

## MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD: on Thursday 16 May 2024 at 16.00 in 4F34

Present	In attendance
Sharon West (Chair)	Richard Lewis (RSM)
Emmanuel Osei Boateng (via MS Teams)	Andrew McCulloch (TIAA) (Via MS Teams)
Barbara Mangan	Chris Malish (VPF&CS)
Observing	Marc Gillham (CIO)
Wendy Stanger (External Board Reviewer) (via MS Teams)	Alina Khan (VPEDI&SE)
Apologies	Sarah Cooper (DPS)
Taqi Ali	Allison Booth (Clerk)
	Rachel Henry (Assistant Clerk)

The quorum was two committee members

*L/J Denotes the time any individual left/ re-joined the meeting.*

Item		Action/ Report Item
<b>Closed session</b>		
<b>1.</b>	<b><u>Members to meet with Auditors in the absence of management</u></b>	
1.1	The Chair welcomed Wendy Stanger who was observing the meeting as part of the external board review and introductions were made.	
1.2	A closed session took place between the Audit Committee members and the internal auditors, TIAA (Andrew McCulloch) and external auditors, RSM (Richard Lewis).	
1.3	Mr Lewis informed members of the continued positive engagement with management and of the plan to start external audit work slightly earlier in the summer, to avoid the slippages encountered last year.	
1.4	Mr McCulloch advised that both the Performance Management and Health and Safety Audits were somewhat delayed due to staffing complications; the revised dates would be communicated once confirmed.	
<b>Open session</b>		
<b>2.</b>	<i>J/CM, MG, AK, SC</i> <b><u>Introductions, Apologies for Absence and Disclosure of Interest</u></b>	
2.1	The Chair welcomed everyone to the meeting.	
2.2	Apologies for absence were received from Taqi Ali.	

2.3	There were no declarations of interest.	
<b>3.</b>	<b><u>Chair's action</u></b>	
3.1	There had been no use of Chair's action since the last meeting.	
<b>4.</b>	<b><u>Minutes of the meeting held on 29 February 2024</u></b>	
4.1	<b>RESOLVED:</b> That the Minutes of 29 February 2024 be approved as an accurate record and signed by the Chair.	
<b>5.</b>	<b><u>Matters arising</u></b>	
5.1	The Matters Arising Report was reviewed.	
5.2	<u>Item 7.3</u> – It was noted that the Internal Audit Recommendations: Follow-up (management) matters would be addressed at item 7 on the agenda.	
5.3	<u>Item 8.4 and 8.5</u> – The comparative data would be reported in December 2024.	
<b>Internal Audit</b>		
<b>6.</b>	<b><u>Internal Audit Reports:</u></b>	
6.1	TIAA presented the Internal Audit Reports:  <u>6.1 Assurance Review of Student Experience</u> <ul style="list-style-type: none"> <li>• The Student Experience report had an overall conclusion of SUBSTANTIAL assurance.</li> <li>• There were 2 recommendations, both graded as routine.</li> <li>• There were 2 areas of good practice identified.</li> </ul>	
6.2	Members asked what percentage of the student body were engaging with the full student experience. The Vice-Principal Equality, Diversity, Inclusion & Student Engagement (VPEDI&SE) explained that the level of engagement varied by quarter. A significant number of 16–18-year-olds engaged with the full student experience and a lot of adult enrichment opportunities were provided. Activities had been made broader and more accessible, being held on different campuses.	
6.3	The Committee asked if the reason for lower engagement levels in student enrichment activities amongst Higher Education (HE) Students was known. The VPEDI&SE explained that HE students tended to come from further afield and were generally older. The College continued to work on tailoring the offer and locations to attract both Further Education (FE) and HE cohorts.	

6.4	<p><b><u>6.2 Assurance Review of Governance – Strategic Control</u></b></p> <ul style="list-style-type: none"> <li>• The Strategic Control report had an overall conclusion of REASONABLE assurance.</li> <li>• There were 4 recommendations, 1 graded as important and 3 graded as routine.</li> <li>• There was 1 area of good practice identified.</li> </ul>	
6.5	<p>Members asked whether there should be an action point established for the Executive Team regarding the timely submission of reports, rather than leaving the implementation date as ‘ongoing’. The Chief Information Officer (CIO) confirmed that the expectation on the timely submission of reports was explicit. It was agreed that the requirement should be included in the Senior Leadership Team (SLT) Key Performance Indicators (KPIs) and incorporated into the Data Dashboard for oversight by each Committee.</p>	
6.6	<p>The Committee noted that all of the recommendations were on target. Members agreed that it would be useful to review the recommendations in line with the outcomes of the external governance review.</p>	
6.7	<p><b>ACTION:</b> The Clerk to discuss establishing a KPI metric for the SLT on the timely submission of reports with the Chief Executive Officer.</p>	<b>Clerk</b>
6.8	<p><b><u>6.3 ICT Disaster Recovery</u></b></p> <ul style="list-style-type: none"> <li>• The ICT Disaster Recovery report had an overall conclusion of REASONABLE assurance.</li> <li>• There were 6 recommendations, 1 graded as important and 5 graded as routine.</li> <li>• There were 2 areas of good practice identified.</li> </ul> <p>The Chair acknowledged the useful information presented in the ICT Disaster Recovery Internal Audit and the importance of undertaking regular reviews and testing of plans/systems.</p> <p>The Committee accepted the audit recommendations and management responses and agreed that the Internal Audit Reports would be shared with the Corporation.</p>	
6.9	<p><b>ACTION:</b> That the Internal Audit Reports be shared with the Corporation for information and assurance.</p>	<b>Clerk</b>
7.	<p><b><u>Internal Audit Recommendations: Follow Up (management)</u></b></p>	
7.1	<p>The CIO provided an update on the outstanding Internal Audit Recommendations; clarifying that there were a number of actions outstanding.</p>	

7.2	3 items from the 2019/20 and 2020/21 Internal Audits had been re-opened at the request of the Committee. The 2 actions from 2019/20 related to Succession Planning/Talent Management and a revised completion date of October 2024 had been requested by the Director of People Services (DPS). The Committee sought assurance that these 2 actions will be closed by the requested revised completion date. The DPS confirmed that the work on the Succession Planning Policy and Procedures was ongoing and would be implemented in Quarter 4.	
7.3	The remaining action from 2020/21 related to the implementation of the Academic Workload Allocation Model (AWAM) Policy and Procedure and a revised deadline of June 2024 had been requested by the DPS.	
7.4	The Chair asked if the Committee was prepared to approve the requested extensions on the basis of the assurance received. The Committee approved the revised target deadline dates. The Chair advised the DPS that these would be the last extensions granted for the three outstanding actions of 2019/20 and 2020/21 and that the Committee expected to see the outstanding actions signed off by the Internal Auditors.	
7.5	Mr Lewis advised that the Vice Principal Finance & Corporate Services (VPF&CS) needed to be mindful on how to best articulate how and why these actions were not included in the disclosures for the Financial Statements.	
7.6	There were no outstanding actions from 2021/22.	
7.7	<p>The 7 outstanding actions linked to the Cyber Security Maturity Assessment from 2022/23 had an agreed revised completion date of July 2024. The College had appointed an interim Head of Department (HoD) for IT for six months and had incorporated the outstanding actions into their targets.</p> <p>Work around Supplier Payments, resulting from the Procurement Audit, was ongoing. The VPF&amp;CS had requested a revised completion date of 30 June 2024 which was agreed.</p> <p>There were 23 completed actions and 1 not due for 2022/23.</p>	
7.8	4 Internal Audit reports had been received with Substantial Assurance in 2023/24, and a further 2 of Reasonable Assurance. All but 1 action had been accepted by Management; the rejected action was flagged as low priority. No actions were outstanding for 2023/24, with 9 actions complete and 10 not yet due.	

8.	<b><u>Internal Audit Plan 2024-25</u></b>	
8.1	TIAA provided an overview of the Indicative Audit Strategy 2023/26 and Annual Plan 2024/25.	
	<p>Key risk considerations when planning internal audit coverage included:</p> <ul style="list-style-type: none"> <li>• Financial Sustainability</li> <li>• Cyber security</li> <li>• Climate change</li> <li>• Talent Management</li> </ul>	
8.2	<p>The College had requested a number of changes to the draft Internal Audit Plan:</p> <ul style="list-style-type: none"> <li>• Safeguarding would be split into 3 areas to enable deeper dives into elements of the College’s safeguarding arrangements on an annual basis.</li> <li>• A proposal had been made to bring the Estates – Property Compliance internal audit forward</li> <li>• HE Admissions and Recruitment – had been added to the plan.</li> </ul> <p>Mr McCulloch advised that the additional audit could be conducted in 2024-25 with no impact to budget. The total number of days required to deliver the Audit Plan 2024-25 would be 55.</p>	
8.3	The Committee asked whether, considering the risks surrounding cyber security, this area should be audited annually. The CIO confirmed that a cyber security assessment had recently been completed and penetration testing had been commissioned. Cyber security was also factored within the College’s KPIs. The Joint Information Systems Committee (JISC) had delivered a Cyber Incidence Awareness Workshop for Governors on 25 April 2024.	
8.4	Members agreed that the results of the penetration testing should be presented to the Audit Committee in the new academic year and then on an annual basis.	
8.5	<b>ACTION:</b> The Clerk to liaise with the CIO to establish a suitable date for the submission of a penetration testing paper and that this be added to the Schedule of Business.	<b>Clerk</b>
8.6	A question was raised as to whether consideration had been given to bringing the Income Funding audit forward to 2024-25 in view of the ESFA funding programme 2025-26. The CIO explained that the College had a robust internal audit plan. The result of the Finance Audit in 2024-	

	25 would be reviewed and the College would consider any further necessary action in-year.	
8.7	Mr Lewis acknowledged the importance of the annual audit plan remaining flexible. Furthermore, he suggested that the College might wish to consider providing ongoing training on funding streams and providing funding updates to key members of staff, in view of the significant funding changes expected. The CIO confirmed that the College was working on an annual training plan in this area.	
8.8	The VPF&CS suggested consideration be given to pushing back the Estates – Property Compliance audit, in view of the providers remaining the same, despite changes to the internal team. The Chair advised this was something that could be considered and would be picked up with TIAA.	
8.9	The Committee sought clarification on where assurance on capital spend came from. Members were advised that the Capital Special Interest Working Group (CSIG) held monthly meetings at which all capital projects were closely reviewed. The CSIG reported into the Finance and General Purposes Committee (F&GP) who in turn reported to the Corporation. Documentation and information was regularly shared with the ESFA as the primary funding body.	
8.10	<b>RECOMMENDATION:</b> That the Internal Audit Plan 2024/25 be recommended to Corporation for approval.	
<b>External Audit</b>		
<b>9.</b>	<b><u>External Audit Strategy and Plan 2023-24</u></b>	
9.1	RSM provided an overview of the External Audit Strategy and Plan, highlighting key areas of focus and the following identified risks:	
9.2	<b>Significant risks</b> <ul style="list-style-type: none"> <li>• Income recognition</li> <li>• Management override of controls</li> </ul>	
9.3	<b>Higher risks</b> <ul style="list-style-type: none"> <li>• Defined benefit pension liability</li> <li>• Capital grant funding</li> <li>• Going concern</li> </ul>	
9.4	<b>ESFA (and WYCA) recurrent grant income</b> The college received significant levels of funding for: <ul style="list-style-type: none"> <li>• Apprenticeships (identified as a significant risk)</li> <li>• AEB (including learning support funding)</li> <li>• The 16-19 study programme (based on lagged funding)</li> </ul>	

<p>9.5</p> <p>9.6</p> <p>9.7</p> <p>9.8</p>	<p><b>Defined benefit pension scheme asset/liability</b></p> <p>The asset/liability required to be recognised under Financial Reporting Standard (FRS) 102 in respect of the College’s share of the Local Government Pension Scheme surplus/deficit was expected to be significant.</p> <p>Mr Lewis confirmed that no changes had been made to the Accounting Framework, the Regularity Framework and the Bite-Size Guides published by the ESFA. The College Financial Handbook had been published and would be implemented with effect from 1 August 2024.</p> <p>Following RSM's College Financial Handbook 2024 Webinar, a question-and-answer session with RSM and the ESFA would take place on the 21 May, focusing on novel, contentious and repercussive (NCR) transactions and special payments. The Q&amp;A session would be recorded and published for information.</p> <p><b>RECOMMENDATION:</b> That the External Audit Strategy and Plan for the year ended 31 July 2024 be recommended to the Corporation for approval.</p>	
<p>10.</p> <p>10.1</p> <p>10.2</p> <p>10.3</p>	<p><b><u>ESFA – Funding Assurance Reviews – Common Issues</u></b></p> <p>RSM gave an overview of ESFA – Funding Assurance Reviews – Common Issues which incorporated:</p> <ul style="list-style-type: none"> <li>• 16-19 Study Programmes</li> <li>• Adult Education Budget</li> <li>• Advanced Learner Loans</li> <li>• Apprenticeships</li> </ul> <p>Mr Lewis drew the Committee’s attention to RSM’s FE 2024 Risks and Opportunities Placemat which summarised key risks and opportunities in the sector under the following categories:</p> <ul style="list-style-type: none"> <li>• Reclassification</li> <li>• Financial Environment</li> <li>• Policy</li> <li>• Governance</li> </ul> <p>The Committee agreed that ESFA – Funding Assurance Reviews – Common Issues report, including RSM’s FE 2024 Risks and Opportunities Placemat should also be shared with the Corporation. Mr Lewis informed the Committee that RSM would be happy to deliver a presentation to the full Corporation.</p>	

10.4	<b>ACTION:</b> That the ESFA – Funding Assurance Reviews – Common Issues report and FE 2024 Risks and Opportunities Placemat be shared with the Corporation. L/AK	<b>Clerk</b>
<b>Governance and Strategic Risk</b>		
<b>11.</b>	<b><u>Report on Whistleblowing, Fraud and Other Irregularities</u></b>	
11.1	The VPF&CS summarised the Report on Whistleblowing, Fraud and Other Irregularities.	
11.2	There had been no whistleblowing claims since the last report.	
11.3	Since February there had been no fraud or irregularities with regards to Finance or the College bank account, though a number of emails were received pertaining to be from the Head of Finance, requesting the payment of invoices. These were immediately identified as fraudulent and subsequently blocked by the IT department.	
11.4	There had been one breach of the Financial Regulations, whereby a Single Source Justification (SSJ) had not been approved prior to a service being provided. After investigation, it was apparent there had been a misunderstanding by the HoD, as a prior SSJ has been raised for the supplier and they thought that this covered the usage of the supplier for the year. This misunderstanding had been corrected and as a result of the breach, the Head of Finance would provide another briefing to all HoDs on the use of SSJs.	
11.5	A confidential minute was taken for item 11.5 - see confidential annex.	
11.6	There were currently five open insurance claims with the current insurance providers, which included three property, one motor and one liability related claims. The largest claim against the College, relating to asbestos exposure, had been settled by the College's former insurers (Zurich). Liability was still being disputed between the Council's insurers (MMI at the time) and the College's previous insurers (Zurich at the time). Therefore, the budget provision was still in place and the matter would be reassessed after 31 July 2024.	
11.7	A confidential minute was taken for item 11.7 - see confidential annex.	
<b>12.</b>	<b><u>Strategic Risk Management</u></b>	
12.1	The Committee reviewed the Strategic Risk Register which had been reviewed and updated by each of the Committees.	
12.2	The Committee requested further information on the addition of the Annual Accountability Statement under SR5. The VPFCS explained that	



12.3	<p>the Annual Accountability Statement demonstrated how the College’s curriculum met local, regional and national needs. It was produced and presented to the Quality and Standards Committee for review and then presented to Corporation for approval.</p> <p>The Committee asked if the College anticipated that further industrial action would be likely. The VPFCs reported that UCU had submitted a new pay claim on 2 May. There were two elements to the claim: Part 1 – A claim for a 10% pay increase; Part 2 – A commitment to close gender, ethnicity and disability pay gaps. Negotiations were ongoing and the risk of further industrial action was currently considered to be low.</p>	
13.	<p><b><u>Committee Self-assessment against Terms of Reference</u></b></p> <p>13.1 The Clerk had reviewed the Committees Terms of Reference against the requirements set out in the:</p> <ul style="list-style-type: none"> <li>• Post 16 Audit Code of Practice 2023-24</li> <li>• Accounts Direction</li> <li>• The College Financial Handbook</li> </ul> <p>13.2 An update was proposed to incorporate the role of the Audit Committee in recommending approval of the annual financial statements in line with the new Financial Handbook as a condition of the College’s accountability agreement.</p> <p>13.3 <b>RECOMMENDATION:</b> Subject to the proposed change, that the updated Audit Committee Terms of Reference be recommended to the Corporation for approval.</p>	
14.	<p><b><u>2024-25 Schedule of Business</u></b></p> <p>14.1 The Chair, Clerk and CIO had previously reviewed the Schedule of Business, which covered each meeting for the coming academic year.</p> <p>14.2 As per minute 8.4, a report on penetration testing would be added to the Schedule of Business.</p> <p>14.3 <b>RESOLVED:</b> Subject to the proposed change, that the schedule of business for 2024-25 be approved.</p>	
<b>Policies</b>		
15.	<p><b>Anti-Fraud, Bribery and Corruption Policy</b></p> <p>15.1 The Anti-Fraud, Bribery and Corruption Policy had been updated to reflect references to - ‘Annex 4.9 Fraud’ of the Managing Public Money regulations dated May 2023 and ‘Fraud, theft, irregularity and</p>	

	cybercrime' section of the College Financial Handbook 2024.	
15.2	<b>RECOMMENDATION:</b> That the Anti-Bribery and Anti-Fraud Policy be recommended to the Corporation for approval.	
<b>16.</b>	<b>Risk Management Policy</b>	
16.1	The Risk Management Policy had been updated to reflect a change of title, the Executive Board had been changed to the Senior Leadership Team and updates had been made to reflect current naming conventions and some minor formatting.	
16.2	<b>RECOMMENDATION:</b> That the Risk Management Policy be recommended to the Corporation for approval.	
<b>17.</b>	<b>Gifts &amp; Hospitality Policy and Procedure</b>	
17.1	The Gifts & Hospitality Policy and Procedure had been updated to reflect changes to job titles, examples of gifts which should never be accepted, the exception to receiving 'sporting' hospitality if it was in the business interests of the College (8.4) and clarity on hospitality for Governors.	
17.2	<b>RECOMMENDATION:</b> That the Gifts & Hospitality Policy be recommended to the Corporation for approval.	
<b>Any other business</b>		
<b>18.</b>	<b><u>Items for report to the Corporation</u></b>	
18.1	<ul style="list-style-type: none"> <li>• Minutes of meeting – 16 May 2024</li> <li>• Internal Audit Reports – Student Experience/Strategic Control/ICT Disaster Recovery</li> <li>• Internal Audit Plan 2024-25</li> <li>• External Audit Strategy and Plan 2023-24</li> <li>• ESFA – Funding Assurance Reviews – Common Issues report/FE 2024 Risks and Opportunities Placemat</li> <li>• Report on Whistleblowing, Fraud and Other Irregularities</li> <li>• Committee Self-assessment against Terms of Reference/updated Terms of Reference</li> <li>• Anti-Fraud, Bribery and Corruption Policy</li> <li>• Risk Management Policy</li> <li>• Gifts &amp; Hospitality Policy and Procedure</li> </ul>	
<b>19.</b>	<b><u>Any other business</u></b>	
19.1	The next Audit Committee meeting would take place on 5 September 2024.	

19.2	There was no other business.	
19.3	The meeting closed at 17:33.	
<b>20.</b>	<b><u>Meeting Evaluation</u></b>	
20.1	To be circulated by the Clerk.	<b>Assistant Clerk</b>

Approved by the Committee:

.....**S.West**.....

Signed by the Chair

.....**05.09.24**.....

Date

### Agreed actions

No	Minute	Action	Who?
1	6.7	The Clerk to discuss establishing a KPI metric for the SLT on the timely submission of reports with the Chief Executive Officer.	Clerk
2	6.9	That the Internal Audit Reports be shared with the Corporation for information and assurance.	Clerk
3	8.5	The Clerk to liaise with the CIO to establish a suitable date for the submission of a penetration testing paper and that this be added to the Schedule of Business.	Clerk
4	10.4	That the ESFA – Funding Assurance Reviews – Common Issues report and FE 2024 Risks and Opportunities Placemat be shared with the Corporation.	Clerk
5	20.1	Meeting Evaluation to be circulated by the Assistant Clerk	Assistant Clerk