

Meeting of the Audit Committee

Date:	26 June 2023	Room number	Via Teams
Present	Bim Osunsami (Chair), Bal Panesar (Vice-Chair), Nick Kavanagh (NK)		
In attendance	Debbie Greenidge (Interim Executive Director - Finance) (IEDF) Victoria Eastwood (Chief Governance Officer) (CGO) Paul Goddard (Scrutton Bland) (PG) Andy Forbes (Chair Designate) (invited to observe by the Committee) (AF) Andy Cole (Interim Principal/CEO) (invited to attend by the Committee) Wijay Pitumpe (Interim Chief Finance Officer) (WP) Mark Eagle (MacIntyre Hudson) (ME)		
Apologies	Jahaid Zaman (JZ)		
Circulation	Audit Committee/Corporation		

1.	Welcome and apologies for absence The Chair welcomed all present to the meeting and introductions were made. Apologies for absence were received from Jahaid Zaman.				
2.	Declarations of Interest Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. None were anticipated.				
3.	Minutes of the Previous Meeting – Monday 20 March 2023 The Minutes of the Meeting held on Monday 20 March 2023 were agreed as a true and accurate record. Approved: That the Minutes of the Meeting held on Monday 20 March 2023 be agreed as a true and accurate record.				
4.	Matters arising Outstanding actions from the March Audit Committee Meeting:				
	Agenda Item	Action	Responsibility	Timescale	Update
	7.	Analysis of sample considered for the HR audit to be provided.	PG	ASAP	Complete
	7.	Confirmation of completion of HR recommendations to be provided at the June Audit Committee meeting.	CGO/CPTO	26/06/23	Complete
	7.	Update on completion of recommendations to be provided to the Committee in advance of the March Corporation meeting – to include percentages where the recommendation has not	CPTO	24/03/23	Deferred

	been fully completed and proposed timelines for completion.			
7.	CGO to liaise with the Interim Principal/CEO on including end point assessment in apprenticeship reporting.	CGO/CEO	ASAP	Complete – considered for next exams audit
<p>The Chief Governance Officer (CGO) advised that the deferred action was due to staffing issues within the Health & Safety department and the Committee would be updated at the next meeting. A follow up internal audit would also be scheduled for this area.</p>				
5.	<p>Matters requiring College staff to withdraw There were no matters requiring College staff to withdraw.</p>			
6.	<p>Post-16 Audit Code of Practice 2022-23 The CGO informed the Committee that the full version of the Audit Code of Practice 2022-23 was available on the Teams site for reference. Changes to the code were explained and it was highlighted that the majority of changes related to the ONS reclassification of colleges. The Committee were assured that changes to the relevant documents would be made in accordance with the Audit Code of Practice updates.</p> <p>Agreed: That the current update be noted.</p>			
7.	<p>Internal Audit Reports:</p> <p><u>Internal Audit – Risk & Assurance Report</u> PG provided a summary assessment of progress so far advising that the Estates Management and Key Financial Controls audits would be reported to the first Committee meeting of the new year. There were a small number of audits remaining for 2022/23: year end follow up audit, second part of the funding audit, strategic planning, GDPR and MIS which would be closed off within 2022/23.</p> <p><u>Student Destinations</u> PG reported that this was a health check audit and therefore a full opinion could not be provided, however, a full audit in this area was proposed for 2023/34. The Committee were advised that this was a high-profile area for colleges, but the White Paper had increased the importance of understanding the impact of destinations. The three medium risk recommendations and feedback from staff were discussed.</p> <p>NK questioned whether the Key Performance Indicator (KPI) of 100% was realistic and if a margin of error should be allowed. AF asked how the figures compared to any national benchmarks but it was noted that there was no current benchmark data available at present. The Interim Principal/CEO replied that it could be possible to differentiate between a target for student destinations and intended destinations. AF added that the College would want as much 16-18 and categories of adult student destination data as possible and suggested that the data was distinguished by age and full-time and part-time. The Vice-Chair stated that a reasonable target would be 80%. The Chair advised that a 100% target was not realistic and it was agreed that the information would be captured by differentiation going forward which would add value.</p> <p>Action: Information for future student destinations audits to be captured by differentiation. CGO to send amended titles of responsible managers to PG to update report.</p>			

Payroll

PG reported that the assurance level for the payroll audit was limited. Five medium and five low recommendations had been made but the number and breadth of the recommendations had driven down the assurance level. In addition, benchmarking had shown that it was unusual to have this number of findings in a number of areas. The recommendations were discussed and included points around strengthening of how hourly paid staff were paid, practice around leavers being paid in advance of their leaving date, uncertainty on which system should be used regarding self-service function and responsibilities and segregation of duties.

The Interim Principal/CEO advised that lot of discussion had taken place to ensure clarification on recommendations and a comprehensive response as getting the pay right for staff was crucial. There was a substantive point around the size of the team but this was compounded around the lack of understanding and clarity over shared functions. It was noted that the responsible manager for the fifth recommendation was both the Chief People Transformation Officer and the Interim Deputy Principal – Finance & Resources (IDPFR) which needed to be explicit.

AF stated that it was fundamental to get this fixed. The Vice-Chair advised that there were clearly issues with the process, people and procedure and exact times/dates and specific people responsible needed to be clarified. AF added that the dates for the management responses did not tally with the text and there was the need to ensure that the action plan was realistic.

Action: It was agreed that a progress update on actions would be presented at the July Board Meeting as part of the Audit Committee update. Progress between now and the next meeting would also be made available and a further updated plan to be presented at the first meeting of the academic year.

Cyber Security

PG reported that the cyber security internal audit had received significant assurance with six low risk recommendations noting that the College had cyber essentials accreditation in place since July 22 and needed to ensure current processes were risk assessed to be able to be re-accredited with cyber essentials. The Committee were informed that the incident response strategy was important and recognition that some attacks would be successful and how to prepare for that was needed. The phishing test used by the College had been relying on the insurance company but this had not been fully successful as some of the scenarios had been blocked from coming through.

The Vice-Chair noted that the key message from this audit was for the College to keep doing what it was doing and optimise on this.

Funding Assurance – Classroom based

The Committee were advised that a reasonable assurance level had been received and there had been one medium and three low risk (housekeeping points). The medium risk was as a result of an update to Unit-E which had identified a student that was showing as a subcontracted learner instead of an adult learner. The error was corrected but as this had fallen into the sample, raised the risk that there were other anomalies. The Interim Principal/CEO stated that this was an IT implementation issue rather than an issue for MIS.

The Interim Principal/CEO advised that the figures within the funding table did not add up and the funding rates were the flat base level rates not the rates received by the College. It was agreed that this would be updated.

AF questioned if the Education Skills Funding Agency (ESFA) arrived to perform an audit which could result in funding clawback, would the College be confident that everything was accurate. PG replied

	<p>that the timescales were generally a minimum of once every three years based on a random cycle. The IDPFR added that the last audit for the College had been two years ago.</p> <p>Action: Funding table to be amended by PG.</p> <p><u>Learner Recruitment & Marketing</u> PG stated that this was a high profile area which had received significant assurance (one medium and two low risks) noting there was always more work to be done as it was really important to have good management information as soon as possible. The introduction of a new CRM system had been a positive step.</p> <p>It was clarified that marketing was discussed at the Curriculum & Quality Committee meetings but the Marketing Strategy once completed would be presented to the Board. It was agreed that the current Marketing plan would be made available to the Committee.</p> <p>The Vice-Chair advised that the member of staff responsible for specific medium and high risk areas should be requested to attend the meetings going forward to be able to answer any questions. This was agreed.</p> <p>Action: Current Marketing Plan to be emailed to the Committee. Action: Member of staff responsible for specific medium and high-risk areas to be requested to attend the meetings going forward. Agreed: That the current position be noted.</p>
<p>8.</p>	<p>Draft Internal Audit Plan 2023-24 PG presented the draft Internal Audit Plan for 2023/24 reporting that he had met with the IDPFR to map all potential audit areas that had been covered previously and to discuss areas to consider and areas to revisit (Health & Safety), Payroll and Risk Management.</p> <p>The risk register had not been included as this was being finalised and when completed audits would be mapped to the key risk areas. AF stated that it would be helpful to look at risk management early in the academic year. The IDPFR advised that the Board Assurance Framework would be presented later in the agenda for the approval with the risk register to follow.</p> <p>The Vice-Chair stated that there was a concern re value for money in the context of permanent staff and agency staff utilisation and this needed to be looked at. PG replied that this could be included within financial planning and budgetary control. AF advised that new controls were to be introduced for agency staffing and time would need to be allowed before an effective audit could take place but assurance on controls would be needed. It was agreed that the scope for budgetary controls would be extended to include permanent staff and agency staff utilisation.</p> <p>It was agreed that the updated Risk Register to be completed by the end of July 2023 and emailed to the Committee. The Internal Audit Plan 2023/24 would be revisited at the September meeting once the updated risk register had been finalised in order to prioritise the audits.</p> <p>Approved: That the current position be noted. Action: The scope for budgetary controls to be extended to include permanent staff and agency staff utilisation. Action: Updated Risk Register to be completed by the end of July 2023 and emailed to the Committee. The Internal Audit Plan 2023/24 to be revisited at the September meeting once the updated risk register had been finalised in order to prioritise the audits.</p>
<p>9.</p>	<p>Financial Statement Auditors – Audit Plan 2022/23 ME provided an overview of the Audit Plan 2022/23 highlighting the following:</p>

	<ul style="list-style-type: none"> • Additional auditing standard – risk assessment at a higher level. • ONS reclassification increased conditions for colleges to comply with • Benchmarking • Stages of the audit • Independence – only none audit services is the Teachers’ Pension Scheme audit and corporation tax for the subsidiaries • Audit scope, timetable and approach • Student debt to be considered • Going concern • Fee proposal reduced for subsidiaries as two are dormant • Managing public money. <p>The Chair asked whether, in view of the economic crisis and considering the emphasis of matter, would there be a need to review the materiality levels. ME replied that the going concern was a wider issue than specific balances and the External Auditors were therefore comfortable with the current materiality level.</p> <p>Approved: That the Financial Statements Audit Plan 2022/23 be approved.</p>
10.	<p>Board Assurance Framework</p> <ul style="list-style-type: none"> • The IDPFR presented the Board Assurance Framework informing the Committee of the following key points: • Strategic objectives - controls, checks and assurance activities to achieve objectives • FE landscape • Risk Management Policy, Strategy, Risk Register (strategic and operational), inherent risks, likelihood and impact • Assurance activities, level of assurance, net risk, risk appetite, commercial opportunities, process to embed risk management. <p>PG stated that the framework read positively and the best way to get staff engaged in risk management needed to be considered. It was important to capture the audit, the opinion and when this was issued as some Board Assurance Frameworks could lose track and needed to rely on internal audits that had taken place some time ago. The IDPFR confirmed that the process was in place.</p> <p>Approved: The Board Assurance Framework was approved.</p>
11.	<p>Matters requiring Auditors to withdraw</p> <p>There were no matters requiring Auditors to withdraw.</p> <p><i>All Auditors and College staff withdrew from the meeting.</i></p>
12.	<p>AoB – Whistleblowing Update</p> <p>The CGO provided an update on the Whistleblowing disclosure which had been received and had been reported to the Audit Committee Chair. The appropriate actions were discussed and an update would be provided at the September meeting.</p>
13.	<p>Date and time of next meeting – September 2023 – Date to be confirmed</p>

The Chair thanked all those in attendance for their contributions, expertise and engagement. The meeting closed at 17.40pm.

Agenda Item	Action	Responsibility	Timescale	Update
Deferred	Update on completion of recommendations to be provided to the Committee in advance of the March Corporation meeting – to include percentages where the recommendation has not been fully completed and proposed timelines for completion.	CPTO	24/03/23	Review of 2022/23 recommendations taking place and report to be presented to November Committee.
7.	Student Destinations Information for future student destinations audits to be captured by differentiation.	Internal Auditors	2023/24 audits	Agreed completed -
7.	Student Destinations CGO to send amended titles of responsible managers to PG to update report.	CGO	ASAP	Complete
7.	Payroll A progress update on actions be presented at the July Board Meeting as part of the Audit Committee update.	CGO	10 July 2023	Complete
7.	Payroll Progress between now and the next meeting also to be made available and a further updated plan to be presented at the first meeting of the academic year.	CGO	August/ September 2023	Complete
7.	Funding Assurance Funding table to be updated to reflect accurate figures.	IDPFR/PG	ASAP	Complete
7.	Learner Recruitment & Marketing Current Marketing Plan to be emailed to the Committee.	CGO	ASAP	In progress and will be presented to the Board
7.	Member of staff responsible for specific medium and high risk areas to be requested to attend the meetings going forward.	CGO	September 2023	Complete – noted for future meetings.

8.	The scope for budgetary controls to be extended to include permanent staff and agency staff utilisation.	PG	September 2023	Agreed complete	-
8.	Updated Risk Register to be completed by the end of July 2023 and emailed to the Committee.	IDPFR	July 2023	Complete	
8.	The Internal Audit Plan 2023/24 to be revisited at the September meeting once the updated risk register had been finalised in order to prioritise the audits.	PG/CGO	September 2023	Complete included Agenda	- on
12.	Whistleblowing update to be provided at the September Audit Committee meeting.	CGO	September 2023	Complete included agenda	- on

Signed.....
Bim Osunsami (Chair)

Date.....