

Meeting of Audit Committee

MINUTES (Part One)

Date	Tuesday 23 May at 18:00
Time	18:00 – 19.20
Location	Via MS Teams
Present (Governors):	Acting Chair: Paul Stedman Andrew Gilchrist Mary Hughes, Rick Parish – co-opted member
In attendance (officers)	Ashok Patel (Interim Executive Director Finance) Melissa Drayson (Director of Governance) Karen Champion (Head of MIS) Item 3 only Ian Carey (Head of Apprenticeships) Item 3 only Andy Russell (Executive Director Student Support and Stakeholder Relationships) Item 3 only
By invitation	Craig Mahoney (Chair designate) Christine Ricketts (Principal and Chief Executive)
In attendance (auditors)	Kevin Moloney (TIAA) Katharine Patel (Buzzacott)
Apologies for absence	Nicholas Woolf
Quorum (2)	The meeting was quorate throughout

Item	Action lead
1. Preliminary items	
1.1 Apologies for Absence Apologies were noted from Nicholas Woolf. Rick Parish would need to leave the meeting at 7.00pm	
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 8 March 2023	

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

2.3 Matters Arising

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

Item 8: The Director of Governance confirmed that she had reviewed the current fraud policy against the latest Audit Code of Practice to ensure compliance with investigation and reporting guidance and that the policy aligned with guidance. The Committee noted, however, that the ACOP also included an expectation that the Committee would satisfy itself that appropriate counter-fraud measures are in place, including ensuring all staff aware of their responsibilities and departmental risk assessment. A useful checklist was provided as an appendix to the ACOP.

AGREED: That a draft fraud prevention policy would be brought to the next Committee meeting

**EDF/Dir
Gov**

3. Internal Audit

Supporting papers by the Internal Auditors, TIAA

3.1 Summary controls and assurance (SICA) report

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

i. Safeguarding

The audit had resulted in an overall opinion of reasonable assurance with three priority 2 and four priority three recommendations, along with three operational effectiveness matters (OEMs). One of the governors noted that many of the recommendations related to record-keeping and that the Civica system would be developed to ensure greater robustness. It was confirmed that there were no gaps in DBS checks, but that reporting needed to be more frequent.

ii. Apprenticeships

The audit had resulted in an overall opinion of reasonable assurance, with two priority 2, three priority 3 recommendations along with two OEMs. One of the two priority 2 recommendations had already been actioned.

It was noted that, with regards to learner number records, that last two audit tests had identified a very small numbers of errors. The auditors verified that learner number systems were significantly stronger than they were when audited by the previous internal audit firm in 2020-21

iii. Risk Management

The audit had resulted in an overall opinion of substantial assurance, with five priority 3 recommendations along with one OEM.

Governors commented on the recommendation to include arrows on the risk register to indicate direction of travel for the risk score. Management responded that this was currently a limitation of Excel and that changes in risk score are currently indicated in writing on the spreadsheet.

TIAA undertook to provide examples of risk register format from other organisations.

iv. Progress report

The auditors confirmed that there had been very good engagement with managers on all audits and in agreeing post audit actions and implementation dates. Two audits had yet to be completed: learner numbers and purchasing and procurement. These would be brought to the first meeting of the 2023-24 academic year, along with the 2022-23 Internal Audit Annual Report.

v. Follow-up on previous audit recommendations

It was noted that recommendations from the latest reports were not yet included in the table of recommendations. These would now be added following committee review.

The table indicated that eleven recommendations were overdue, and that there had been three requests for extensions. It was noted that it had taken some time for the interim EDF to gain access to the system, and that it was expected that the table would look a lot cleaner once he had undertaken his own review.

Following the action agreed at the previous meeting, the internal auditors and the head of MIS had met to review the recommendations from the MIS audit. Although three recommendations required more time to complete, it was acknowledged that a large amount of work had now been undertaken to resolve legacy issues and implement systems change effectively. None of the outstanding recommendations were high risk but would be addressed by the revised deadline.

There is now assurance that the MIS system was working well, and confidence that the extended deadline of the end of the academic year for full implementation of both the MIS and finance systems would be met. Governors noted that the deadline of the end of April for full implementation of the payroll element had been met.

Learner numbers are closely monitored by SLT, and the Head of MIS attended weekly meetings to report.

3.2 Internal Audit Plan 2023-24

The draft plan had been discussed with the Interim EDF, who confirmed that it seemed appropriate in terms of considering areas of key risk. The Director of Governance advised that the External Governance Review would be taking place in early 2024, and it was agreed that it would be useful to bring forward the governance audit by internal audit as a source of assurance to be fed into the EGR.

AGREED: That it would be recommended to the Corporation that the Internal Audit Plan 2023-24 be APPROVED

4. Risk Management: updates Strategic Risk Register

Supporting papers presented by the Interim EDF

The internal audit and latest SLT review had supported the risk rating and the identification of red rated risks. It was clear, however, that the mitigations needed to be more robustly applied and Governors were asked to hold management to account for timely reporting.

It was noted that safeguarding would be maintained as a high risk for the time being, partly due to staff turnover.

5. Financial Statements and Regularity Audit Plan for y/e 31 July 2023

Presented by Buzzacott

The draft plan had been developed in discussion with the Principal and CEO and Interim EDF. Following completion of the four years of outstanding financial statements, it represented a more typical audit plan. Specific issues that would be factored into audit work were:

- Finance personnel turnover
- Financial system and impact on payroll and accounting ledgers
- ONS reclassification
- Revised auditing standards.

Governors questioned whether there would be an impact on going concern if the planned budget surplus were not met. Cashflow and impact on bank covenants continued to be monitored closely.

In terms of the review of income recognition, assurance would be taken from the work of the internal auditors that the ILR work reflected an improved picture.

With reference to management override of controls, there was recognition that work was underway to ensure that the Civica system was fully operational and integrated.

The Auditors advised that inflation of 9% had been built into the fee.

AGREED: That it would be recommended to the Corporation that the Financial Statements and Regularity Audit Plan for ye 31 July 23 be APPROVED.

6. DFE/ESFA requirements

6.1 Audit Code of Practice May 2023

Supporting paper by the Director of Governance

The Committee noted the changes from the 2022 edition. These mainly related to Managing Public Money (MPM) requirements. The auditors confirmed that these requirements would be built into their audit work for the forthcoming year.

6.2 College Managing Public Money (MPM) return – 31 March 2023

The return was noted. The question was raised whether there would be any repercussions if an error had been made. The Interim EDF advised that the exercise seemed to be fact-finding. More detailed guidance was expected in the autumn terms. The regularity audit would also cover MPM requirements.

7. Other Urgent Business

There was none

8. Date of Future Meetings

The Director of Governance proposed that an additional meeting should be added to the schedule early in the Autumn Term to capture any outstanding audit work from the previous year, and to discuss early findings from the external audit.

This was AGREED.

Dir Gov

Signed

(Chair)

Date