Meeting of the Audit & Risk Committee

Date:	20 May 2024	Room number	Via Teams
Present	Bim Osunsami (Chair), Bal Panesar (Vice-Chair), Nick Kavanagh (NK), Jahaid Zaman (JZ)		
In attendance	Victoria Eastwood (Chief Governance Officer) (CGO) Natalie Davison (Principal/CEO) (invited to attend by the Committee) Hiten Savla (Deputy Principal – Finance & Resources) (DPFR) Andy Forbes (Chair of the Corporation - invited to attend by the Committee) Sandra Prail, AoC (Observer)		
In attendance via Teams	Bim Osunsami (Chair) Leisyen Cox (Scrutton Bland) (LC)		
Apologies	Carina Ralf (MacIntyre Hudson)		
Circulation	Audit Committee/Corporation		

1.	**Welcome and apologies for absence** The Chair welcomed all present to the meeting and introductions were made. There were no apologies for absence.
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 – 6 December 2023** The Minutes of the Meeting held on 6 December 2023 were agreed as a true and accurate record. **Approved: That the Minutes of the Meeting held on 6 December 2023 be agreed as a true and accurate record.**
4.	**Matters arising** Outstanding actions from the December Audit Committee Meeting:

Agenda Item	Action	Responsibility	Timescale	Update
5.	Apprenticeship proposal paper to be shared with NK.	Interim Principal/CEO	ASAP	Complete
7.	Terms of Reference to be amended to reflect wording from Audit Code of Practice and to include reference to Audit Code of Practice going forward (3.13).	CGO	ASAP	Complete
8.	Aged creditors reconciliation from 31 July 2023 to present	IDPFR	ASAP	Complete

		to be provided to the Committee.			
	13.	ONS risk matrix to be shared with the Committee once complete.	CGO	January 2024	Complete

5.	**Matters requiring College staff to withdraw** There were no matters requiring College staff to withdraw.
6.	**Review of Internal Audit Process (Internal Audit Days/Recommendation Tracker)** The Deputy Principal – Finance & Resources (DPFR) reported that he was now six weeks into the role and had been undertaking a review of processes. He referred to the structure of the internal audit days advising that there were currently 72 days assigned to undertake 14 different audit which was significant. It was, however, noted that the Committee would have considered the risk register when agreeing the internal audit plan. LC advised that the average internal audit days for College was c45, however, the plan included audits carried over from the previous year and the average over the two years was more in line with expectations. It was noted that the strategic planning audit for 2023/24 had been postponed to the 2024/25 academic year. Work was taking place on the internal audit plan for 2024/25 to revisit the areas and re-balance the plan. It was key to ensure that the Committee were comfortable with the plan going forward. After further discussion, the Chair noted that there had been a lot of areas to catch up on and a thorough review would now take place for 2024/25. **Agreed: that the current position be noted and the internal audit position be reviewed for 2024/25.**
7.	**Internal Audit Reports:** General Ledger LC highlighted the following key points: • Significant assurance • Adequate controls around journal processing • Segregation of duties were sufficient to provide a reasonable level of assurance • Four low risk recommendations had been agreed including roles and responsibilities of staff for posting journals, month end checklist to ensure clear ownership/due dates, month end reconciliations and cost centre and account code management procedures. NK noted that the Head of Finance was the responsible manager for all recommendations and asked whether any of these could be delegated. The DPFR clarified that the Head of Finance would manage the recommendations but not take the responsibility for all of them. The systems were tracked and managed within Finance and the team had specific duties. AF asked for clarification on the number of cost centres and account codes. The DPFR replied that the number of cost centres was quite high but a number of these were dormant (c60-65 were live). Currently, each time a new project was agreed a specific cost centre was created. It would be preferable to have a project code instead of a cost centre going forward and this would be considered with the new Head of Finance. In response to a query from the Chair, the DPFR advised that some cost centres could be made dormant to ensure they were not used in error. Specific departments could only use certain cost centres.

The Chair asked how well the Finance Team were equipped to correct the recommendations which were procedure focussed and whether these roles and responsibilities were being added into the duties of the finance team. The DPFR advised that the new Head of Finance would have the clear responsibilities around this element which would include specific procedures. Requirements from the audit were understood across the Finance Team.

The Chair requested an update on some of the deliverables from the recommendations be presented at the next meeting eg refreshed list of cost centres and examples from the cleansing exercises. This was agreed.

Management Information
LC noted that the draft version had been presented due to timings of the report but the final report had now been issued without change. The following key points were noted:
- Significant assurance
- Accuracy and comprehension of management information – InfoPoint provided good data visualisations – comprehensive and interactive – source data traced back successfully in all cases
- Smart assessor and HR system did have some inaccuracies- excluded from visualisations
- Two low recommendations: issue survey to gather feedback on the system (InfoPoint) and risk assessment of impact of relying on self-taught power BI –due dates were July and October 2024

AF stated that he was pleased and reassured by the report and asked whether all current systems needed to be updated. The DPFR responded that informatics were currently provided directly off a number of suites to provide the visualisations. There was a good set of data but some of the systems were quite old and not as functional as others eg Unit-E did not have a curriculum planning package within it and was not as developed as much as other systems.

In response to a query from NK, the DPFR confirmed that contracts would be in place for any new systems but this was a large project that would require a gap analysis on use and cost. Initially, the analysis would take place on the existing system to view what was required to deliver without changing the system.

JZ stated that the College needed to consider upskilling the staff and asked whether training packages would allow for amendment through in-house support. The DPFR stated that a clear training package would be provided by the supplier. The College would liaise with other colleges to consider the merits and disadvantages of any systems and full support would be in place for staff. Systems would not go live until the College was comfortable.

The Vice-Chair referred to the HR data being excluded from the visualisations and questioned whether the data was clean, accurate and timely or whether the system was unable to provide sufficient linkage. The difficulties of keeping records up to date particularly re establishment had previously been discussed and there was a need to verify the data. The DPFR explained that the HR data had not been included on the visualisation because it would have raised a lot of questions with the CIS team due to the inaccuracies. A lot of work had taken place to ensure the data was much cleaner and further work was focussed on the data that came across through Finance, CIS and HR systems in terms of staffing.

The Vice-Chair stated that there was a need to see the timeline to cleanse the data to ensure a consistent set was shared at Board level. AF added that Smart Assessor had not been used properly but the more fundamental issue with the HR system would be picked up through the Policy & Resources Committee. The DPFR stated that the timeline would be linked to budgeting as the staffing establishment must be accurate.

LC reported that the internal audits scheduled to take place in the next couple of months would include a deep dive into HR data, financial planning and payroll. The Funding assurance audit would also capture data from Smart Assessor.

The Chair asked for the gap analysis of systems or an update that could provide further assurance on the data be presented at the June meeting. This was agreed.

The Chair stated that Power BI was new and questioned whether additional licences etc would be fully utilised and whether there was a need for formal training. The DPFR replied that additional licences were at present only for a number of staff who were undertaking development work. The Principal/CEO added that the College was putting together a management training programme which would include Power BI. The strength of Power BI was that it was a straight forward interface – the human access to data was really strong and it was key to ensure the data was high quality.

The Committee were informed that the remaining audit reports for 2023/34 would be presented over the next meetings (June and September).

Action: Update on some of the deliverables from the recommendations be presented at the next meeting eg refreshed list of cost centres and examples from the cleansing exercises.
Action: Gap analysis of systems or an update that could provide further assurance on the data be presented at the June meeting.

8.	**Risk Register**
	The DPFR reported that the original format had been retained but the College would be moving to the format suggested by Scrutton Bland which aligned with the Board Assurance Framework. A copy of the proposed new format would be shared with the Committee and Corporation to obtain feedback.
	
	The DPFR presented the risk register highlighting the following:
	• Change of funding body still remained number one risk due to constant changes to funding streams and potential changes in election year
	• Areas around medium risk:
	   - Diversification of income
	   - High number of agency staff and need to ensure right calibre of staff
	   - Marketing - dependant upon overall targets set – application numbers are up but this will be the same for all colleges and therefore a need to focus on converting and marketing in the right places.
	   - Finance – requires improvement – retained as a medium risk but once budget planning completed this would be reviewed.
	   - Subsidiaries – concern re the Broadway closure and risk of not being able to break even. Assurance to support over next few years but needed to ensure RAAC funding from DFE.
	   - Decrease in HE income (new delivery agreements had been signed)
	   - PIAP to be monitored
	
	NK questioned whether the terms of lease changed for the Broadway Theatre had changed. The DPFR confirmed that the lease had not yet been renewed. The Principal/CEO advised that the College had pressed the pause button to avoid being tied into an unfavourable lease. The Broadway Board had agreed to commit for two years predicated on a business plan from the Director of Broadway focussed on diversification but there was a time limit to turn it around.
	
	The DPFR advised that when the register was reviewed in the new format, the amount of risks would be reduced to a maximum of 10-12 maximum which would include combining some of the existing risks.
	
	The Chair referred to the Governance risk and asked whether the College was increasing internal checks to ensure there were less surprises down the line. AF stated that the College was in the middle of the external board review which would form part of this but further work was needed to strengthen assurance and clarify responsibilities of the Executive and Governors and agree areas to focus on going forward.

	The Chair asked for clarification on the internal checks within College on an operational level. The DPFR replied that the Financial Regulations provided clear guidance for staff to follow. The Finance department set specifics around authorisation to manage control and enrolments were checked through CIS to ensure the process aligned correctly. Internal checks were in place across College specific to each area and the internal audit provided a circulation around the checks in the internal audit plan. **Agreed: That the risk register be received.** **Action: Revised format for the new risk register to be circulated to the Committee for comment.**
9.	**ONS Review** The CGO advised that this was a standing agenda item to ensure continuous compliance and there were currently no issues to note. **Agreed: that the current position be noted.**
10.	**Matters requiring Auditors to withdraw** There were no matters requiring Auditors to withdraw.
11.	**AoB** There was no further business.
12.	**Date and time of next meeting – Monday 24 June 2024, 4pm Boardroom**

The Chair thanked all those in attendance for their engagement and participation and recorded her thanks to the Auditors. The meeting closed at 16.36pm.

Agenda Item	Action	Responsibility	Timescale	Update
7.	Update on some of the deliverables from the recommendations be presented at the next meeting eg refreshed list of cost centres and examples from the cleansing exercises.	DPFR	24 June 2024	
7.	Gap analysis of systems or an update that could provide further assurance on the data be presented at the June meeting.	DPFR	24 June 2024	
8.	Revised format for the new risk register to be circulated to the Committee for comment.	DPFR	ASAP	

Signed……………………………..   Date……………………………………
         Bim Osunsami (Chair)