

#### 108 Internal Audit: 2022/23 Plan Progress Report (paper 372/23/A)

This report provided an update on progress against the 2022/23 internal audit plan. Safeguarding, procurement & payments and follow up reports had been completed, with cybersecurity follow up, curriculum planning and learner number systems reports to be considered at the next meeting. Mike reported that the cybersecurity follow up report had been completed and there were no fundamental or systemic issues. In response to a question, Maria confirmed that there were now rigorous systems and processes in place to ensure compliance and quality concerning apprenticeships. Shirley noted the usefulness of the funding assurance reviews common issues analysis included in the report.

Governors **Noted** the progress report on the internal audit 2022/23 plan.

#### 109 Outstanding Audit Recommendations Follow Up (paper 361/23/A)

This report provided the College's record of follow up actions against outstanding audit recommendations. FE Commissioner and KPMG recommendations had been completed. There was one outstanding recommendation from the 2021/22 financial statements audit and of the 39 recommendations raised by the internal auditors in 2021/22, 35 had been completed. To date 16 internal audit recommendations had been made in 2022/23, of which nine had been completed. Outstanding recommendations would be completed within the agreed timelines.

Outstanding audit recommendations were as follows:

Audit	Action	Priority	Agreed timeline
2021/22 financial statements	Disclosures of higher paid staff/key management personnel & average staff numbers.	Low	October 2023
2021/22 internal	Arrangements for collecting debts	Low	July 2023
	Robust staff information & creation of knowledge management plans	Medium	31 October 2023
	Recruitment turnaround data	Low	30 September 2023
	Sharing of HR data with managers	Low	30 September 2023
2022/23 internal	Procurement strategy	Medium	31 July 2023
	Financial Regulations update	Low	30 September 2023
	Procurement activity (quotes & tender documentation)	Medium	31 December 2023
	Procurement activity (waiver process)	Medium	31 December 2023
	Contracts register	Medium	31 December 2023
	Credit checks as part of procurement procedure	Low	31 December 2023

Maria would clarify comments in the follow up schedule. There was a discussion about the outstanding safeguarding recommendation. Shirley (safeguarding lead governor) had met the new VP Student Experience, Jo Shankland, three times and reported that an enormous amount of work was underway to ensure that appropriate policies and procedures were in place. She stressed the importance of governors completing their safeguarding training. One governor expressed a preference for in person training and Paola confirmed that this was in hand.

Governors **Noted** the Outstanding Audit Recommendations Follow Up.

#### 110 Strategic Risk Register (paper 362/23/A)

Maria presented the updated strategic risk register which included movements in net risk and mitigating action plans. Risks were aligned with the College's strategic objectives and were reviewed and updated by the Strategic Risk Management Board (Pauline had attended its most recent meeting). Of the 26 strategic risks, nine were *significant* and six *high*. All had mitigating action plans. Operational risk registers were also being developed and reviewed by a new Operational Risk Management Board. Since the Committee last considered the register, one strategic risk had been deleted (relating to the impact of Covid-19). There had not been any other significant changes.

There was a discussion about several risks and their scores including the investment in estates and IT; the challenges around staff recruitment and retention; the work underway to improve the student experience from the beginning to the end of the student journey ie from enquiry/application to completion and achievement; the importance of securing *Reasonable Progress* from the Ofsted monitoring visit; and improving staff morale. In response to a question, Maria showed the *failure to enrol enough students* risk on the strategic risk register. Governors stressed the importance of a good enrolment experience in 2023/24. There was a discussion on the risks concerning apprenticeships, with Maria stating that she and Matt were continuing to provide temporary leadership in this area and that under the new management structure responsibility would be divided across three different teams: curriculum delivery, compliance, and sales and marketing. Governors noted the risk concerning management capacity. Maria confirmed that the consultation elements of the restructure were in progress and would be considered by governors within the 2023/24 budget as that was where the expenditure would fall.

Governors **Approved** the strategic risk register and **Recommended** it to Corporation.

#### 111 Health & Safety Report (paper 365/23/A)

The focus of health and safety (H&S) was to ensure the College had comprehensive control measures in place to maintain a safe place to work and study. The report covered activity from 27 February 2023 and provided updates in several areas including fire safety management, risk assessments and workplace inspections.

Graham (H&S lead) confirmed that he had attended two H&S Committee meetings and noted that the H&S manager was making good progress and was well supported. Governors discussed several issues in the report and expressed concern about access to College buildings. Maria agreed this was an urgent issue requiring significant capital investment. Shirley was working with Jo to explore how safer access could be achieved. Maria confirmed that funding had been allocated to install LED lighting and CCTV at the Highbury Campus car park. Maria also stated that access control was

being introduced at Highbury Campus. Finally, there was a brief discussion about H&S reporting, with Pauline noting it was sometimes difficult to ascertain the exact nature of some incidents. She suggested that future reports identify KPIs. Maria responded that H&S reporting was work in progress and that reporting was iteratively improving.

Governors **Noted** the health & safety report.

#### 113 **GDPR/Data Protection Policy & Breaches (paper 366/23/A)**

Under ESFA Conditions of Funding, the College was required to have a GDPR/Data Protection Policy setting out how it complied with relevant legislation. The draft policy appended to the report replaced the interim Data Protection Policy approved in 2022. Pauline asked that governors responsibilities be included in the policy. Shirley noted that it was a good policy, based on an AoC template. Maria confirmed that she was not aware of any GDPR/data protection breaches.

With this amendment, governors **Approved** the GDPR/Data Protection Policy and **Recommended** it to Corporation.

#### 114 **Anti-Fraud, Bribery & Corruption Breaches**

Maria reported that she was not aware of any fraud, bribery or corruption breaches.

#### 115 **Managing Public Money Return (paper 371/23/A)**

The reclassification of FE colleges into the public sector with immediate effect on 29 November 2022 meant colleges had to comply with HM Treasury's Managing Public Money (MPM). The ESFA therefore required assurance, through an MPM Return, that colleges and their subsidiaries had complied with these requirements between 29 November 2022 and 31 March 2023. The College had submitted its return on 13 April 2023. This was a one-off return, with the ESFA expecting future assurance to be obtained through the regularity statement in the College's annual report and accounts and the reporting accountant's regularity reviews.

Governors **Noted** the MPM Return.

#### 116 **Joint Audit Code of Practice**

Paper 368/23/A provided information on the changes set out in the Post-16 Audit Code of Practice, published in April 2023. The guidance applied retrospectively for the year ending 31 July 2023. Governors **Noted** the Joint Audit Code of Practice.

#### 117 **College Accounts Direction**

Paper 369/23/A provided information on the requirements set out in the ESFA College Accounts Direction for the preparation of the College's financial statements for the year ending 31 July 2023. Paola confirmed she would double check the Committee's meeting dates to ensure they were aligned to the reporting cycle. Prue asked that in future non College documents were hyperlinked in the papers, rather than being included in the pack.

Governors **Noted** the College Accounts Direction.

## 118 External Audit Plan 2022/23 (paper 364/23/A)

The external audit plan for the year ending 31 July 2023 summarised the external auditor's approach, significant audit risks and areas of key judgements and included timelines and resources. The plan had been provisionally agreed with the COO. Chris invited governors to raise any issues. Pauline invited Alliotts to the next meeting.

The auditors would give an opinion on whether the College's financial statements were a true and fair view and whether the Governors' Report was consistent with the financial statements. The highest audit risk was the College as a going concern. There was a discussion about elements of the audit including partnership arrangements, staff restructuring, lease dilapidations liabilities and the fixed asset register. Chris noted that some colleges were holding joint Audit and Finance & Resources Committee meetings to discuss going concern. Pauline suggested the Chair and/or Vice-Chair of Corporation might be invited to attend the Audit Committee meeting. The external auditors would also give regularity assurance concerning the use of public money within the context of reclassification to the public sector. Maria stated that the Financial Regulations were being aligned with the new requirements and changes made to business cycles as necessary. Chris believed that that in future it was likely a document aligning the FE and public sector financial years would be required.

Governors **Approved** the External Audit Plan 2022/23 and **Recommended** it to Corporation.

## 119 Strategic Internal Audit Plan & Annual Internal Audit Plan 2023/24 (paper 363/23/A)

The annual internal audit plan 2023/24 identified the areas to be audited based on the College's strategic aims, risk profile and assurance framework. It was drafted following discussion with the COO and Audit Committee Chair.

The proposed audit areas for 2023/24 were human resources, staff utilisation, capital projects, key financial controls: budget monitoring and payroll learner number systems follow up. Mike stressed that the plan was flexible and could be adjusted as necessary. Governors discussed the plan and agreed the following:

- HR deferred to 2024/25 (time required for impact from implementation of key recommendations from last audits and new HR director).
- Budgeting audit (more detailed than financial controls) to replace HR in autumn.
- Safeguarding audit by specialist organisation, possibly FEC. Findings to be shared with auditors. Timing to be determined.
- Staff utilisation deferred to January 2024.

With these amendments, governors **Approved** the Strategic Internal Audit Plan and Annual Internal Audit Plan 2023/24 and **Recommended** it to Corporation.

## 120 Committee Terms of Reference & Business Plan 2023/24

Paola presented paper 370/23/A setting out the review of the Committee's terms of reference and its 2023/24 business plan. Governors discussed the terms of reference and agreed the following:

- H&S to be considered by Finance & Resources Committee. The 2022/23 annual report would be considered by Audit Committee. Governors believed it was important to retain Graham as H&S lead governor to ensure continuity.

- Register of Interests to be considered by Finance & Resources Committee. Paola to discuss with the Chair and Vice-Chair of Corporation
- Audit Committee to continue to meet four times a year.

Paola would write to governors, internal and external auditors for training & development ideas and bring a 2023/24 plan to the next meeting.

Governors **Noted** the Committee's performance against its terms of reference in 2022/23, **Approved** amendments to its terms of reference and **Noted** the 2023/24 business plan.

#### **121 AoB: Office for Students (OfS) webinar**

Pauline stated that she had attended a recent OfS webinar for Audit Committee chairs concerning HE partnership/subcontracted provision. Although the College did not have HE subcontracted provision, she nevertheless drew governors' attention to the slides available on SharePoint.

Maria left the meeting.

#### **Minute 122 was confidential**

The meeting ended at 7.05pm