

## MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD: on Thursday 18 May 2023 at 16.00 in 4F07- DHB Boardroom

Present	In attendance
John Williams (Chair)	Richard Lewis (RSM)
Emmanuel Osei Boateng (Via MS Teams)	Andrew McCulloch (TIAA)
Ann Kendal (Via MS Teams)	Chris Malish (VPF&CS)
Apologies	Marc Gillham (CIO)
Umar Rafique	Allison Booth (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	A closed session took place between the Audit Committee members and the auditors.	
1.2	RSM advised that preparations were underway and on track to start work on the External Audit Strategy and Plan. An interim update on the plan will be provided at the next Audit committee meeting in September. RSM noted that there had been less change in the College's finance team which would result in better engagement.	
1.3	TIAA advised that things were progressing well and they had received good engagement from the management teams. The investigation in to the bursary payments had been now been concluded and would be discussed in further detail under item 14.	
1.4	The Chair sought assurance that there was good engagement from the teams in terms of response times. TIAA advised they had not had any problems.	
1.5	RSM suggested that the College may want to consider carrying out a review on its existing policies that pre-date 29 November 2022 to ensure that they are updated to reflect the limits around delegated authority due to the reclassification of Colleges.	
1.6	<b>ACTION:</b> A review on policies item to be added to the September agenda.	<b>Clerk</b>

Open session		
2.	<i>J- CM, MG</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 were noted for Umar Rafique and it was noted that Ann Kendal would be joining via MS Teams later in the meeting.	
2.3	There were no disclosures of interest.	
3.	<b><u>Chair's action</u></b>	
3.1	There had been no use of Chair's actions since the last meeting.	
4.	<b><u>Minutes of the meeting held on 9 March 2023</u></b>	
4.1	<b>RESOLVED:</b> That the Minutes of 9 March 2023 were approved as an accurate record and can be signed by the Chair.	
5.	<b><u>Matters arising</u></b>	
5.1	The Matters Arising Report was reviewed.	
5.2	<u>Item 5.2-</u> It was queried that an action regarding the breakdown of subscriptions needed to be added to the matters arising report and reported against at the next meeting on 21 September 2023.	
5.3	<b>ACTION:</b> The VPF&CS will provide the subscription data at the next meeting is September.	<b>VPF&amp;CS</b>
5.4	<u>Item 6.4-</u> The VPF&CS to provide assurance of statutory compliance for the gas boilers.	
5.5	<b>ACTION:</b> The VPF&CS to provide an update on the assurance of statutory compliance for the gas boilers.	<b>VPF&amp;CS</b>
5.6	<u>Item 7.4-</u> The DPS to update expected delivery dates on outstanding actions and Audit Committee to take a view on closing the actions at the end of the academic year due to their age.	
5.7	<b>ACTION-</b> The CIO will review the outstanding actions and provide an update to be circulated to the committee before the next meeting.	<b>CIO</b>
5.8	<u>Item 8.4-</u> VPF&CS to update RSM on fraud allegation.	

5.9	The VPF&CS advised that the final report had now been received and that he will forward on to RSM.	
5.10	<b>ACTION:</b> The VPF&CS to forward the fraud investigation report on to RSM.	<b>VPF&amp;CS</b>
<b>Internal Audit Reports</b>		
<b>6.</b>	<b><u>Internal Audit Reports:</u></b>	
6.1	<p><b><u>6.1 Draft Income Funding- Apprenticeships</u></b></p> <p>TIAA provided a verbal update of the draft Income Funding- Apprenticeships report advising that:</p> <ul style="list-style-type: none"> <li>• The Draft Income Funding- Apprenticeships report had an overall conclusion of REASONABLE assurance.</li> <li>• There were 3 grade 2 recommendations.</li> </ul> <p>The CIO advised that the updated report had just been received which included the management comments and that final report would be presented at the next Audit Committee meeting in September.</p>	
<b>7.</b>	<b><u>Internal Audit Recommendations: Follow Up (management)</u></b>	
7.1	<p>At the previous Audit Committee meeting, the DPS had given a verbal update on the status of the outstanding actions falling to her area and it had been queried if these actions should now be closed. It had been agreed that they should remain on the tracker and to be reviewed at the next meeting.</p> <p>The CIO advised that he would carry out a review of the Internal Audit Recommendations and would circulate to members via the Clerk, before the next meeting.</p> <p><b>ACTION:</b> Internal Audit Recommendations: Follow Up to be added to the September agenda.</p> <p><b>ACTION:</b> Clerk to circulate the review to Committee members and Auditors before the September meeting.</p>	<b>Clerk</b> <b>Clerk</b>
<b>8.</b>	<i>J/AK</i>	
8.1	<p><b><u>Internal Audit Plan 2023-24</u></b></p> <p>TIAA (internal audit) provided an overview of the Indicative Audit Strategy 2022/25 and Annual Plan 2023/24:</p> <ul style="list-style-type: none"> <li>• Some of the audits had dates had been changed in sequencing due to timings.</li> </ul>	

	<ul style="list-style-type: none"> <li>• The Student Experience review had been added to the plan.</li> <li>• The HR review would commence in the autumn term.</li> <li>• There was good engagement with RSM.</li> <li>• The Safeguarding review was in the 23-24 plan.</li> </ul> <p><b>Q. Why are some of the annual reviews not scheduled to be repeated every year?</b></p> <p>A. We would usually focus on areas that had limited assurance and if that review should come back earlier or later, it is usually done on that basis.</p> <p>The CIO advised that there were other risk-based forms of assurance that were brought to the Board alongside the audits, particularly around cyber risk.</p> <p><b>RECOMMENDATION:</b> That the Internal Audit Plan be recommended to Corporation for approval.</p>	
<b>External Audit</b>		
<p><b>9.</b></p> <p>9.1</p> <p>9.2</p> <p>9.3</p> <p>9.4</p> <p>9.5</p>	<p><b><u>External Audit Strategy and Plan 2022-23</u></b></p> <p>RSM provided an overview of the External Audit Strategy and Plan, highlighting the following identified risks:</p> <ul style="list-style-type: none"> <li>• Income recognition</li> <li>• Management override of controls</li> <li>• Defined benefit pension liability</li> <li>• Capital grant funding</li> <li>• Going concern</li> </ul> <p>The increase in fees reflected the work required this year as a result of the changes in the scope of the regularity reporting given the reclassification of FE Colleges to the public sector on 29 November 2022. Additionally, the impact of changes to the International Standards on Auditing relevant to the current year.</p> <p>RSM also provided a report 'FE Emerging Issues – Spring 2023' and it was agreed that this should also be shared with the Corporation.</p> <p><b>ACTION:</b> To share FE Emerging Issues – Spring 2023 with the Corporation.</p> <p><b>RECOMMENDATION:</b> That the external audit strategy and plan for the year end 31 July 2023 is recommended to the Corporation for approval.</p>	<p><b>Clerk</b></p>
<p><b>10.</b></p>	<p><b><u>ESFA- Funding Assurance Reviews- Common Issues</u></b></p>	

10.1	RSM gave an overview of the ESFA- Funding Assurance Reviews- Common Issues, highlighting these were: <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>	
10.2	The committee agreed that ESFA- Funding Assurance Reviews- Common Issues should also be shared with the Corporation.	
10.3	<b>ACTION:</b> To share ESFA- Funding Assurance Reviews- Common Issues report with the Corporation.	<b>Clerk</b>
<b>Governance and Strategic Risk</b>		
<b>11.</b>	<b><u>MPM return to DfE</u></b>	
11.1	The VPF&CS advised that the Managing Public Money return had been submitted to the DfE on the 25 April 2023. It had focused on novel or contentious actions, payments for termination of roles (of which there had been 2) and any new borrowing.	
<b>12.</b>	<i>L/AK</i> <b><u>2021-22 ILR reconciliation exercise</u></b>	
12.1	In February 2023 the College was selected for a Data Reconciliation exercise by the Office for Students (OfS). The process identified a number of errors in the 2021-22 ILR Data Set. These errors were largely down to the way the College coded some of its Postgraduate learners. Over the course of the 2022-23 Academic Year the college had taken steps to improve the data quality of the HE learners. This had included external support and training. As part of the Business Plan for 2023-24 the Data, Funding & Exams Team will also get a new role that focuses on HE Data compliance.	
12.2	OfS had completed the exercise and accepted the Colleges response and action plan. There is likely to be another review based on the 2022-23 dataset.	
12.3	The CIO advised that all of the mitigation was now in place for future returns and that assurance would be bought to the Audit Committee around November time, regardless of any future selection exercise.	
12.4	The Committee noted the reconciliation exercise letter from the OfS and the report.	

<p><b>13.</b></p> <p>13.1</p>	<p><b><u>Report on Whistleblowing, Fraud and Other Irregularities</u></b></p> <p>In the last report a whistleblowing case was highlighted, that was raised on the 28<sup>th</sup> of February. The investigation was ending as it has proved more complex and required more work following additional information coming to light. The expectation was that the report would be completed next week. There have been no further whistleblowing claims since the last report.</p> <p>Since March there had been no fraud or irregularities with regards to Finance or the College bank account. Following from the last report the investigation into the allegation of fraud had been completed, with management responses being returned to the College’s internal auditors. It has been found that the initial estimation of financial impact was too high at £26,250 and is expected now to be in the region of £14,250. The final report will come to the next audit committee.</p> <p>As per the last report there were currently ten open insurance claims with a total potential settlement value of £321,332, which was made up of three employer liability, two public liability five property related and theft related. The two largest potential settlement values were £100,000 which date back to March 1998 and May 2019. These were being dealt with by solicitors organised by the Colleges insurers.</p> <p>In terms of cyber risk, the number of attempted intrusions was up marginally from the previous quarter and was expected to remain at the same level. Mitigation of this was done through daily patching and regular upgrades to servers, and the annual penetration testing work had been completed with the outcome report expected shortly. Recently there had been a high-profile spear phishing attempt over the bank holiday. This had been identified promptly, with swift comms to all staff, with work undertaken to remove the threat. The College had also experienced a number of blackmail type emails, which had included personal information which after some investigation was freely available on various social media platforms. New staff continue to receive cyber safety training as part of their induction and a refresher for existing staff was being considered.</p> <p>The Committee noted the report.</p>	
<p><b>14.</b></p> <p>14.1</p>	<p><b><u>Bradford College - Investigation – Bursary Payments</u></b></p> <p><i>A separate confidential minute was recorded – see annex.</i></p>	
<p><b>15.</b></p> <p>15.1</p>	<p><b><u>Strategic Risk Management</u></b></p> <p>The Committee reviewed the strategic risks.</p>	

	<p><b>SR12-</b> The Corporation had previously agreed that whilst the strike action would have an adverse impact upon the College (with plans in place to address this), the impact would not be critical but would affect a significant part of the College’s operation. Therefore, as a result the score had been changed and was now shown as a major risk rated as amber.</p> <p>The Committee noted the report.</p>	
<p><b>16.</b></p> <p>16.1</p>	<p><b><u>Committee Self-assessment against Terms of Reference</u></b></p> <p>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 2022-23</li> <li>• Accounts Direction</li> </ul> <p>It was proposed that para 4.3 in the Terms of Reference was updated to include a reference to Managing Public Money as a result of the reclassification of colleges.</p> <p>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.</p> <p><b>Q. What is a funding auditor?</b></p> <p>A. It refers to an appointment of a separate third- party auditor.</p> <p><b>ACTION:</b> Item 4.7 in the Terms of Reference to be amended to include internal auditors.</p> <p><b>RECOMMENDATION:</b> That subject to the amendment, the updated Audit Committee Terms of Reference be recommended to the Corporation for approval.</p>	<p><b>Clerk</b></p>
<p><b>17.</b></p>	<p><b><u>2023-24 Schedule of Business</u></b></p> <p>The Committee reviewed the Schedule of Business which covered each meeting for the coming academic year.</p> <p><b>RESOLVED:</b> The schedule of business for 2023-24 is agreed.</p>	
<b>Policies</b>		
<p><b>18.</b></p> <p>18.1</p>	<p><b><u>Anti-Fraud, Bribery and Corruption Policy</u></b></p> <p>The VPF&amp;CS advised that the Anti- Bribery and Anti- Fraud Policy had now been combined as they related to 2 very similar topics.</p>	

	<b>RECOMMENDATION:</b> That the Anti-Fraud, Bribery and Corruption Policy be recommended to the Corporation for approval.	
<b>19.</b>	<b><u>Risk Management Policy</u></b>	
19.1	The VPF&CS advised that as part of the annual review, the Risk Management Policy had been updated on the definition of 'Risk' in the Statement of Policy. The definition of 'Risk Appetite' had also been included.	
19.2	<b>RECOMMENDATION:</b> That the Risk Management Policy be recommended to the Corporation for approval.	
<b>Any other business</b>		
<b>20.</b>	<b><u>Items for report to the Corporation</u></b>	
20.1	<ul style="list-style-type: none"> <li>• Minutes of meeting – 18 May 2023</li> <li>• Internal Audit Report: Income Funding/ Apprenticeships- verbal update</li> <li>• Internal Audit Plan 2023-24</li> <li>• External Audit Strategy and Plan 2022-23</li> <li>• FE Emerging Issues – Spring 2023</li> <li>• ESFA- Funding Assurance Reviews- Common Issues</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> </ul>	
<b>21.</b>	<b><u>Any other business</u></b>	
21.1	The next Audit Committee Meeting will take place on 21 September 2023.	
21.2	There was no other business.	
21.3	The meeting closed at 17:36.	
<b>22.</b>	<b><u>Meeting Evaluation</u></b>	
22.1	To be circulated by the Clerk.	<b>Clerk</b>

Approved by the Committee:

**Sharon West**  
Signed by the Chair

**21.09.23**  
Date



## Agreed actions

No	Minute	Action	Who?
1	1.6	A review on policies item to be added to the September agenda.	Clerk
2	5.3	The VPF&CS will provide the subscription data at the next meeting is September.	VPF&CS
3	5.5	The VPF&CS to provide an update on the assurance of statutory compliance for the gas boilers.	VPF&CS
4	5.7	The CIO will review the outstanding actions and provide an update to be circulated to the committee before the next meeting.	CIO
5	5.10	The VPF&CS to forward the fraud investigation report on to RSM.	VPF&CS
6	7.3	An update on Internal Audit Recommendations: Follow Up (management) to be added to the September agenda.	Clerk
7	7.4	Clerk to circulate the review to Committee members and Auditors before the September meeting.	Clerk
8	9.4	To share FE Emerging Issues – Spring 2023 with the Corporation	Clerk
9	10.3	To share ESFA- Funding Assurance Reviews- Common Issues report with the Corporation.	Clerk
10	16.5	Item 4.7 to be amended to include internal auditors.	Clerk
11	22.1	Meeting Evaluation to be circulated by the Clerk.	Clerk