

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD: on Thursday 7 December 2023 at 16.30 in 4F07 DHB Boardroom

Present	In attendance
Sharon West (Chair)	Richard Lewis (RSM) (Via MS Teams)
Taqi Ali	Andrew McCulloch (TIAA) (Via MS Teams)
	Chris Malish (VPF&CS)
	Marc Gillham (CIO)
Apologies	Allison Booth (Clerk) (Via MS Teams)
Emmanuel Osei Boateng	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	<p>A closed session took place between the Audit Committee members and the auditors. RSM gave a summary update in terms of the 2022-23 audit work. There was outstanding information required from the College to conclude the audit before the financial statements could be signed off. Management responses to some of the audit queries had been slow delaying the progress of the audit by 4-5 weeks. The Committee agreed that this needed to be addressed. Management and RSM were working together to finalise these in time for the Corporation meeting on 14 December 2023.</p> <p>Internal audit was progressing in line with the annual plan.</p>	
Open session		
2.	<u>Introductions, Apologies for Absence and Disclosure of Interest</u>	
2.1	The Chair welcomed everyone to the meeting.	
2.2	Apologies were received from Emmanuel Osei Boateng.	
2.3	There were no disclosures of interest.	
3.	<u>Chair's action</u>	
3.1	There had been no use of Chair's actions since the last meeting.	

4.	<u>Minutes of the meeting held on 21 September 2023</u>	
4.1	RESOLVED: That the Minutes of 21 September 2023 be approved as an accurate record and signed by the Chair.	
5.	<u>Matters arising</u>	
5.1	The Matters Arising Report was reviewed.	
	Item 9.14 – It was noted that the Internal Audit Recommendations: Follow-up (management) matters would be addressed at item 7 on the agenda.	
Internal Audit		
6.	<u>Internal Audit Reports</u>	
6.1	TIAA provided an oral update, advising that the follow up review which had previously been deferred from the 2022-23 audit work was almost complete and the report would be issued shortly. The Safeguarding Internal Audit had been completed and had been given an overall conclusion of SUBSTANTIAL assurance with one grade 3 recommendation. The draft report was currently with Management.	
6.2	The Chief Information Officer (CIO) confirmed that the Safeguarding Internal Audit Report had just been received which included the management comments and that final report would be presented at the next Audit Committee meeting on 29 February 2024.	
6.3	The HR Management Audit had been concluded and the draft report would be circulated in December 2023.	
7.	<u>Internal Audit Recommendations: Follow Up (management)</u>	
7.1	<p>The CIO confirmed that the 2 ongoing recommendations from 2019-20, (which fell under the responsibility of the Director of People Services (DPS). Both related to recommended measures put in place to support succession planning) and 1 outstanding action from 2020-21 (relating to AWAM policies and procedures) had been reinstated in the report.</p> <p>It was noted that the 3 outstanding actions would be covered off in the HR Management Audit.</p> <p>The Committee was assured that 19 actions had been completed and that a further 14 were not yet due. For 2022-23 there were 2 outstanding actions relating to Updated Health & Safety Policy and Testing (Director of People Services) and Governance assurance around Cyber Security (CIO).</p>	

	<p>All actions relating to Procurement that were due in this quarter had been completed.</p> <p>The CIO requested that the Governance assurance around Cyber Security outstanding action be extended to the end of the year to allow time for him to scope this with the new Head of Department. The Committee approved the requested extension.</p> <p>The CIO assured the Committee that he would liaise with the DPS to provide an update on actions relating to Updated Health & Safety Policy and Testing.</p>	
Governance and Risk		
<p>8.</p> <p>8.1</p> <p>8.2</p>	<p><u>Audit Committee Annual Report</u></p> <p>The Committee reviewed the draft Audit Committee Annual Report which had been prepared in accordance with the post 16 Audit Code of Practice (ACOP) for the twelve-month period to 31 July 2023 and summarised the audit work carried out during the year. The report to the Corporation and the Chief Accounting Officer concluded with the Audit Committee’s opinion that for 2022-23:</p> <p>a) The Committee had operated effectively and had considered issues in detail;</p> <p>b) The College’s assurance arrangements; framework of governance; risk management and control; and processes for securing economy, efficiency and effectiveness were adequate and effective and reviewed regularly.</p> <p>c) During the year to 31 July 2023 the internal auditors had undertaken an additional investigation into bursary payments. Several recommendations were made and these had been addressed by management.</p> <p>RESOLVED: To approve the Audit Committee Annual Report for submission to the Corporation and Chief Accounting Officer.</p>	
<p>9.</p> <p>9.1</p>	<p><u>Report on Whistleblowing, Fraud and Other Irregularities</u></p> <p>The VPF&CS summarised the Report on Whistleblowing, Fraud and Other Irregularities:</p> <p>There had been no whistleblowing claims since the last report.</p> <p>Since September there had been no fraud or irregularities with regards to Finance or the College bank account.</p> <p>There were currently five open claims with the previous insurance supplier, all of which related to property or vehicle damage. No potential claim value had been specified to date. It was presumed that there was no</p>	

	<p>change in status regarding these claims as no update had been provided by Zurich.</p> <p>In terms of cyber risk, the number of attempted intrusions continued to remain similar to that of the previous quarter and was expected to remain at this level. Pro-active mitigation was taking place through daily patching and regular upgrades to servers.</p>	
<p>10.</p> <p>10.1</p>	<p><u>Value for Money Report</u></p> <p>The VPF&CS provided an overview of the Value for Money Report and highlighted a number of areas of Non-Pay Expenditure.</p> <p>The majority of pay expenditure within the College was through employee costs; pay expenditure for teaching staff was 67%.</p> <p>Capital expenditure made up a large percentage of non-pay expenditure.</p> <p>Through procurement support, the College had saved an identifiable £75k in 2022/23, this was across IT spend, fixtures and fitting, contract renewals and so on.</p> <p>A priority for 2022-23 was to secure value for money on capital costs associated with Capital Projects.</p> <p>The College has in place procurement procedures which required budget holders to obtain a minimum number of quotations, or undertake a tendering process. A best value assessment must be made before a supplier was selected.</p> <p>The report identified a number of areas for 2023-24 where value for money could be further enhanced:</p> <ul style="list-style-type: none"> • Capital costs associated with regards to the Capital projects including; <ul style="list-style-type: none"> ○ Building Costs ○ Equipment Cost ○ IT Hardware Costs ○ Replacement of the Finance System • Facilities Management Contract renewal • Subscriptions' renewals <p>Mr Lewis commented that the report demonstrated the good work that was being done. The Committee thanked the VPF&CS for this useful report.</p>	
<p>11.</p> <p>11.1</p>	<p><u>Strategic Risk Management</u></p> <p>The Committee reviewed the Strategic Risk Register which had been updated by each of the Committees. The VPF&CS confirmed that an</p>	

	update on procurement would be provided for the next meeting. It was noted that the risk monitoring was effective.	
Policies		
12.	None	
Any other business		
13.	<u>Items for report to the Corporation</u>	
13.1	<ul style="list-style-type: none"> • Draft Meeting minutes of 7 December 2023 • Audit Committee Annual Report • RSM FE Update 	
14.	<u>Any other business</u>	
14.1	RSM would submit a final version of the audit report to the Clerk which would be presented at Corporation on 14 December 2023.	
14.2	The next Audit Committee Meeting will take place on 29 February 2024.	
15.	<u>Meeting Evaluation</u>	Assistant Clerk
15.1	To be circulated by the Assistant Clerk. <i>L/TA& AM</i>	
<i>The next session will be a joint meeting with members of the Finance & General Purposes Committee</i>		
16.	<u>Annual Report and Financial Statements/Audit Management Letters/Letters of Representation</u>	
16.1	Richard Lewis of RSM gave members of F&GP Committee and Audit Committee a tour of Financial Statements. Members were advised that there would be some changes to the Draft Annual Report and Financial Statements as issued with the meeting papers, although not material, the changes include some outstanding audit work.	
16.2	Key items highlighted by RSM were: <ul style="list-style-type: none"> • The governors report - relating to public benefit and how this had been delivered. • Governance and internal control – information relating to the work of the Audit Committee and the assurance they offer the Corporation • Budget and Cash flow forecasts had been examined by the Corporation and its conclusion that that the College is a going concern. RMS agreed with this conclusion. • The audit opinion - RSM’s opinion was that the financial statements: 	

16.3	<ul style="list-style-type: none"> ○ gave a true and fair view of the state of the College’s affairs as at 31 July 2023 and of the College’s surplus of income over expenditure for the year then ended; ○ had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and ○ had been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency <ul style="list-style-type: none"> ● A material uncertainty related to going concern arising from the forecasted bank covenant breaches. The Auditors opinion was not modified in respect of this matter. ● Pension liability was considered by the actuary to take account CPI levels. ● Capital investment - the College invested £3.1m in fixed asset additions during the year 22/23. ● Reserves – the College reserves amounted to £90.5m and it held £14.5m in cash and bank balances at the year end. £3.3m of cash and bank balances at the year-end have been received from ESFA in advance of spend on capital projects. ● The audit opinion was expected to be unqualified. ● The regularity opinion was expected to be unmodified. <p>RSM gave an overview of the draft Audit findings report, explaining that there were a few outstanding issues to resolve with management but that these were not material and the report would be updated accordingly prior to the Corporation meeting on 14 December 2023.</p> <p>The draft letters of representation were yet to be finalised and would be circulated by the Clerk when received.</p> <p>RECOMMENDATION: Subject to any further minor amendments required, that the Annual Report and Financial Statements 2022-23 be approved by the Corporation for signing by the Chair and Accounting Officer.</p>	
17. 17.1	<p><u>Audit Findings Report</u></p> <p>Mr Lewis presented the draft report and recorded his thanks to Management for its engagement. Subject to receipt of outstanding responses to queries the final report would be presented to the Corporation on 14 December.</p> <p>Mr Lewis talked Members through the key areas of risk for the College.</p> <p>Members received assurance that (a) the College had in place a reasonably strong control framework on income recognition; (b) there was no evidence of any bias; (c) RSM concurred with the College’s judgement on going concern; and (d) there had been no non-compliance in terms of regularity.</p>	

	Members noted that apprenticeship compliance was an issue across the sector.	
18.	<u>Emerging Issues</u>	
18.1	Members received and noted the emerging issues update from RSM.	

Approved by the Committee:

S. West

29.02.24

Signed by the Chair

Date

Agreed actions

No	Minute	Action	Who?
1	15.1	Meeting Evaluation to be circulated by the Assistant Clerk.	Assistant Clerk