

Meeting of the Audit & Risk Committee

Date:	5 December 2024	Room number	Via Teams
Present	Bim Osunsami (Chair), Bal Panesar (Vice-Chair),		
In attendance	Victoria Eastwood (Chief Governance Officer) (CGO) Hiten Savla (Deputy Principal – Finance & Resources) (DPFR) Paul Goddard (Scrutton Bland) (PG) Carina Ralfs (MacIntyre Hudson) (CR) Holly Van Der Merwe (MacIntyre Hudson) (HVDM) Hayley Clement – Head of Apprenticeships (HC) - Agenda Item 6 only Lawrence OKaraku – Head of Finance (LO) - Agenda item 6 only Natalie Davison – Principal/CEO – invited to attend by the Committee Andy Forbes – Chair of the Corporation – invited to attend by the Committee		
Apologies	Nick Kavanagh (NK), Jahaid Zaman		
Circulation	Audit Committee/Corporation		

1. Matters requiring College staff to withdraw	<p>Discussion focussed on:</p> <ul style="list-style-type: none"> • Delays re financial statements - possible extension for submission • Bad debt write-off adjustment -awaiting DfE approval • All work to be undertaken on the financial statements up to receiving a decision from the DfE <p><i>The DPFR, Principal/CEO and HC and LO joined the meeting.</i></p>
2. Welcome and apologies for absence	<p>The Chair welcomed all present to the meeting and introductions were made. Apologies for absence were received from Nick Kavanagh and Jahaid Zaman.</p>
3. Declarations of Interest	<p>Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. Bim Osunsami and Bal Panesar declared an interest in agenda item 4.</p>
4. Annual Appointment of Committee Chair and Vice-Chair	<p>The CGO advised that, as two members of the Committee were not in attendance, it was not appropriate for the annual appointment of Committee Chair and Vice-Chair to be approved at this meeting. All in attendance agreed that the current Chair and Vice-Chair would remain in their respective roles until the next meeting.</p> <p>Action: Appointment of Committee Chair and Vice-Chair to be deferred to the March meeting. Agreed: Current Chair and Vice-Chair to remain in their respective roles.</p>
5. Minutes of the Previous Meeting – 28 August 2024	<p>The Minutes of the Meeting held on 28 August 2024 were agreed as a true and accurate record.</p> <p>Approved: That the Minutes of the Meeting held on 28 August 2024 be agreed as a true and accurate record.</p>

6. Matters arising:

Agenda Item	Action	Responsibility	Timescale	Update
6.	Fraud to be a standing agenda item for each Committee	CGO	ASAP	Complete – added to business cycle 2024/25
6.	Apprenticeships and Payroll to be revisited at the next meeting of the Committee. The Head of Apprenticeships and Head of Payroll to be invited to attend for the relevant discussions.	CGO/DPFR	December 2024	Added to business cycle 2024/25
6.	Audit Committee to attend pre-audit meeting with relevant staff to discuss audit process.	DPFR/CGO	TBA	TBC- discussed with Chair
14.	The Committee attend some of the operational Finance meetings as observers to be more proactive and add more value in the role as committee members.	DPFR/CGO	TBA	TBC – discussed with Chair

Apprenticeships Update

HC provided the following update:

- Skills scans – medium risk – now carried out by industry specific areas – all new recruits monitored more effectively
- Current methodology when calculating off the job hours – using a DfE off the job calculator
- Co-investment payments – invoices were not being raised timely but the process has been revised. LO added that finance were ensuring invoices were actioned within one month
- Identification re levy/non-levy – training plan reviewed and being checked before enrolments were submitted.

PG stated that this was a helpful update and the planned funding work for 2024/25 would be able to provide assurance on the progress made.

In response to a query from the Chair regarding clarity around skills scans, HC advised that previously reductions for learners were either not taking place or incorrect. Skills scans were now completed by industry specific assessors who could identify the areas within the apprenticeship that were not in the qualifications currently held and act on this.

The Chair thanked HC for the progress update.

HC left the meeting.

Payroll Update

LO updated the Committee as follows:

- Starters and leavers, part-time calculations – resource link – reviewed due to issues with calendar year which had been corrected
- Contracts – new academic year - working with HR to make sure contracts were signed before uploaded.

	<p>The DPFR added that the internal audit discussion had highlighted that the audit had not been able to verify the calculations as the method of calculation was annual pay – the system took the number of days in the month. PG stated that the issues were being closed off as this was a knowledge gap at the time. Some additional recommendations were regarding accuracy and this work was still taking place.</p> <p>The Vice-Chair stated that a degree of diligence was required within the team and the staff. The DPFR relied that there had been a major turnover of staff in HR which had now settled down. The issues identified had been taken on board by the HR team and the system previously used was not effective and had been replaced.</p> <p>The Chair asked whether all the incorrect contracts had now been amended. The DPFR responded that the College was still in the process of updating this. The Chair further asked for the percentage of outstanding contracts requiring amendment. It was agreed that the DPFR would advise after the meeting of the percentage outstanding and an estimated date for completion.</p> <p>Action: DPFR to provide percentage of outstanding contracts to be amended and estimated date for completion.</p> <p>The Chair thanked LO for the update.</p> <p><i>LO left the meeting.</i></p>
<p>7.</p>	<p>Audit Committee Terms of Reference</p> <p>The CGO reported that there had been a slight amendment to ensure the purpose of the Terms of Reference reflected the wording in the Audit Code of Practice. Discussion took place on Committee membership and it was agreed that strengthening membership was a priority going forward.</p> <p>PG stated that reference to subcontracting should be included; 3.16 should include reference to meet the assurance required and recommended that the Terms of Reference be future proofed to refer the regulator instead of the ESFA. This was agreed.</p> <p>PG advised that with reference to point 3.4, the Internal Auditors were able to offer training to ensure Committee members skills and knowledge were up to date and it was agreed that this would be scheduled for the next meeting.</p> <p>Approved: Subject to the suggested amendments, the Audit & Risk Committee Terms of Reference were approved for 2024/25 subject to ratification from the Board.</p> <p>Action: Internal Audit Training to be scheduled for the March Committee meeting.</p>
<p>8.</p>	<p>Bad Debt Analysis</p> <p>The DPFR provided informed the Committee of the detail behind the bad debt write-off, advising that adjustments had been made without affecting the overall bottom line and the data between MIS and Finance had now been reconciled.</p> <p>The DPFR reported that the College was still awaiting approval from the DfE for the write-off position. The DfE had advised that if their decision continued to be delayed they would agree for the College to request an extension for filing the accounts, as if the accounts were filed without their response, this would impact on the regularity position.</p> <p>The Vice-Chair asked the DPFR whether he was undertaking additional checks around the write-offs to be 100% sure. AF added that it was important to have clarity as there had been a number of misunderstandings as to who was liable to pay fees. The DPFR responded that the systems were in place going forward to ensure that clarity was maintained.</p>

	<p>The Chair asked whether there was a policy to provide clarity in writing of the process for staff to follow. The DPFR responded that the policy was in place but the incorrect recording of the data had been the issue. Staff had received additional training to address this. The Chair advised that a procedure to ensure bad debt was adequately processed through the system was also required alongside the policy. This was agreed.</p> <p>The Vice-Chair advised that late filing of the accounts should be sought if a response from the DfE was not received in time to submit the accounts against the original deadline. This was agreed.</p> <p>Approved: the Committee approved the College to apply for late filing of the accounts if a response from the DfE was not received prior to submission against the original deadline.</p> <p>Action: Bad debt procedure to be put in place alongside the policy.</p>
<p>9.</p>	<p>Risk Register</p> <p>The DPFR highlighted the following:</p> <ul style="list-style-type: none"> • Updated and reduced overall number of risks • Template used had been provided by internal auditors • Risks split between individual committees but noted that risks were not exclusive to a specific committee • Presentation to SLT – clear working around how to access the risks • Changing risks would be identified with an arrow to indicate whether the risks had gone up or down <p>The Chair asked how the risk register was reviewed operationally. The Principal/CEO advised that the revised register was now more straight forward to interpret. A briefing would take place with the SLT to ensure the register was devolved into the organisation and termly review would take place going forward.</p> <p>Agreed: That the Risk Register be received.</p>
<p>11.</p>	<p>Fraud Update including Board Assessment of Fraud Risk</p> <p>The DPFR presented the fraud risk questionnaire which, after discussion, was approved by the Committee.</p> <p>The Committee were updated on the position regarding the current fraud case within the College and it was noted that enough evidence had now been obtained to progress to disciplinary proceedings which would be the next step. The member of staff involved was not currently engaging with College communications but the policy had to be followed. PG added that he would be happy to speak directly with CR regarding the investigation which had been undertaken by Scrutton Bland.</p> <p>Approved: The fraud risk questionnaire was approved by the Committee.</p>
<p>12.</p>	<p>Whistleblowing Update</p> <p>The CGO reported that there had been no further whistleblowing allegations. It was noted that the fraud case discussed earlier in the agenda had been a whistleblowing allegation in the first instance.</p> <p>Agreed: that the current position be noted.</p>
<p>13.</p>	<p>ONS Review</p> <p>The CGO advised that the communication with the DfE regarding previous settlement agreements had now been finalised and the College would not incur further sanctions. Aside from the approval for the bad-debt write off, no further settlements or matters requiring DfE approval had been issued.</p>

	Agreed: that the update be received.
14. Cyber Security Update	<p>The DPFR provided the following update:</p> <ul style="list-style-type: none"> • Overall IT structure working well • Staff diligent enough not to open spam emails • Cyber security position continuously being reviewed • New threats were being monitored and the College was in discussion with JISC <p>PG stated that it was pleasing to hear that the College were in discussion with JISC as new threats from AI and deep fake scenarios where images/voices could be used were now on the horizon.</p> <p>Agreed: that the update be received.</p>
15. AoB	<p>PG stated that the Internal Annual Report had been scheduled to be discussed at the Joint Audit and P&R meeting which had been deferred until the financial statements had been finalised. The report had been issued to the Committee for reference and would be discussed at the next meeting.</p> <p>The Chair thanked the Auditors for their attendance and contributions.</p> <p><i>PG, CR and HVDM left the meeting.</i></p>
16. Matters requiring Auditors to withdraw	<p>AF highlighted the importance of the Audit & Risk Committee and the need to strengthen Committee membership. Discussion took place on the improved relationship between HR and Finance.</p>
15. Date and time of next meeting – Monday 3 March 2025, 5pm, Boardroom	

The Chair thanked all those in attendance for their contributions for a productive meeting. The meeting closed at 5.20pm.

Agenda Item	Action	Responsibility	Timescale	Update
4.	Appointment of Committee Chair and Vice-Chair to be deferred to the March Meeting.	CGO	03/03/25	Complete – included on the agenda
6.	DPFR to provide percentage of outstanding contracts to be amended and estimated date for completion.	DPFR	ASAP	WIP with HR scanning contracts to the individual files. Apr 25
7.	Suggested amendments to be made to Committee Terms of Reference.	CGO	ASAP	Complete
7.	Training to be provided by the Internal Auditors for the March Committee Meeting.	CGO/PG	03/03/25	Complete
8.	Bad debt procedure to be put in place alongside the policy.	DPFR	ASAP	Complete

Signed.....
Bim Osunsami (Chair)

Date.....