



Minutes of the Audit Committee Meeting held on Tuesday 22 November 2022 at 8am via Teams

- Present:** Mark Dawson (*Parent Governor*)
Andrew Jones – Chair (*Co-opted Governor*)
Graeme Slater (*Foundation Governor*)
- In attendance:** Stephen Pringle (*Wylie Bisset – Internal Auditor*)
Mike Benson (*Murray Smith – External Auditor*)
Nicola Tucker (*Murray Smith – External Auditor*)
Michelle Williams (*Vice Principal, Strategy & Resources*)
Ruth Potter (*Clerk*)

The meeting was preceded by a training session delivered by Stephen Pringle, Wylie Bisset, on 'Risk Management'.

The Chair welcomed all attendees and the meeting proper was opened in prayer at 8.20am.

PART 1

1. DECLARATIONS OF INTEREST

Members were invited to declare whether they had any direct or indirect personal, prejudicial or pecuniary interest or conflict of interest in any matter that formed part of the agenda for this meeting or was likely to be discussed at this meeting.

There were no declarations of interest made.

2. APOLOGIES FOR ABSENCE

Apologies for absence were accepted from Susan Jarvis (Co-opted Governor) who had attempted to join the meeting at 8am but encountered technical difficulties.

3. ITEMS FOR INCLUSION UNDER ANY OTHER BUSINESS

There were no items submitted for inclusion under any other business.

4. MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 27 SEPTEMBER 2022 (*previously circulated*)

The minutes were approved as a correct record and would be signed by the Chair in accordance with Article 12 (3) of the Articles of Government. The publication of the minutes was authorised in accordance with Article 13.

5. MATTERS ARISING FROM THE MINUTES (*previously circulated*)

Committee members considered the action log prepared by the Clerk. The Vice Principal provided an update on one item as follows:

Minute 8.1 – Provider Financial Assurance Audit

The outcome of this audit had not yet been confirmed by the nominated auditors, PWC. The Vice Principal highlighted that this exercise had been ongoing since the beginning of September and had caused extra pressure on staff in the MIS department.

Q – Is it anticipated that there will be any further action required as a result of the audit?

A – No indication at present – outcome still awaited.

6. EXTERNAL AUDIT

6.1 Audit Completion Report arising from the audit of the Financial Statements for the year ended 31 July 2022 (previously circulated)

Nicola Tucker, Murray Smith LLP, guided the Committee through the Audit Completion Report arising from the audit of the financial statements.

She highlighted the following points:

- Section 1 – Executive Summary – confirms unqualified audit opinion, without modification, on the financial statements.
- Section 2 – Audit findings – key risks reviewed during the audit; no significant issues were identified.
- Section 3 – Additional Education and Skills Funding Agency (ESFA) income testing – following testing, no issues had been identified in the ESFA income included in the financial statements.
- Section 4 – Financial highlights – Income had increased to £11.5m. Deficit increased to £(542)k after depreciation and large pension adjustment. Balance sheet: increase in cash balance, net current assets of £0.9m, net assets overall increased to £6.8m due to large decrease in pension liability. Cash generated by the College stood at £1.4m and this had been expended mainly on fixed assets.
- Section 6 – Internal controls – no issues identified.
- Section 7 – Unadjusted misstatements – The external auditor was obliged to document any potential errors found over triviality. Two immaterial errors were identified. Reference was made to T Level capital expenditure which will continue into next year when assessment would be made of what needed to be disposed of on fixed asset register.
- Section 8 – Regularity – Work undertaken to support the regularity audit in accordance with the regularity assurance framework set out in the Post 16 Audit Code of Practice had resulted in no significant findings.
- Audit opinion – It was the auditor’s intention to issue an unqualified opinion on the financial statements and regularity.

Governors’ comments and questions were invited.

The Committee acknowledged the strong assurance provided by the External Auditor’s report, especially in the context of the challenges faced by the College since the cyber attack in the Summer Term.

The Vice Principal (Strategy & Resources) confirmed that as the most senior executive leaders in the College up to 31 December 2022, she and the Vice

Principal (Curriculum & Quality) would be signing off the financial statements as Accounting Officers. The two new interim co-Principals would be taking up post full time from 1 January 2023.

The External Auditor confirmed that a note setting out the change in Accounting Officer during the period should be included in the financial statements.

The Vice Principal proceeded to highlight a number of additional key points from the financial statements as follows:

- Report of the Governing Body – including strategic priorities, risk management, resources and KPI performance. It was noted that the College employed 221 people. No internal trade union representatives were in post.
- Statement of corporate governance and internal control
- Statement of regularity, propriety and compliance
- Statement of responsibilities of the members of the Governing Body.

The Committee thanked the External Auditor for her comprehensive and detailed report and noted that the findings would be presented to the Full Governing Body at its meeting on 6 December 2022.

The Committee **recommended approval** of the Financial Statements for the year ended 31 July 2022 to the Full Governing Body.

ACTION – FGB agenda item

6.2 Regularity report 2021-22 (previously circulated)

The Vice Principal (Strategy and Resources) referred Committee members to its consideration of the draft completed Regularity Self-Assessment Questionnaire at the last meeting and advised that no amendments had been made. The document had subsequently been signed and provided to the External Auditor with a suite of supporting documentation to facilitate their assurance work.

The regularity assurance framework was set out in the Post 16 Audit Code of Practice and was designed to provide assurance over the regularity and propriety of all College expenditure. As reported under item 6.1, the External Auditor had not identified any significant findings from their assurance work and expected to issue an unqualified regularity opinion within the financial statements.

The Committee **noted** the Regularity Report for the year ended 31 July 2022.

7. INTERNAL AUDIT

7.1 College management update report on previous recommendations and actions taken (previously circulated)

The Vice Principal provided a report on the recommendations made by the Internal Auditors in respect of the Business Continuity and Strategic Planning audits that had taken place during 2021-22.

It had been agreed at the previous Committee meeting to extend the deadline for these actions to Spring 2023.

Q – The Chair referred to business continuity plans and queried whether the College had been notified of any planned power cuts.

A – Vice Principal confirmed that no such notification had been received by College but the Estates Manager would be asked to investigate this.

ACTION – Investigate risk of power cuts affecting College operations

The Committee **noted** the contents of the report.

7.2 Safeguarding – Internal Audit Report *(previously circulated)*

Stephen Pringle presented this report and outlined the purpose of the review which was to assess the suitability of safeguarding arrangements in place and ensure that the College was fully compliant with legislation and taking all necessary steps to protect its students.

One low priority recommendation had been raised with regard to the introduction of a full register of all visiting contractors to record DBS status.

There was also a number of areas of good practice highlighted within the report. The Internal Audit opinion stated that taking account of the issues identified, the Governing Body could take strong assurance on the safeguarding arrangements in place at the College.

The Committee:

- **noted** the contents of the report, and
- **approved** the recommended action contained therein.

7.3 Mental Health and Wellbeing – Internal Audit Report *(previously circulated)*

Stephen Pringle presented this report and outlined the purpose of the review which was to review the processes that the College had put in place to improve and monitor staff and student wellbeing and mental health. The review considered how staff were motivated and the methods adopted by the College to increase overall staff morale. In addition, the Internal Auditor assessed the support offered by the College for staff and student mental health.

A total of two low priority recommendations had been raised:

- development of an overall mental health and wellbeing policy for College staff
- development of a Mental Health Action Plan for 2022-23 based on the various work streams in place to ensure that governance committees and staff are effectively fulfilling their duties.

There was also a number of areas of good practice highlighted within the report. The Internal Auditor concluded that taking account of the issues identified, they could provide strong assurance that the College had robust methods in place to improve and monitor staff wellbeing and mental health.

Discussion ensued on the contents of the report.

Q – What are the current staff sickness levels linked to mental health issues?

A – Need to check specific number with HR department.

ACTION – Confirm level of staff absence due to mental health related illness.

The Committee:

- **noted** the contents of the report, and
- **approved** the recommended actions contained therein.

The Vice Principal reported that these two internal audit reports had been led within College by two new Assistant Principals and acknowledged their work in support of these reviews.

8. RISK MANAGEMENT

8.1 Risk Management Register and Action Plan *(previously circulated)*

The Vice Principal presented the College's risk register and action plan and explained that this was based on the College's Strategic Plan. The risks associated with achievement of key strategic aims and targets was analysed as part of this assessment.

The Vice Principal confirmed that the College Management Team (CMT) operated as the College's risk management committee and, having reviewed the risk register, had identified significant risks as follows:

- maintenance and restoration of IT systems – JISC cyber security audit was scheduled to take place in early December and would further inform the action plan related to this risk
- recruitment of suitably qualified IT staff
- development of IT systems to support learning and quality assurance – issues with ongoing development of bespoke internal software system, so consideration being given to alternatives
- recruitment of permanent senior leaders within College.

In addition, contingent risks had been identified as follows:

- recruitment to T Level programmes of study
- Archdiocesan academisation strategy.

A number of other low-level, housekeeping risks had been identified.

Governors' comments and questions were invited:

Q – T Level building – is this being utilised this year in the absence of T Level students?

A – Yes, being utilised in the interim for teaching, training and conferences.

Q – Has risk review been undertaken of risks and associated required actions to cover interim period until recruitment of permanent Principal?

A – A number of actions had taken place to appoint staff on an interim basis to ensure business continuity, but no formal risk assessment document

developed. Budgetary impact would be reported to full Governing Body in December.

Q – With regard to a possible move from the internal bespoke College IT system (Connect) to a generic, external system – this was potentially a big piece of work, were there sufficient resources to manage this?

A – Need to prioritise resources in the new year as this was a critical operational area.

The Committee **noted** the risk register and action plan.

8.2 **Risk Management Policy** *(previously circulated)*

The Vice Principal presented the Risk Management Policy for annual review.

The Committee **recommended approval** of the Risk Management Policy to the Full Governing Body.

ACTION – FGB agenda item

9. **ANNUAL REPORTS**

9.1 **Value for Money Annual Report 2021-22** *(previously circulated)*

The Vice Principal presented this annual report which had been prepared by the Finance Manager. She highlighted the following points:

- Investment in IT – getting as much value out of this investment as possible
- Hire of College facilities – generating more income
- Estates Team – driving value for money efficiencies on a micro level
- Crown Commercial Services (CCS) frameworks used to secure value for money with utilities
- Marketing and library teams – increase in value for money due to use of greener resources
- ESFA benchmarking – the College had performed well against these non-pay benchmarking outcomes.

The Committee **noted** the contents of the report.

10. **OTHER MATTERS**

10.1 **Sector Update**

The External and Internal Auditors flagged the same points to governors, namely:

- ONS reclassification – decision due imminently on reclassification of colleges into the central government sector, the impact of this would need to be considered carefully.
- Academisation – timely decisions by governors with regard to academisation strategy would be important alongside diligent consideration of key implications.
- Pensions – it was noted that the pensions valuation was volatile and could change considerably from one year to the next.

Mike Benson, Nicola Tucker, Stephen Pringle and Michelle Williams left the meeting at this point.

10.2 Future Agenda Items

To follow the Committee's current cycle of business.

10.3 Governor Training

Governors flagged possible need for training or briefing session on academisation and pensions.

10.4 Any Other Business

The Chair indicated that he was not available to attend the next full Governing Body meeting on 6 December 2022 and requested that another Committee member report back on the Committee's business. Mark Dawson undertook to do this.

The Clerk advised that the External Auditors would be joining the next full Governing Body meeting remotely to present their Audit Completion Report in line with Post-16 Audit Code of Practice requirements.

10.5 Date of Next Meeting

Tuesday 14 March 2023 at 8.20am via Microsoft Teams.

Following the Part 1 meeting, governors approved the Part 2 confidential minutes of the Audit Committee meeting held on 27 September 2022 as a correct record. These would be signed by the Chair in accordance with Article 12 (3) of the Articles of Government. There was no other Part 2 business to discuss.

The Chair thanked all members for their attendance and contribution.

The meeting was brought to a close at 9.20am.

Signed by the Chair:  _____

On this day: _____ 14 March 2023 _____