



## Minutes of the Meeting of the Audit Committee

held at 6.00pm on Wednesday 28 June 2023  
Virtually by Microsoft Teams.

<b>Present:</b>	Mr A Alimohamed (AA)	Chair
	Mr A Barke (AB)	
	Ms C Ajit Singh (CAS)	
<b>Apologies:</b>	Mr S Pringle (SP)	Director of Internal Audit, Wylie & Bisset LLP
<b>In Attendance:</b>	Mr M Cooper (MC)	Executive Director Finance, HR and Development
	Ms T Aust (TA)	Principal
	Ms K Frost (KF)	Head of Governance
	Ms A Cowan (AC)	Wylie & Bisset LLP
	Ms S Blakemore (SB)	Partner, Buzzacott
	Ms F Chalk (FC)	Observer

### 9/23 **Welcome and Apologies**

AA took the Chair for the meeting and welcomed everyone, particularly FC who was attending the meeting as an observer as part of the External Review of Governance.

AA explained that James Bryant (JB) had resigned from the Corporation. JB had been a governor at the College and Chair of the Audit Committee since 2018. AA thanked JB for his effort and dedication to the role during this time. Stuart Taylor would take on the role of Chair of the Audit Committee from next academic year.

There were no apologies for absence.

### 10/23 **Declarations of Interest**

There were no declarations of interest relating to the items on the agenda.

### 11/23 **Minutes of the Last Meeting**

Minutes from the meeting of the Committee held on 15 March 2023 had been received in advance (Paper 1). IT WAS DECIDED the minutes were a true record of the meeting and they were approved.

### 12/23 **Matters Arising**

A 'Summary Action Point List' (Paper 2) was received and noted. The Committee received an update on progress towards actions agreed at the last meeting.

No.	Action	Status Update
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5/23	Add a link to Risk 27 referring to the Strategic Plan (Goal 3).	Added. All risks have now been cross-referenced to Development Plan goals and objectives.
7/23	Check whether adhering to the Anti Bribery policy is written into contract rules.	Compliance with College policies, including the Anti-bribery Policy, which is referred to specifically, is included in the Contract for Services used by the College.

### 13/23 External Audit

The 'External Audit Strategy for Year Ending 31 July 2023' was received in advance of the meeting.

SB drew attention to changes to the External Audit Strategy this year that included:

- Regularity audit: The audit hadn't changed but due to the ONS reclassification a series of consent based rules had come into effect. The audit would check whether any relevant transactions had gone through the correct process and whether policies, procedures and the finance manual had been updated so that individuals were aware of the changes.
- IT controls: There would be more of a focus on IT controls that would include a series of walkthroughs to check the College was doing what it said it was doing.

As in previous years, the audit would focus on higher risk areas. For the College this would include how the College complied with the bank loan covenants. There would also be a look at the College's financial health to ensure the figures going into the calculation were appropriate and that information was complete and correct.

The audit would place some reliance on the work of the internal auditor, particularly for student data.

In terms of sector developments:

- The cyber security risk had escalated this year and educational establishments were prime targets.
- All colleges were struggling with retention and recruitment of staff and many were incurring higher staff costs because of the use of agency staff. There was more publicity around the pay of senior personnel.

Governors asked about the fees for the audit, asking whether the quote included the increased scope of the regularity assurance. SB said there had been a 5.5% inflationary increase as well as additional fees which reflected the increased scope. MC said he thought the fees were reasonable and had no concerns.

Governors asked whether the timetable had been agreed with management, in particular for the teachers' pension audit. MC said the dates had been agreed at the audit planning meeting and the date for the teachers' pension audit was in the process of being finalised.

IT WAS DECIDED to approve the External Audit Strategy for year ending 31 July 2023.

### 14/23 Internal Audit Reports

#### a) Internal Audit Reports

The following Internal Audit Reports were received in advance of the meeting. AC summarised key points from the audits.

i) **Funding Review** (Paper 5i)

A strong level of assurance was given that the College's ILR data was accurate and that the College was complying with the requirements of the ESFA Funding Rules. 4 low grade recommendations were raised and 15 good practice points. All of the recommendations had been accepted.

Governors asked about recommendations 1 and 3 and whether the fact that the College might not be compliant with ESFA funding rules was a cause for concern. AC said recommendations 1 and 3 would give rise to recommendations in an ESFA funding report rather than funding errors which wouldn't be such a concern.

Governors asked whether the recommendations were discussed with the team at the time they were found. MC said each recommendation was raised with the relevant staff at the time the audit was conducted. Any recommendations raised would still show as a recommendation even if the team put it in place straight away. Three of the recommendations had been implemented.

Governors said it was good to see 15 good practice points had been highlighted.

ii) **Procurement** (Paper 5ii)

A substantial level of assurance was given over the College's procurement processes. The College was complying with legislative requirements and had control in place to mitigate the risk of fraud. 3 recommendations were raised, 1 medium grade and 2 low grade. 8 good practice points were raised.

The Committee discussed one of the recommendations which was to produce an annual procurement report for Senior Management and the Corporation.

Referring to the recommendation that the College need to put in place a Procurement Policy, governors asked whether 3 January 2024 was an early enough completion date or did it need to be earlier. AC said it was a low grade recommendation and the Financial Regulations included high level procurement information so a completion date of January 2024 was acceptable.

Governors asked if there was a risk of inappropriate tendering or purchasing decisions if there was no Procurement Policy in place. AC said there was a risk but as long as staff followed the high level procedure in the Financial Regulation it would mitigate against the risk.

iii) **Student Progression Destinations and Outcomes** (Paper 5iii)

A strong level of assurance was given relating to the monitoring of student progression, destinations and outcomes. 1 low grade recommendation was raised and a number of good practice points.

*SB left the meeting at 6.45pm.*

iv) **Follow Up** (Paper 5iv)

A strong level of assurance was given that the College had endeavoured to implement recommendations raised in prior years. 8 out of 10 recommendations were implemented, 1 partially implemented and 1 superseded.

Committee members said they were satisfied with the recommendation that had been superseded as it was no longer applicable.

Governors asked whether the Financial Procedures would be completed by September 2023. MC said he was confident they would be in place by September.

b) **Board Assurance Framework**

The updated 'Board Assurance Framework' dated June 2023 was received in advance of the meeting.

MC said the Corporation was in the process of conducting a review of risk management and might want to review the Board Assurance framework as part of that.

There were three amber areas on the framework: cyber security, estates management and data protection. Cyber security and estates management would be covered in the Internal Audit Plan for 2023-24. Further work would be carried out on data protection which would come to the Audit Committee in the autumn term.

Governors asked why data protection was amber. MC said the College hadn't had assurance in this area in the last few years. The policy and procedures needed to be reviewed. They would be brought to the Committee in the Autumn Term.

Governors asked how a lack of assurance about a particular area would be represented on the Board Assurance Framework. MC said he would highlight it through the RAG rating. If there was limited or no assurance, immediate action would be expected including implementation of recommendations and a further follow up review.

c) **Internal Audit Plan 2023-24**

The 'Internal Audit Plan for 2023-24' (Paper 7) was received in advance of the meeting. The proposed areas for internal audit for 2023-24 were:

- Estates Management
- Funding Review: Apprenticeships
- Cyber Security
- Follow Up Review
- Risk Management

Governors asked whether the College would need to arrange an audit on IT controls as a result of the External Audit focus on that area. It was agreed MC would check with SB.

**Action:** MC

Governors said there was no funding review planned for 2024-25 but it had been decided to carry out some form of funding review every year. MC said a funding review would be planned in, the Committee could decide to extend the number of audit days or to defer something else. A final decision about internal audit areas for 2024-25 would be made next summer term.

Governors asked whether the College had taken up any of the training courses the auditor offered. MC said he would explore the opportunities to see what the College could take advantage of.

**Action:** MC

Governors referred to the new Post 16 Audit Code of Practice which required the College to make sure internal controls covered the expanded framework. They asked whether this had been considered and whether it had any impact on the plan. AC said the most up to date guidance would be followed for each area.

IT WAS DECIDED to approve the Internal Audit Plan for 2023-24.

## 14/23 Risk Management

### a) Strategic Risk Register

The updated 'Risk Register' (Paper 3) was received in advance of the meeting.

Since the last meeting of the Committee, no risks had been added or deleted. As requested at the last meeting, Risk 27, in respect of the ONS reclassification of FE colleges as public sector bodies had been linked to Goal 3 of the College's Development Plan.

After feedback from the Curriculum, Quality and Student Experience (CQSE) Committee, the following change had been made:

Risk 1: the wording relating to an adverse impact on Ofsted grading had been changed to "failure to achieve 'Good' grade as a minimum" where previously this stated "failure to achieve 'Outstanding' grade". The rationale for the change was that remaining at 'Good' would not impact the College's reputation or finances adversely.

At the Finance, Resources and Capital Projects Committee it was agreed that PS and MC would meet to review the likelihood scores. However, acknowledged that a full review of the risk register was underway.

*Governors said* they felt like amending Risk 1 to say 'Good' rather than 'Outstanding' was lowering the targets and not being ambitious enough. The CEO said the recommendation from the governors to put 'Good' was recognition of changing benchmarks and the new Inspection Framework. From a management point of view there was still absolutely the same ambition for 'Outstanding'.

## 15/23 Outstanding Audit Recommendations

A 'Progress Update on Outstanding Audit Recommendations 21 June 2023' (Paper 4) was received in advance of the meeting. The one outstanding recommendation 'Update of Financial Procedures' had already been discussed.

## 17/23 Post 16 Audit Code of Practice 2022-23

The 'Post 16 Audit Code of Practice 2022-23' (Paper 8a) and a 'Summary of Changes' (Paper 8) was received in advance of the meeting.

The Head of Governance reported that the main changes this year were due to the decision by the Office for National Statistics (ONS) to reclassify Further Education Colleges to the central government sector.

A full list of changes was detailed in the cover sheet. Key changes included:

- Colleges must now meet the requirements in HM Treasury's document, Managing Public Money.
- There was a new responsibility on the Corporation to ensure that any transactions entered into are within the delegated authorities set out in the "Dear Accounting Officer" letter of 29 November 2022 and the ESFA's bite size guides.
- Colleges need to ensure prior approval had been sought and obtained for any transactions beyond those delegated authorities.

- The College must ensure that internal controls cover the expanded regularity framework, and that existing policies, procedures and the scheme of delegation had been updated in light of the new requirements.

Governors asked for a paper about the additional responsibilities of the committee to be prepared for discussion at the next meeting.

**Action:** KF  
AC left the meeting at 7.24pm

## 18/23 **Review of the Performance of the Auditors**

An 'Annual Review of the Auditor's Performance' (Paper 10) was received in advance of the meeting.

MC said that he had spoken to everyone involved in the audit to get a satisfaction review of the performance of both the Internal and External Auditors. The feedback received was overwhelmingly positive.

The only area of concern was that there had been no on site presence from the Internal Auditor who were based in Scotland. This would be kept under review.

Committee members agreed with the scores given for each of the auditors. They said the level of reporting for Internal Audits had improved. The reports were clear and readable and it was good to see what good practice was taking place at the College.

The Committee was satisfied with the work of both the Internal and External Auditor and so IT WAS DECIDED to approve re-appointment of Wylie & Bisset LLP as the Internal Audit and Buzzacott LLP as the Financial Statements Auditor and Reporting Accountant on Regularity.

## 19/23 **Anti Money Laundering Policy**

A 'Draft Anti Money Laundering Policy' (Paper 11) was received in advance of the meeting.

Governors asked whether another line of reporting should be added to the policy in case the staff suspected the Money Laundering Reporting Officer. It was agreed this would be amended in the policy.

Governors asked for the front page of all policies to be consistent and to include a table showing who had responsibility and when it had been reviewed. MC said work was underway on the policy review process and this is something that would be taken forward as part of that.

Governors said it would be important for the members of the FRCP Committee to be aware of the Anti Money Laundering Policy.

IT WAS DECIDED to recommend approval of the Anti Money Laundering Policy to the Corporation.

## 20/23 **Date of the Next Meeting**

The date of the next meeting of the committee was Wednesday 29 November 2023 at 6.00pm.

## Summary of Actions

No.	Action	Lead	Target Date
14/23	Contact the External Auditor to find out whether the College would benefit from arranging an Internal Audit focusing on IT Controls.	MC	Nov 23
14/23i	Explore the training courses offered by the Internal Auditor to see whether there are any the College can take advantage of.	MC	Nov 23
17/23	Prepare a paper detailing the additional responsibilities of the Committee due to the ONS reclassification.	KF	Nov 23