

Meeting of Audit Committee

MINUTES (Part One)

Date	Wednesday 30th November
Time	16.30 to 18.45
Location	Via Zoom
Present (Governors):	Chair: Andrew Gilchrist Mary Hughes, Paul Stedman, Nicholas Woolf Rick Parris (co-opted member)
In attendance (officers)	Sarah Glasspool – Executive Director, Finance Resources and People Performance (EDFRPP) Melissa Drayson (Director of Governance)
By invitation	Christine Ricketts (Principal and Chief Executive)
In attendance (auditors)	Kevin Moloney (TIAA) Katherine Patel (Buzzacott)
Apologies for absence	None received
Quorum (2)	The meeting was quorate throughout

Item	Action lead
1. Preliminary items	
1.1 Confirmation of Chair for 2022-23 Governors were reminded that Committee Chairs were appointed for a four-year term, but reconfirmed in post at the start of each academic year. Andrew Gilchrist was thereby confirmed as chair for 2022-23	
1.1 Apologies for Absence No apologies were received	
1.2 Declarations of interest There were no new declarations of interests relating to matters on the agenda. Previously declared interests were carried forward.	
1.3 Urgent other business notified in advance No urgent matters of other business had been notified in advance.	
2. Minutes	
2.1 Part One Minutes of the meeting on 24 May 2022	

The Minutes were APPROVED as an accurate record and would be signed by the Chair.

2.2 Matters Arising

The Committee noted completed actions, and those on the agenda, and requested an update on the remainder.

Item 8: It was confirmed that days had already been included for an audit of apprenticeships and performance. A meeting would be arranged between TIAA and Management to discuss the scope.

3. Internal Audit 2021-22

Supporting papers by the Internal Auditors, TIAA

3.1 Summary controls and assurance (SICA) and outstanding recommendations report

The report covered finalised audits since the last meeting, along with an overall progress report and follow up on outstanding recommendations

i. Wellbeing audit

The overall audit opinion was Reasonable Assurance, with two Priority Two recommendations:

- Finalisation and publication of the staff health and wellbeing policy
- Low take-up of staff Mental Health training.

In addition, there were five, low risk Priority three 'housekeeping recommendations' and two operational advisory points, reflecting good practice seen at other colleges.

The Committee discussed the low take-up of mental health first aider training among staff, and whether there should be a compulsory element. Management considered that this should continue to be voluntary training. Not all staff would wish, or be suitable, to be a Mental Health ambassador or mental health first-aider as each was a challenging role. This view was supported by the Safeguarding Link Governor, who referenced the quality of the training.

ii. Learner Numbers audit

The overall audit opinion was Substantial assurance, with two Priority three (housekeeping) recommendations. The Committee was also referred to the follow-up work undertaken on the RSM learner numbers audit earlier in the year. It was agreed that there had been significant improvement since then. In response to Governors' questions, it was confirmed that the sample size reflected the days allocated to the audit.

iii. New MIS System

This was an advisory piece of work and was currently in draft form.

iv. Outstanding Recommendations

The table currently reflected all recommendations within the on-line portal, including those from previous auditor's reports. It was noted that all of the previous Learner Numbers audit recommendations had been implemented. Any fully implemented recommendations would be removed from the register.

Eight recommendations were highlighted as overdue, and a further three were listed where the original due date had passed and an extension had been requested. The Committee accepted the revised due dates.

Of the eight outstanding recommendations, management considered that several had been completed since the review was undertaken, including the People Strategy and Business Continuity Plan.

Governors expressed concern that the vacant post of Health & Safety Officer might impact negatively on health and safety at the college. It was reported that interviews were being held that week, and that staffing was an issue across the board at the college, and represented a key risk. This was in common with the whole FE Sector.

The Auditors advised that staffing relating to learner numbers should be prioritised as any errors caused by weak maintenance might result in funding clawback.

AGREED: That a meeting would be held between TIAA and the EDFRPP to review the scope of the Apprenticeship Audit, and the outstanding recommendations database.

TIAA/
EDFRPP

3.2 Internal Audit Annual Report 2021-22

The Committee noted the headlines from the Annual Report, a summary of which would be included in the Audit Committee Annual Report:

- The IAS had completed 25 days' planned audit work, plus 3.5 days for the follow-up to the RSM learner numbers audit.
- Of the six reviews undertaken, four had assurance assessments, providing one substantial and three reasonable assurance. There were no limited or 'no assurance' assessments.
- The audit work produced 29 recommendations, plus five operational advisory points.
- The internal auditors had complied fully with all performance targets.

It was confirmed that the outcomes of the audit work had enabled the Internal Auditors to give a reasonable annual opinion about the effectiveness of systems of corporate governance, risk management and internal control.

AGREED: That the Internal Audit Annual Report be recommended to the Corporation FOR APPROVAL

4. Risk Management

Supporting papers presented by the EDFRPP

4.1 Risk Register

Governors noted the format and contents of the revised, and simplified risk register, including the addition of a summary table showing current post-mitigation risk scores.

The revised risks register had been the result of a SLT workshop in October, from which 29 risks had been identified. These were then filtered and consolidated into 16 key risks. The risk register and risk scores were now being monitored monthly.

It was noted that risks were more closely integrated with the College Improvement Plan and strategic KPIs for the year.

A separate, detailed risk register had been produced for the estates project. This had been provided to the joint meeting with the Resources Committee, following this meeting.

Governors agreed that the risk register was now much easier to navigate, and the summary table was useful in terms of giving an overview.

The question was raised whether the risk scoring for staffing was high enough in the light of the recruitment challenges. SLT would review this.

In response to further questions, it was explained that the cash position and operating surplus were both high risk items, but were not currently red as those risks were being adequately managed. Concerns about rising energy and staffing costs had been factored into the assessment.

The risk register was NOTED by the Committee and would be taken to the Corporation meeting on 14th December

4.2 Risk Management Strategy 2022-23

The key change to the strategy was the revised thresholds for risks ratings.

AGREED: That the Risk Management Strategy 2022-23 would be recommended to the Corporation FOR APPROVAL.

5. Audit Committee Draft Annual Reports

Supporting papers by the Director of Governance

The advice of the ESFA had been sought, and it had been confirmed that an Audit Committee Annual Report and External Audit Management Letter should be submitted with each year's Financial Statements. The timeline for the submission of the Annual Report and Financial Statements would be discussed at the joint meeting with the Resources Committee, immediately following this meeting.

The Director of Governance requested that Members provide comments on each year's Annual Report so that they were in as final a form as possible, pending the inclusion of the outcomes of the external audits for each year. It was noted that the Committee had previously reviewed draft Annual reports for the three financial years prior to 2021-22, but that 2021-22 was being presented for the first time. The Committee Chair was thanked for comments that he had submitted by email ahead of the meeting.

The external auditors advised that care was taken to ensure that the wording of each Committee annual report aligned with the corresponding section of the Annual Report and Financial Statements for that year.

It was also considered that each report should explicitly reflect that, at the point of sign off, there were previous years' accounts outstanding.

It was noted that a further Audit Committee would have to be convened to approve final versions of their reports prior to Corporation sign off of the financial statements.

6. **Audit Code of Practice 2021-22 update**

Supporting paper by the Director of Governance

The Committee noted the changes within the May and September 2022 updates of the ACOP, particularly the need for Audit Committees to operate in line with the DfE guidance on the scope of work of audit committees and internal auditors, and clarification of definitions relating to reporting of fraud.

The external auditors confirmed that the changes applying to their work were straightforward and had been picked up.

AGREED: That assurance would be brought to the next Committee meeting that Fraud Policies reflected the latest reporting guidance.

EDFRPP

7. **Committee Matters**

Supporting papers by the Director of Governance

7.1 **Committee evaluation 2021-22**

Governors agreed that the Committee had operated fully in line with its terms of reference during the year, and that this conclusion should be included in the Audit Committee Annual Report.

7.2 **Terms of reference review**

The proposed changes reflected updated terminology and the most recent ESFA policy and guidance

AGREED: That the revised Audit Committee Terms of Reference would be recommended to the Corporation FOR APPROVAL

7.3 **Annual Audit Committee workplan**

The workplan was agreed and the following were suggested as additional items:

- Ongoing monitoring of impact of ONS changes to the classification of FE Colleges (as required)
- Going Concern, until this was fully resolved (termly)
- Value for Money (annual report in future years in respect of the previous financial year)

The Chair offered to provide a list of the items he would expect to be covered by a Value for Money report.

8. Other Urgent Business

There was none

9. Date of Future Meetings

28 February 2023 at 18.00

23 May 2023 at 18.00

Signed

(Chair)

Date