

## Meeting of the Audit Committee

<b>Date:</b>	26 September 2022	<b>Room number</b>	Via Teams
<b>Present</b>	Bim Osunsami (Chair), Bal Panesar (Vice-Chair), Molly Makota (MM), Nick Kavanagh (NK) Jahaid Zaman (JZ)		
<b>In attendance</b>	Debbie Greenidge (Interim Executive Director - Finance) (IEDF) Victoria Eastwood (Chief Governance Officer) (CGO) Leisyen Cox (Scrutton Bland) (LC) Paul Goddard (Scrutton Bland) (PG) Andy Forbes (Chair Designate)		
<b>Apologies</b>	Mark Eagle (MacIntyre Hudson) (ME)		
<b>Circulation</b>	Audit Committee/Corporation		

<b>1.</b>	<p><b>Welcome and apologies for absence</b> The Chair welcomed all present to the meeting and introductions were made from. There were no apologies for absence.</p>																		
<b>2.</b>	<p><b>Declarations of Interest</b> Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. The Chair and Vice-Chair declared an interest in Agenda Item 3.</p>																		
<b>3.</b>	<p><b>Appointment of Committee Chair and Vice-Chair</b> The current Chair and Vice-Chair of the Committee had expressed a willingness to continue in their respective roles for a further term of office. This was unanimously agreed by the Committee.</p> <p><b>Approved: That Bim Osunsami be appointed as Chair of the Committee and Bal Panesar as Vice-Chair of the Committee for 2022/23.</b></p>																		
<b>4.</b>	<p><b>Minutes of the Previous Meeting – 21 June 2022</b> The Minutes of the Meeting held on 21 June 2022 were agreed as a true and accurate record.</p> <p><b>Approved: That the Minutes of the Meeting held on 21 June 2022 were agreed as a true and accurate record.</b></p>																		
<b>5.</b>	<p><b>Matters arising</b> Outstanding actions from the June Audit Committee Meeting:</p> <table border="1"> <thead> <tr> <th>Agenda Item</th> <th>Action</th> <th>Responsibility</th> <th>Timescale</th> <th>Update</th> </tr> </thead> <tbody> <tr> <td><b>6.</b></td> <td>Committee self-assessment form to be completed</td> <td>All</td> <td>July 2022</td> <td>Ongoing</td> </tr> <tr> <td><b>13.</b></td> <td>A standing agenda item on fraud to feature on all Audit Committee agendas going forward.</td> <td>CGO</td> <td>September 2022</td> <td>Complete – added to the business cycle</td> </tr> </tbody> </table> <p>It was noted that follow up actions needed to be more time conscious, and it was agreed that specific dates would now be included.</p>				Agenda Item	Action	Responsibility	Timescale	Update	<b>6.</b>	Committee self-assessment form to be completed	All	July 2022	Ongoing	<b>13.</b>	A standing agenda item on fraud to feature on all Audit Committee agendas going forward.	CGO	September 2022	Complete – added to the business cycle
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6.	<p><b>Matters requiring College staff to withdraw</b> There were no matters requiring College staff to withdraw.</p>
7.	<p><b>Internal Audit Reports:</b></p> <p><u>Apprenticeship, Recruitment, Engagement &amp; Funding</u> Leisyen Cox (LC) presented the report advising that the objective of the audit was to confirm that the College was compliant with the 2021/22 ESFA Apprenticeship Funding Guidance. Two assurance opinions had been given: Apprenticeships Recruitment and Employer Engagement – Reasonable (including one medium and two low recommendations); Apprenticeships Funding Assurance – Limited. One high, four medium and two low risk recommendations had been agreed to improve the performance of the system of internal controls regarding Apprenticeships Funding Assurance.</p> <p>The Committee discussed the action plan within the report at length and LC advised that positive management responses had been received for all recommendations.</p> <p>The Vice-Chair stated that only one member of staff should be nominated to respond to the recommendations to ensure that the issues is addressed in a timely manner. These could be sensitive issues if exposed and needed to be solved quickly.</p> <p>Andy Forbes (AF) questioned whether there was a process for sampling the robustness of the system and whether there had been a recent ESFA audit. The Interim External Director Finance (IEDF) replied that the College was due an ESFA audit but had no control over when this would take place. Sampling occurred when the issues had been identified. AF stated that this was a complex system that moved between parties and it was good housekeeping to take checks to ensure a rigorous process.</p> <p>In response to a query from Molly Makota (MM), Paul Goddard (PG) clarified that External Auditors undertook a different approach in this area and would undertake testing. The high risk point was the element of the unknown but it was unlikely that there would be differing judgements between reports. The IEDF added that the External Auditors would be undertaking an ILR audit at the beginning of October 2022.</p> <p><u>Human Resources</u> PG presented the report highlighting the objectives of the audit and advising that a reasonable assurance opinion had been provided. Two medium and two low risk recommendations had been identified and reasonable timeframes for implementation had been agreed.</p> <p>The Chair questioned whether issues for poor completion rates of PDR reviews were generally found across the College. The IEDF replied that as a new manager she had been chased by HR for reviews of staff but had found that some staff had not been reviewed.</p> <p>AF referred to the comment 'integrate a HR system' and queried whether the systems did integrate with each other and were therefore effective. Discussion took place on the workload for staff appraisals and whether this was fairly distributed and how this would impact timings.</p> <p>The Committee agreed that the due date for the recommendation pertaining to poor completion rates of mid-year reviews should be brought forward from December to prior to the next Audit Committee Meeting. It was noted that a resolution was not required but the Committee requested to see an action plan highlighting how much work was involved and when this could be achieved. Any quick wins could also be reported at the November Audit meeting by the Chief People Transformation Officer who would be invited to attend.</p> <p><u>Procurement, Purchasing &amp; Payment</u> LC informed the Committee that the objective of the audit was to ensure value for money was obtained for the purchase of goods and services and that authorised goods and services were purchased; to</p>

ensure that payments were only made in respect of valid and bona fida creditors and goods and services actually received. A reasonable audit opinion had been provided. Three medium and four low risk recommendations had been agreed.

AF stated that a £2K limit requiring three quotes for a high value purchase seemed a low figure. The IEDF advised that this was in line with other colleges and the preferred suppliers list, adding that the figure for some colleges was £1K.

In response to a query from the Chair, the IEDF stated that training for all relevant staff had taken place on the financial statements including the consequences of these being breached and the revised Financial Statements would be presented to the Board at the October meeting. It was also noted that a process of double checking all invoices was now in place.

The Vice-Chair queried the amount of credit notes raised during 2021/22. The IEDF advised that these were predominantly regarding agency invoices when the incorrect rate had been charged and for catering returns.

The Chair asked whether the Finance department was well staffed. The IEDF replied that vacancies had been recruited to and any current issues with staff were being embedded.

#### Follow Up 2021/22

LC advised that 27 recommendations had been implemented, 4 were still in progress, 2 had not been implemented and the outcome for the final recommendation was unable to conclude. It was noted that good progress had been made and the auditors were comfortable with the plans to progress the recommendations.

The Committee were advised that the two recommendations that had not been implemented related to risk management and changes to the role of the CFO had impacted on implementation but progress was now being led by the Executive Team. The area where a conclusion had not been provided was Health & Safety due to staffing issues at the time of the audit but the required schedule was now in place.

**Agreed: That the recommendations and management responses be noted.**

**Action: Action plan highlighting how much work is involved and when this could be achieved for the PDR review recommendation to be presented at the November Audit Committee alongside any quick wins. The Chief People Transformation Officer to attend.**

#### **8. Internal Audit Strategy and Annual Plan 2022/23**

PG referred to the eight opinions required of the Audit Committee and advised of the requirements of the ESFA's updated Audit Code of Practice. The Committee discussed the summary internal audit plan 2022/23 containing the proposed audits for the academic year.

The Chair stated that it would be useful to see prioritisation of risk in line with plans for next year to cover all high priorities. PG advised that key risk register entries were included on page 91 of the report and these would be updated as appropriate. AF stated that it would be useful for the HR audit to be earlier in the year in light of earlier discussions. The CGO advised that if the scheduled was approved this would be the first audit for the academic year.

Jahaid Zaman (JZ) asked whether the cost of living increase should be included within the Finance risk. PG replied that for some colleges this was included but for others it was covered as an additional cost not a risk. The CGO added that risks were constantly being reviewed and this could be included in the future if/when the position changed again.

	<p>PG advised that a progress update against completion of the plan would be provided at each Audit Committee and reflection could take place on remaining audits to allow for any changes. This was a live plan that was not fixed and could be adapted to suit the needs of the College.</p> <p>The Committee approved the Internal Audit Strategy and Annual Plan 2022/23 noting that provisional dates for the audits had been agreed and the process would now commence.</p> <p><b>Approved: The Internal Audit Strategy and Annual Plan 2022/23 were approved.</b></p>
<b>9.</b>	<p><b>Matters requiring Auditors to withdraw</b> There were no matters requiring Auditors to withdraw.</p>
<b>10.</b>	<p><b>Date and time of next meeting – Monday 21 November 2022</b></p>

The Chair thanked all those in attendance for their contributions and thanks were recorded to the Internal Auditors. The meeting closed at 5.20pm.

<b>Agenda Item</b>	<b>Action</b>	<b>Responsibility</b>	<b>Timescale</b>	<b>Update</b>
7.	<p><b>Action plan highlighting how much work is involved and when this could be achieved for the PDR review recommendation to be presented at the November Audit Committee alongside any quick wins. The Chief People Transformation Officer to attend.</b></p>	CGO/CPTO	21 November 2022	Included under matters arising – March 2023

Signed.....  
Bim Osunsami (Chair)

Date.....