

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD: Wednesday 18 May 2022 at 16.00 in 4F34 DHB Building

Present	In attendance
John Williams (Chair)	Richard Lewis (RSM) (Via MS Teams)
Tiffany Lythgow	Stephen Pringle (Wylie Bisset) (Via MS Teams)
Umar Rafique	Chris Malish (VPF&CS)
Apologies	Sarah Cooper (DPS)
Ann Kendal	Marc Gillham (VPD&F)
Graham Gillespie (Wylie Bisset)	Sarah McKenzie (Clerk)
Steve Roberts	Allison McEvoy (Assistant Clerk)

The quorum was two committee members

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

Item		Action/ Report Item
Closed session		
1.	<u>Members to meet with Auditors in the absence of management</u>	
1.1	A closed session took place between the Audit Committee members and the auditors.	
1.2	Wylie Bisset (internal audit) were keen to confirm dates to conduct the previously requested re-audits for the Business Continuity Planning & Disaster Recovery audit and the Inhouse Catering and Security audit.	
1.3	RSM raised some concerns regarding the stability of the College finance team and questioned if it was adequately resourced. Highlighting that if vacancies within the structure were not filled it could lead to deadlines being missed with regulators. It was noted that the Head of Finance role has not yet been filled on a permanent basis.	
1.4	There were no other issues to discuss as apart of the closed session.	
Open session		
2.	<u>Introductions, Apologies for Absence and Disclosure of Interest</u>	
2.1	The Chair welcomed Umar Rafique to his first Audit Committee meeting.	
2.2	Apologies were noted for Ann Kendal, Graham Gillespie and Steve Roberts.	
2.3	John Williams disclosed an interest in relation to his position on the Askham Bryan College Board, the Committee noted the disclosure but could not foresee any conflicts of interest.	

3. 3.1	<p><u>Chair's action</u></p> <p>There had been no use of Chair's actions since the last meeting.</p>	
4. 4.1	<p><u>Minutes of the meeting held on 10 March 2022</u></p> <p>RESOLVED: That the Minutes of 10 March 2022 were approved as an accurate record and can be signed by the Chair.</p>	
5. 5.1	<p><u>Matters arising</u></p> <p>The Matters Arising Report was reviewed with updates given by management it was noted that all actions were either complete or in progress.</p>	
Internal Audit		
6. 6.1 6.2 6.3 6.4	<p><u>Internal Audit Reports:</u></p> <p>Wylie Bisset gave an update on the Internal Audit Reports:</p> <p><u>6.1 GDPR</u></p> <ul style="list-style-type: none"> • The GDPR report had an overall conclusion of SUBSTANTIAL assurance. • There were 3 medium graded recommendations and 2 graded low. • There were 22 areas of good practice. <p>The Committee agreed that the GDPR internal audit report was a good report and asked for thanks to be passed on to the relevant team.</p> <p><u>6.2 Funding Review</u></p> <ul style="list-style-type: none"> • The Funding Review report had an overall conclusion of SUBSTANTIAL assurance. • There was 1 medium graded recommendation and 1 graded low. • There were 15 areas of good practice. <p>Q. What happens if a student can't complete the online student enrolment form for any reason?</p> <p>A. We haven't come across that scenario as yet but it is something we will look into. We will be looking at the visibility, language and translation of the forms as we move towards becoming a more inclusive college.</p> <p>Q. Is there a completion date for the review on apprentice files to ensure that they are up to date and the contents therein meet the requirements laid out by the Funding Authorities?</p> <p>A. We have given the apprenticeship team the requirement of the testing and that is all moving forward.</p>	

	The Committee acknowledged that the funding review was a critical area for the College and we reassured that it had narrowly missed being graded as strong.	
7.	<u>Internal Audit Recommendations – follow up (management)</u>	
7.1	The VPF&CS provided an overview of the Internal Audit Recommendations follow up carried out by management. The report provided the Committee with an update on audit actions arising during the 2019/20 and 2020/21 academic years.	
7.2	In 2019/20 there were eight audits that generated 43 recommendations of which 37 (86%) are now completed. Of the 6 remaining actions 3 are rated medium, and 3 rated low. Staffing issues (leavers and vacancies) have caused delays.	
7.3	In terms of audits carried out in 2020/21 16 recommendations were generated of which 12 (75%) are now complete. Of the 4 remaining actions 2 are rated medium, and 2 rated low.	
7.4	With staff either now in post or due to start in post, the remaining 10 actions from across 2019/20 and 2020/21 were given new proposed completion dates for approval by the Committee.	
7.5	The HR function had committed to all files becoming e-file loads, this work will be undertaken at a time when HR staff can attend site to access the paper files and transfer to e-file in a safe and compliant way as to mitigate any undue risk. It was noted that there was a need for more resource to complete the task in a shorter timescale.	
7.6	ACTION: HR to have all paper files loaded as e-files by the end of December 2022.	DPS
7.7	The AWAM policies and procedures that are to be reviewed and developed will need to go through trade union consultation and JCC as part of the pay claim. Pay negotiations start with UCU on 19 May 2022 and these negotiations are expected to likely continue into the summer period.	
7.8	RESOLVED: The Committee noted the report and approved the proposed revised delivery dates. <i>L/SP</i>	
External Audit		
8.	<u>External Audit Strategy and Plan</u>	
8.1	RSM provided an overview of the external Audit Strategy and Plan, highlighting the areas of audit focus including the fee proposal. The	

	Committee welcomed the report and await further clarity on the position regarding a propriety audit.	
8.2	The Chair sought assurance from the VPF&CS that the College was sufficiently resourced to respond to the audit, to which the VPF&CS responded positively.	
8.3	RSM also provided a report 'FE Emerging Issues – Spring 2022' and it was agreed that this should also be shared with the Corporation.	
8.4	ACTION: To share FE Emerging Issues – Spring 2022 with Corporation.	Clerk
8.5	RECOMMENDATION: That the external audit strategy and plan for the year end 31 July 2022 is recommended to the Corporation for approval.	
Governance and Risk		
9.	<u>Report on Whistleblowing, Fraud and Other Irregularities</u>	
9.1	The VPF&CS summarised the Report on Whistleblowing, Fraud and Other Irregularities.	
9.2	Since the last Audit Committee, there has been one instance of whistleblowing received by the Director of People Services. The concern raised centres around examination procedures and was being investigated, with an update due at the next meeting.	
9.3	There are still eleven open insurance claims with a total potential settlement value of £527,396, which is made up of three employer liability, two public liability, three property related and three as a result of previous computer thefts. Three of the eleven are reopened as cases have been reviewed and may have been closed prematurely or there has been a dispute following its closure. The largest potential settlement value is £439,400, which is a claim from a student who was injured whilst undertaking an activity with College in 2018, the insurers have appointed solicitors to defend the case and meetings occur quarterly to review all open claims. There will also be one further claim to be added once all the information has been collated, which is a result of fire damage to a room within Lister following an arson incident from a student.	
9.4	IT services continues to maintain a high level of vigilance, proactively detecting and addressing suspicious activity. Following the last Audit Committee, penetration testing is being arranged to occur later in May.	
9.5	The Committee noted the report.	
10.	<u>Strategic Risk Management</u>	

10.1	The Committee reviewed the Strategic Risk Register, noting that the mechanism for reviewing and identifying new risk was working well.	
10.2	<p>Q. What are the implications of the Transformation fund risk?</p> <p>A. The outcome of the Transformation funds has been positive, with two out of three being approved and the third approved in principle. However, the required match has increased from 3% to 25%, in addition the additional indicative costs due to inflation since submitting the bids have increased by circa. £1m. Having completed an initial forecast on acceptance of all the projects this would mean that bank covenants would be in breach for a much longer period and cash levels would fall significantly below the minimum level of £3m on a number of occasions. Therefore, a request has been made of the ESFA and Bank to reduce the match requirement of the projects and that some of the proposed additional capital repayments of the debt are paused.</p>	
10.3	The VPF&CS was awaiting feedback from the ESFA and hoped to be in a position to give governors an update at the next Corporation meeting to be held on 26 May.	
11.	<u>Committee Self-assessment against Terms of Reference</u>	
11.1	The Clerk had reviewed the Committees Terms of Reference against the requirements set out in the: <ul style="list-style-type: none"> • Post 16 Audit Code of Practice 2021 • Accounts Direction • ESFA guidance – The scope and work of audit committees and internal auditors in college corporations. 	
11.2	There were no recommended changes beyond removing the reference within the Terms of Reference to college group.	
11.3	A checklist showing compliance against the Committees Terms of Reference had been produced and was reviewed by the Committee, concluding that all elements of its remit were being satisfied.	
11.4	RECOMMENDATION: That the updated Audit Committee Terms of Reference are recommended to the Corporation for approval.	
12.	<u>2022-23 Schedule of Business</u>	
12.1	The Committee reviewed the Schedule of Business which covered each meeting for the coming academic year.	
12.2	ACTION: The Committee asked that a progress update on the external audit is brought to the September 2022 meeting.	Clerk/RSM

12.3	RESOLVED: That subject to the amendment, the schedule of business for 2022-23 is agreed.	
Policies		
13.	<u>Anti- Bribery Policy</u>	
13.1	The VPF&CS advised that as part of the annual review, the Anti Bribery Policy had been updated to reflect changes to job titles.	
13.2	RECOMMENDATION: That the Anti-Bribery Policy be recommended to the Corporation for approval.	
14.	<u>Anti-Fraud Policy</u>	
14.1	The VPF&CS advised that as part of the annual review, the Anti- Fraud Policy had been updated to reflect new job titles.	VPF&CS
14.2	ACTION: To update the Fraud Response Plan to account for a scenario where a member of staff is working from home.	
14.3	RECOMMENDATION: That subject to the change the Anti- Fraud Policy be recommended to the Corporation for approval.	
15.	<u>Risk Management Policy</u>	
15.1	The VPF&CS advised that as part of the annual review, the Risk Management Policy had been updated to reflect new job titles.	
15.2	ACTION: to update the diagram at section 9 to show that the Corporation Committees advise the Corporation.	
15.3	RECOMMENDATION: That subject to the amendments, that the Risk Management Policy be recommended to the Corporation for approval.	
16.	<u>Gifts & Hospitality Policy Risk</u>	
	This item was deferred.	
Any other business		
17.	<u>Items for report to the Corporation</u>	
17.1	<ul style="list-style-type: none"> • Minutes of meeting – 18 March 2022 – for information • External Audit Strategy and Plan • Anti- Bribery Policy • Anti- Fraud Policy • Risk Management Policy • Terms of Reference • Internal Audit Reports 	
18.	<u>Any other business</u>	

18.1	There was no other business.	
18.2	The Chair closed the meeting at 17.30.	
19.	<u>Meeting Evaluation</u>	Assistant Clerk
19.1	To be circulated by the Assistant Clerk.	

Approved by the Committee:

Signed by the Chair- J. Williams

Date – 16.09.2022.

Agreed actions

No	Minute	Action	Who?
1	7.6	HR to have all paper files loaded as e-files by the end of December 2022.	DPS
2	8.4	Share FE Emerging Issues – Spring 2022 with Corporation	Clerk
3	12.2	The Committee asked that a progress update on the external audit is brought to the September 2022 meeting	RSM/Clerk
4	14.2	To update the Fraud Response Plan to account for a scenario where a member of staff is working from home.	VPF&CS
5	19.1	Meeting Evaluation to be circulated by the Assistant Clerk.	Assistant Clerk