

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD: on Thursday 21 September 2023 at 16:00 in 4F07- DHB Boardroom**

Present	In Attendance
Sharon West (Chair) (Via MS Teams)	Richard Lewis (RSM) (Via MS Teams)
Emmanuel Osei Boateng	Andrew McCulloch (TIAA)
Umar Rafique	Chris Malish (VPF&CS)
	Marc Gillham (CIO)
	Sarah Cooper (DPS)
	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
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	TIAA advised that the Follow Up for 22-23 had yet to be completed and this had been highlighted in the Internal Audit Report. Some information on reports from the previous internal auditors had not been received which had caused the delay. This would be completed as soon as possible and circulated to the Committee.	
1.3	RSM advised that Procurement and Apprenticeships had been factored in to the Audit plan. The conclusions would be presented at the December meeting. RSM advised that the engagement received on responses had been very good and it was hoped that this would continue.	
Open session		
2.	<i>J/ CM, MG, SC</i> <u>Introductions, Apologies for Absence and Disclosures of Interest</u>	
2.1	The new Audit Chair Sharon West welcomed everyone to the meeting and introductions were made.	
2.2	There were no apologies for absence.	
2.3	There were no disclosures of interest.	

<p>3.</p> <p>3.1</p>	<p><u>Chair's action</u></p> <p>There had been no use of Chair's actions since the last meeting.</p>	
<p>4.</p> <p>4.1</p>	<p><u>Minutes of the meeting held on 18 May 2023</u></p> <p>RESOLVED: That with a slight amendment to 5.2, the Minutes of 18 May 2023 were approved as an accurate record and could be signed by the Chair.</p>	
<p>5.</p> <p>5.1</p> <p>5.2</p> <p>5.3</p>	<p><u>Matters Arising</u></p> <p>The Matters Arising Report was reviewed.</p> <p>Item 6.4 – The VPF&CS apologised there had been a delay on providing the assurance for statutory compliance for the gas boilers. An Estates Audit earlier in the year had found no issues. The supporting documentation on assurance would be provided ahead of the December meeting.</p> <p>ACTION: The VPF&CS to provide supporting documentation on the assurance of statutory compliance for the gas boilers ahead of the next meeting in December.</p>	<p>VPF&CS</p>
<p>Internal Audit</p>		
<p>6.</p> <p>6.1</p> <p>6.2</p> <p>6.3</p>	<p><u>Internal Audit Reports:</u></p> <p>TIAA presented the Internal Audit Reports:</p> <p>6.1 <u>Income Funding – Apprenticeships</u></p> <ul style="list-style-type: none"> • The Income Funding – Apprenticeships report had an overall conclusion of REASONABLE assurance. • There were 3 recommendations, with all 3 being graded as important. • There were 2 areas of good practice identified. <p>6.2 In response to a question, the CIO advised there were no funding audits at present and he did not consider there to be any funding risks. The College had made much progress but remained cautious. <i>J/UR</i></p> <p>Q. Is the timeframe for all of the Apprentice systems to be converted to one system realistic?</p> <p>A: The number of legacy systems currently in place was expected to fall by the end of the next academic year, however this was not a simple piece of work. Programmes which learners had already begun</p>	

	<p>would not be stopped before completion and this explained the length of time the process would take.</p>	
<p>6.4</p>	<p>6.2 <u>Procurement Audit</u></p> <ul style="list-style-type: none"> • The Procurement Audit report had an overall conclusion of LIMITED assurance. • There were 11 recommendations, 2 were graded urgent, 7 were graded as important and 2 graded as routine. • There were 2 areas of good practice. 	
<p>6.5</p>	<p>TIAA emphasised that the significant areas needed addressing. It was recommended that a review of the procurement processes be undertaken and increased internal centralised control gained to ensure improved compliance with regards to contracts, tenders and reporting.</p> <p>It was noted that swift responses and sharp implementation dates had been put in place by management. RSM suggested that the college’s financial account reporting should capture those points and the speed of implementation on mitigating measures.</p> <p>The VPF&CS advised that swift action on the issues identified was planned. The Procure Partnerships Framework was being used to support procurement of contractors for larger projects. A Senior Procurement Specialist had been employed on a temporary basis to help the team navigate through this.</p>	
<p>6.6</p>	<p>6.3 <u>Annual Internal Audit Report</u></p> <p>TIAA provided a summary of the Annual Internal Report advising that there were no areas of concern.</p>	
<p>6.7</p>	<p>The Committee had approved 55 days of internal audit coverage for last year. 6 assurance reviews had been carried out.</p> <ul style="list-style-type: none"> • 2 reviews provided substantial assurance, 3 provided reasonable assurance and 1 provided limited assurance. • Out of the total number of audit recommendations, 2 were marked as urgent, 12 as important and 9 as routine. • It was acknowledged that compliance in addressing the recommendations had been demonstrated. 	
<p>6.8</p>	<p>TIAA indicated that the College’s risk mitigation was good but that compliance needed work.</p>	

6.9	<p>The Committee accepted the audit recommendations and management responses and agreed that the Internal Audit Reports would be shared with the Corporation.</p> <p>ACTION: That the Internal Audit Reports be shared with the Corporation for information and assurance.</p> <p>The VPF&CS felt that a reasonable result had been gained across the audits and that it provided assurance that procedures were being followed.</p>	Clerk
7.	<p><u>I.T Cyber Security- Maturity Assessment</u></p> <p>7.1 TIAA provided an overview of the I.T Cyber Security- Maturity Assessment, stating that it aimed to clarify the College’s current position and plan next steps.</p> <p>7.2 It had been recognised that significant gaps of 2 or more maturity steps existed between the aspirational level of maturity and the assessed level for the following process areas: Cyber Risk Management, Engagement and Training and Supply Chain Security.</p> <p>7.3 TIAA advised there would be no need for management responses due to the advisory nature of this work.</p> <p>7.4 The CIO informed the Committee that all of the recommendations were accepted and would be added to the Internal Audit Report to facilitate follow up. It was acknowledged that more work was required around procurement and supply chain security.</p>	
8.	<p><u>Additional services from Audit service providers (Oral)</u></p> <p>8.1 RSM advised that they had provided additional services in relation to audit compliance services for grant audits as required by the DfE.</p>	
9.	<p><u>Internal Audit Recommendations: Follow-up (management)</u></p> <p>9.1 The CIO provided an update on the outstanding Internal Audit Recommendations; clarifying that there were a number of actions overdue. These had been reinstated at the request of the previous Chair.</p> <ul style="list-style-type: none"> • 2 actions were ongoing from 2019-20 and 1 from 2020-21; falling under the responsibility of the DPS. • 4 actions were ongoing from 2022-23 falling under the responsibility of the VPF&CS, the DPS and the CIO. 	

9.2	Both actions from 2019-20 related to recommendations that measures be put in place to support succession planning. The DPS explained that the HR system had changed from iTrent to MyHR and that a new talent planning process had been rolled out for the Performance Development Reviews. It was accepted that a succession/talent planning policy and procedure to support this was required.	
9.3	The DPS questioned, in consideration of the change of HR system, whether the action still needed updating. The Chair and Internal Auditors confirmed that this was necessary so that it could be tracked and signed off.	
9.4	The 1 outstanding action from 2020-21 related to the AWAM. The DPS stated that AWAM was not a policy, but rather a negotiated part of a contract which forms part of the Terms and Conditions of a Lecturer's appointment. This was subject to Trade Union scrutiny and related negotiations having taken place as part of the Trade Union's pay claim.	
9.5	<p>The VPF&CS advised that an update on the AWAM would come through as part of the DPS's HR update following pay claim negotiations.</p> <p>It was agreed that the outstanding actions would remain open with the deadline for completion being the HR Audit.</p>	
9.6	ACTION: The DPS to finalise the 2019-20 and 2020-21 outstanding actions with TIAA so they can be closed on the follow up review.	DPS
9.7	The 4 outstanding actions from 2022-23 related to Sample Audits for Estates Property Compliance (VPF&CS), Updated Health & Safety Policy and Testing (DPS) and Learner Policies and Procedures Relating to Apprenticeship Funding (CIO).	
9.8	The CIO requested an extension until 1 November on the date relating to Apprenticeship Funding which was caused by a delay on the Staff Handbook on Apprenticeship Funding.	
9.9	It was agreed that the date extension be put in place and that this would be brought to the next meeting.	
9.10	The VPF&CS advised that the importance of accurate reporting on the status of remedial actions had been reiterated with the facilities management and contractors.	

9.11	It was noted that the Health and Safety Policy needed to be reviewed in respect of the requirement for weekly testing of emergency lighting systems, which would normally be undertaken on a monthly basis. It was accepted that there needed to be alignment between procedure and process.	
9.12	The Chair requested that the original target dates for the Internal Audit Recommendations be included in the internal audit report recommendations follow up report. The CIO agreed to also include details of any superseded actions for clarity.	
9.13	ACTION: The CIO to include the original target dates requested and any superseded actions into the internal audit report recommendations follow up report.	CIO
9.14	ACTION: The CIO to present the updated Internal Audit Recommendations: Follow-up (management) at the next meeting.	CIO
External Audit		
10.	<u>External Audit Progress Update (Verbal)</u>	
10.1	RSM provided an oral update on the External Audit Progress. Work on the audit was about to embark and RSM would be working closely with management.	
10.2	The promising progress within the finance team was noted.	
10.3	The VPF&CS advised that the draft External Progress Report would be provided to RSM early next week. A late provision had been put in place due to an insurance claim.	
10.4	The External Audit Progress Report will be provided at the next meeting.	
11.	<u>Regularity Self-Assessment Questionnaire</u>	
11.1	The VPF&CS provided an overview of the Regulatory Self-Assessment Questionnaire.	
11.2	RSM recommended that advice should be sought regarding the letter of comfort referred to in the RSAQ, to check that the threshold complied with the ONS Reclassification. The VPF&CS advised that he had already sought guidance from the ESFA on existing joint ventures.	
11.3	The VPF&CS advised that the RSAQ references PIMS meetings (Post Intervention Monitoring Support) although the College had since been	

	<p>taken out of Financial Intervention. At the end of July 2024, the College will also be removed from oversight which was good news.</p>	
11.4	The Committee noted a number of small typographical errors and asked that these be corrected before the RSAQ was submitted to the Corporation for approval.	
11.5	RECOMMENDATION: That subject to the correction of the typographical errors, the completed Regularity Self- Assessment Questionnaire be recommended to the Corporation for approval and subsequent signature by the Chair and Accounting Officer.	
Governance and Strategic Risk		
12.	<u>Apprenticeship Accountability Framework</u>	
12.1	The CIO provided an overview of the Apprenticeship Accountability Framework.	
12.2	The Apprenticeship Accountability Framework was introduced in 2022 as an additional review for Apprenticeships that sits alongside funding rules. The review covered a range of measures looking at both Quality and Audit. The DfE had flagged three areas of concern for the College to review.	
12.3	The CIO advised that a series of actions had been agreed in consultation with the DfE, all of which had been implemented, in accordance with the letter from the DfE. Significant improvement had been made and this would be shared with the Q&S Committee and Corporation.	
12.4	The Committee noted the report.	
13.	<u>Report on Whistleblowing, Fraud and Other Irregularities</u>	
13.1	The VPF&CS summarised the Report on Whistleblowing, Fraud and Other Irregularities.	
13.2	There had been no whistleblowing claims since the last report.	
13.3	Since May there had been no fraud or irregularities with regard to Finance or the College bank account.	
13.4	The Committee noted the current position regarding the eight open insurance claims.	
13.5	The VPF&CS advised that the College had changed insurance providers as a result of the previous insurers exiting the market and	

<p>13.6</p>	<p>going out to tender had not returned any viable results. FE Protect (an insurance broker for Further Education Colleges) was now being utilised by the College and had worked out to be more cost effective.</p> <p>Q: Is the settlement value of £225k just a provision? A: It is a proposed settlement value.</p> <p>13.7 RSM recommended checking the ONS rules on threshold consent. The VPF&CS advised that it was hoped this would be settled through the legal route.</p> <p>13.8 In terms of cyber risk, the number of attempted intrusions remained similar to that of the previous quarter and was expected to remain at that level. Pro-active mitigation takes place through daily patching and regular upgrades to servers.</p> <p>13.9 As part of induction all new staff received cyber safety training and a refresher for existing staff was being considered following the Cyber maturity exercise.</p>	
<p>14.</p>	<p><u>Strategic Risk Management</u></p> <p>14.1 The Committee reviewed the Strategic Risk Register. It was noted there had been no changes since the report was last presented at the July Corporation. SLT would be reviewing the risks across all Committees with a focus on the impact of the rise in inflation rates and the cost of the College's Capital Programmes.</p>	
<p>15.</p>	<p><u>Annual Risk Management Report</u></p> <p>15.1 The VPF&CS presented the Annual Risk Management Report which focused on the outcome of the achievement rates in 2021-22.</p> <p>15.2 The risk of not being able to recruit, retain and engage skilled, motivated and passionate employees had increased, as well as failure to improve the quality of teaching, learning and assessment.</p> <p>15.3 Achievement risks had increased as the College had not delivered to its expectations.</p> <p>15.4 The impact of the continuing industrial action was noted, with the Pay Claim dispute set to continue for another 7 days. The DPS stated that engagement with Advisory, Conciliation and Arbitration Service (ACAS) mediation was moving things forward.</p> <p>15.5 The risk surrounding maintaining the estate remained, reflecting the wider environmental turbulence within the economy, such as high</p>	

	levels of inflation and uncertainty around future capital funding for colleges.	
15.6	The Committee noted the Annual Risk Management Report.	
Any other business		
16.	<u>Items for report to the Corporation</u>	
16.1	<ul style="list-style-type: none"> • Minutes of meeting – 21 September 2023 • Internal Audit Reports- for information • Update on Internal & External Audit Plan • RSAQ -for approval and signature 	
17.	<u>Any other business</u>	
17.1	The next Audit Committee meeting would take place on the 7 December 2023.	
17.2	There was no other business.	
17.3	The Chair closed the meeting at 17.02.	
18.	<u>Meeting Evaluation</u>	
18.1	To be circulated by the Assistant Clerk.	Assistant Clerk

Approved by the Committee:

.....**S. West**.....
Signed by the Chair

...**07.12.23**...
Date

Agreed actions

No	Minute	Action	Who?
1	5.3	The VPF&CS to provide supporting documentation on the assurance of statutory compliance for the gas boilers at the next Audit meeting in December.	VPF&CS
2	6.17	That the internal audit reports be shared with the Corporation for information and assurance.	Clerk
3	9.6	The DPS to finalise the 2019-20 and 2020-21 outstanding actions with TIAA so they can be closed on the follow up review.	DPS

4	9.13	The CIO to include the original target dates requested and any superseded actions in to the internal audit report recommendations follow up report.	CIO
5	9.14	The CIO to present the updated Internal Audit Recommendations: Follow-up (management) at the next meeting.	CIO
6	18.1	Meeting Evaluation to be circulated by the Assistant Clerk.	Assistant Clerk