



Minutes of the Audit Committee Meeting held on Tuesday 13 June 2023 at 8.20am via Teams

- Present:** Mark Dawson (*Parent Governor*)
Susan Jarvis (*Co-opted Governor*)
Andrew Jones – Chair (*Co-opted Governor*)
Ollie Maddock (*Foundation Governor*)
Graeme Slater (*Foundation Governor*)
- In attendance:** Scott McCready (*Wylie Bisset – Internal Auditor*)
Mike Benson (*Murray Smith LLP – External Auditor*)
Nicola Tucker (*Murray Smith LLP – External Auditor*)
Michelle Williams (*Vice Principal, Finance, Resources & Systems*)
Kevin Burke (*IT Manager*)
Ruth Potter (*Clerk*)

PART 1

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

1. ROUTINE AND STANDING ITEMS

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 made.

1.2 Apologies for absence

All members were present. The meeting was declared quorate.

1.3 Items to be included under any other business

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

1.4 Minutes of the Audit Committee meeting held on 14 March 2023 (*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.

1.5 Matters arising from the minutes (*previously circulated*)

Committee members noted the action log prepared by the Clerk.

Action 2 – Mental Health and Wellbeing Internal Audit Report

The Vice Principal provided a verbal update in relation to this action point and confirmed that to date this academic year, three members of staff had been absent for more than four weeks due to mental health and wellbeing issues.

Q – Had referrals been made to occupational health services to ensure these staff were provided with appropriate support?

A – Yes

2. RISK MANAGEMENT

2.1 Risk Management Action Plan *(previously circulated)*

The Vice Principal presented this report and reported that the College's senior leadership team (SLT) had reassessed the risks facing the College and updated the Risk Register accordingly. The updated plan was presented and significant risks revised as follows:

- student recruitment
- financial health.

The Vice Principal updated governors on the actions taken to mitigate these risks and confirmed that detailed financial reports were due to be presented to the Finance and Resources Committee the following week.

In addition, contingent risks had been identified as follows:

- development of resources and expertise to improve teaching, learning and assessment – the strategy had been updated to introduce an outsourced IT system (CEDAR) for monitoring student progress as the recruitment of specialist staff to develop in-house bespoke systems had proved unsuccessful. The new system would be implemented and staff training undertaken in time for full adoption in September.
- redevelopment of Moodle VLE
- academisation
- revised senior leadership structure
- T Levels – the College would again be unable to run the planned T Level courses in September due to low student numbers.

Discussion ensued on the updated Risk Register and Action Plan and governor questions included:

Q – Would T Level funding be clawed back?

A – Unlikely for capital funding, however proportion of revenue funding would need to be returned and this had been incorporated in the financial plan.

Q – Was an implementation plan in place for the transfer to CEDAR?

A – Yes. The Senior Assistant Principal had been leading on this in conjunction with the College's MIS Manager. Support had also been provided directly from the CEDAR project manager.

The Committee **noted** the updated Risk Register and the management actions put in place to mitigate risk.

2.2 JISC Cyber Security Action Plan – update report *(previously circulated)*

The IT Manager presented this report and updated governors on progress made against the action plan. It was noted that the majority of priority 1 actions had been completed or were nearing completion and overall progress against the full plan stood at 72%. Detailed updates were provided on all specific

actions and it was reported that the anticipated completion date for all actions was February 2025.

Discussion ensued and governors' comments and questions were invited.

Q – Reference to assurances from third parties, e.g. CCTV provider: what was the nature of these assurances?

A – Verbal currently but written assurances being actively pursued, hence status on action log.

Q – Backup arrangements – how were these more reliable now?

A – Responded to JISC recommendations and implemented new backup system and firewalls.

Q – During tender process for College contracts, were IT and cyber security credentials of tenderer considered?

A – Follow best practice within procurement frameworks. Usually explicit requirement for relevant ISO or Cyber Essentials accreditation.

Following discussion, governors requested that the costs associated with the implementation of recommended actions be included within the action plan reported to governors.

The Committee thanked the IT Manager for his comprehensive report and **noted** the contents.

ACTION – JISC cyber security action plan be updated to include costs pertaining to each action

Kevin Burke left the meeting at this point.

3. COMPLIANCE

3.1 Provider financial assurance audit – management letter (*previously circulated*)

The Vice Principal confirmed that the final outcome report from this audit conducted by PWC on behalf of the Education and Skills Funding Agency (ESFA) had been issued in May 2023. The auditor's conclusion was that the College had substantially met contractual requirements in complying with the relevant funding documentation set out in the ESFA's funding rules and returned materially accurate data. Two recommendations had been made and system changes had been introduced to address these.

The Committee **noted** the contents of this satisfactory audit and thanked all members of staff involved in this process.

4. INTERNAL AUDIT

4.1 College management update report on previous recommendations and action taken (*previously circulated*)

The Vice Principal confirmed that the majority of outstanding recommendations made by the Internal Auditors had been completed, however a small number of recommendations had been brought forward as follows:

- Business Continuity (May 2022) – two recommendations (scenario testing and staff training in relation to the disaster management plan)
- Strategic Planning (May 2022) – one recommendation (use of dashboards and summary reports to assess progress)
- Mental Health and Wellbeing (October 2022) – one recommendation (overall mental health and wellbeing policy for College staff).

The Vice Principal updated governors on progress made against these recommendations. With reference to the Strategic Planning recommendation, the Vice Principal reported that this action had been adversely impacted by the cyber-attack and the loss of the College's in-house software developer. She confirmed that the data for inclusion in the dashboard report was available and reported separately to governors, however development of an holistic strategic dashboard had not been completed due to other priorities. As a result, the College SLT had requested that this action be superseded as an immediate recommendation and moved to a medium-term aim.

The Committee:

- **noted** the progress report, and
- **approved** the change of recommendation response with regard to the Strategic Planning report.

4.2 **Procurement and Contract Management Report** *(previously circulated)*

Scott McCready presented this report and outlined the purpose of the review which was to consider the end-to-end procurement process and contract management arrangements and provide assurance that the College was complying with legislative requirements. The scope of the review was outlined and it was explained that the Internal Audit team responsible for this review had conducted discussions with relevant staff, reviewed relevant documentation and undertaken sample testing.

A total of four low grade recommendations had been raised. There were also a number of areas of good practice highlighted within the report. The Internal Audit opinion stated that the Governing Body could take strong assurance that appropriate procurement arrangements were in place to ensure compliance with procurement regulations. Strong assurance was also provided in relation to the contract management arrangements in place across College.

The Vice Principal confirmed that in relation to the fourth recommendation, an updated Tendering Policy would be presented to Finance and Resources Committee the following week.

Discussion ensued on the development of the College's Contract Register following which the Committee:

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

4.3 **Special Educational Needs and Learning Support Report** *(previously circulated)*

Scott McCready presented this report and outlined the purpose of the review which was to ensure that the College was compliant with SEND legislation and

ensure the curriculum was accessible for those students with disabilities or special needs. The review covered areas such as: College policies and procedures in line with SEND Code of Practice principles, links to Local Offers, management of SEND funding, protocols in relation to students with an Education, Health and Care Plan (EHCP). The scope of the review was outlined and it was explained that the Internal Audit team responsible for this review had conducted discussions with relevant staff, reviewed documentation and undertaken sample testing.

A total of one low grade recommendation had been raised. There were also a number of areas of good practice highlighted within the report. The Internal Audit opinion stated that there was strong assurance over the College's compliance with the Special Education Needs and Disability Regulation Act 2014 for staff and students. This included monitoring and reporting arrangements as well as processes to ensure that the curriculum was accessible for those with disabilities or special needs.

The Chair thanked the Internal Auditor for his report and invited governor questions.

Q – Sample testing for SEND funding – what was the nature of this?

A – Vice Principal explained that this related to how the College allocated support to meet the needs of every individual student.

The Committee:

- **noted** the contents of the report
- **approved** the recommendations contained therein.

4.4 **Annual Follow Up Report** *(previously circulated)*

Scott McCready presented this report and explained that the Internal Audit follow up work was designed to provide the Audit Committee with assurance that the previous year's internal audit recommendations had been implemented in line with expected timescales. He went on to report that four of the seven recommendations from 2021-22 had been fully implemented. The three recommendations that had not been implemented were:

- Business Continuity (May 2022) – two recommendations (scenario testing and staff training in relation to the disaster management plan)
- Strategic Planning (May 2022) – one recommendation (use of dashboards and summary reports to assess progress)

Implementation of the Business Continuity recommendations had been delayed following the cyber-attack, but were scheduled to take place in July 2023.

The Strategic Planning recommendation had been discussed under agenda item 4.1 and Committee members had agreed to supersede this action to a medium-term aim.

The Internal Audit opinion stated that the Governing Body could take substantial assurance that the College had made appropriate efforts to implement previous recommendations.

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

4.5 **Internal Audit Annual Report** (*previously circulated*)

The Committee considered the Internal Audit 2022-23 Annual Report. Scott McCready highlighted the following points:

- The Internal Audit opinion was that the College had adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives.
- The Internal Audit opinion was that the College had proper arrangements to promote and secure value for money.
- When benchmarked against similar colleges this number of recommendations was lower than average.
- 20 days audit work had been completed as planned.
- The report was correct up to the current date and subject to no adverse issues arising before the year end on 31 July 2023.

The Committee thanked the Internal Auditor and **noted** the contents of his report.

4.6 **Internal Audit Plan 2023-24** (*previously circulated*)

The Committee considered the Internal Audit Plan 2023-24 prepared by the Internal Auditor. Scott McCready highlighted the following points:

- Internal auditors had been appointed by the College for a period of five years, up to 31 July 2024.
- Original Audit Needs Assessment (ANA) had been approved by the Committee in October 2019 on the basis that it would be reviewed each year for suitability.
- Meetings had taken place recently with the Vice Principal and Clerk to Governors in order to discuss proposed areas for inclusion within the audit plan.
- The proposed audit plan for 2023-24 included the following areas:
 - climate change
 - payroll
 - bursary and free school meals
 - student recruitment
 - follow up review.
- Two visits were planned for November 2023 (reporting to Audit Committee in March 2024) and three for April 2024 (reporting to Audit Committee in June 2024).
- Additional services offered by the Internal Auditor were highlighted, including governor training sessions.

A discussion ensued on the proposed areas for audit during the next academic year and the extent to which these related to key strategic risks. Governors' questions were invited:

Q – Would these audits take place in College or remotely?

A – The Internal Auditor indicated that audits were usually completed remotely, but depending on the nature of the review on-site visits could take place if preferred.

Governors **agreed** that where appropriate, on-site audits were preferable and should be factored into next year's plan.

The Committee:

- **recommended approval** of the Internal Audit Plan 2023-24 to the Full Governing Body.

ACTION – FGB agenda item – Internal Audit Plan 2023-24

5. EXTERNAL AUDIT

5.1 Audit Strategy Memorandum for the year ended 31 July 2023 *(previously circulated)*

The Committee considered the document prepared by Murray Smith LLP that had been previously circulated. The audit would encompass:

- audit report on financial statements
- audit report on regularity audit
- audit highlights and management letter reporting on main findings
- audit report on Teachers' Pension Agency return.

Nicola Tucker highlighted the following points:

- audit fee increase of 2%
- assessed College to be in good financial position based on predicted year end surplus
- regularity audit would follow HM Treasury Managing Public Money (MPM) guidelines following ONS decision to reclassify colleges as public sector
- new auditing standard introduced on identifying risks of material misstatement
- significant audit risks as set out in Memorandum
- audit timeline.

The Committee thanked the External Auditor for her report and **noted** the contents of the Audit Strategy Memorandum for the year ending 31 July 2023.

5.2 Sector update *(verbal report)*

Mike Benson presented a sector update to governors, highlighting the following areas:

- ONS reclassification – impact of this included the potential for college year ends to change to March. This change would not affect the college should it decide to academise.
- Audit fees – these were rising significantly and a number of firms were exiting the market. This had the potential to impact colleges that were preparing to re-tender for audit services.
- ISA (UK) 315 – change in audit standards this year surrounding identifying the risks of material misstatement.

The Committee thanked the External Auditor for his update.

Graeme Slater left the meeting at this point. The quorum was unaffected.

6. ANNUAL REPORTS

6.1 Fraud and corruption – annual review of incidents *(previously circulated)*

The Vice Principal confirmed that no incidents had been reported during the year.

The Committee **noted** the annual review.

6.2 Whistleblowing – annual review of incidents *(previously circulated)*

The Vice Principal referred governors to the Clerk's report which indicated that no issues of concern had been reported to her during the previous 12 months and therefore a nil report was submitted to the Committee.

To ensure full transparency, it was clarified that one matter raised by College employees had initially been investigated as an incidence of whistleblowing, however following legal advice the matter had been dealt with in accordance with the relevant College HR policy.

The Committee **noted** the annual review.

7. REGULATORY UPDATE

7.1 ESFA Post-16 Audit Code of Practice 2022-23 *(previously circulated)*

The Vice Principal referred governors to the ESFA's updated document 'Post-16 Audit Code of Practice 2022 to 2023' which had been previously circulated. The Code set out the overarching assurance and accountability requirements for post-16 providers as well as specific responsibilities for sixth-form college corporations and their external auditors/reporting accountants.

The Vice Principal referred to her covering report which provided an overview of all the changes and indicated that key amongst these was compliance with HM Treasury's MPM document. Reference was made to the 'Dear Accounting Officer' letter and ESFA bite size guides setting out the new requirements. It was noted that a College Financial Handbook was due to be issued in the coming year that was likely to be similar to the Academies Handbook.

The Vice Principal confirmed that appropriate policy updates had been made to ensure they reflected the new controls required.

The Committee **noted** the Post-16 Audit Code of Practice 2022-23.

7.2 ESFA College Accounts Direction 2022-23 *(previously circulated)*

The Vice Principal referred governors to the ESFA's updated document 'College Accounts Direction 2022 to 2023' which had been previously circulated. This document set out the ESFA's financial reporting requirements for sixth-form college corporations for the financial year ending 31 July 2023.

The Vice Principal referred to her covering report which provided an overview of the changes and highlighted the following points:

- statement of corporate governance and internal control must specifically address HM Treasury's MPM requirements
- external governance review was due to take place during 2023-24.

The Clerk confirmed that a report outlining plans for the external governance review had been presented to Search Committee at its meeting on 22 May 2023 and would be reported back to the full Governing Body at its meeting on 27 June 2023.

The Vice Principal confirmed that the College would comply with all requirements set out in the updated document.

The Chair thanked the Vice Principal for her report and the Committee **noted** the requirements set out in the College Accounts Direction.

7.3 College Managing Public Money Return (29 November 2022 to 31 March 2023) (previously circulated)

The Vice Principal referred governors to this nil return and confirmed that the College had not been selected as part of the audit testing sample. She confirmed that updates to relevant College policies had been made.

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

8. ELECTION

8.1 Election of Chair from 1 August 2023 to 31 July 2025 (previously circulated)

The sole nomination for the role of Audit Committee Chair was for Andrew Jones. The Committee unanimously **agreed to appoint** Andrew Jones to the role for the period 1 August 2023 to 31 July 2025.

8.2 Election of Vice Chair from 1 August 2023 to 31 July 2025 (previously circulated)

The sole nomination for the role of Audit Committee Vice Chair was for Sue Jarvis. The Committee unanimously **agreed to appoint** Sue Jarvis to the role for the period 1 August 2023 to 31 July 2025.

9. OTHER MATTERS

9.1 Future agenda items

The Chair confirmed that regular IT cyber security updates were useful and remained part of the Committee's regular business cycle. Governors' views were invited on additional areas for future discussion. It was agreed that consideration should be given to the impact of academisation plans and any associated assurance activity.

9.2 Governor training

Members were invited to update the Clerk on any training activities they had completed since the last meeting. No activities were reported.

Discussion ensued on the areas of training offered by the Internal Auditor and it was agreed that a session on Fraud Awareness would be useful in the Autumn Term.

ACTION – Audit Committee training on Fraud Awareness

9.3 Any other business

None

9.4 **Date of next meeting**

Tuesday 26 September 2023 at 8.20am

The Chair thanked all members for their attendance and contribution.

The meeting was brought to a close at 9.40am.

Signed by the Chair: _____



Andrew Jones

On this day: _____

26 September 2023