

## Minutes of the Meeting of the Corporation's Audit Committee held on Thursday 12 October 2023 at 5.00 pm by Virtual Attendance

Committee Members	Appointed as	Chair/Vice	Apologies
Emma Milson	External Governor		Received
Angela Moran	External Governor	<b>Chair</b>	
Peter Phythian	External Governor		
Ian Watson	External Governor		
Claire Walter	Co-Opted Governor		

<b>In Attendance</b>			
Steve Kelly	Chief Financial Officer		<b>(CFO)</b>
Richard Lewis	External Auditors (RSM)	<i>until 5:09pm</i>	<b>(RSM)</b>
Kirsti Lord	Deputy Chief Executive and Deputy Principal		<b>(DPCEO)</b>
Bill Meredith	Principal		<b>(Principal)</b>
Sallyanne Pearson	Director of Governance		<b>(DG)</b>
Stephen Pringle	Internal Auditors (Wylie & Bissett)		<b>(W&amp;B)</b>

<b>23.1</b>	<b>Welcome and Apologies for Absence</b>	
	Apologies for absence were received, with consent, from Emma Milson. A welcome was extended to Ian Watson who had been recently appointed. Around the table introductions were undertaken.	
<b>23.2</b>	<b>Declarations of Interest</b>	
(a)	To consider and declare, as required, amendments to the Register of Interest None raised.	
(b)	Items to be raised as part of the evening's business None received  <i>Items were taken out of order</i>	
<b>23.3</b>	<b>Financial Statement Auditors</b>	
	To receive an update on the progress of the Financial Statements Audit (Verbal) RSM provided a summary update noting the external auditing works being undertaken and the positive feedback detailed in the Annual Report from W&B.  <i>Part of this item was taken as confidential</i>  RSM noted that any emerging issues would be provided to the Committee at its next Meeting. The closing down of the External Accounts is now anticipated unless a funding audit notification was received.  <i>RSM left the Meeting: 5:09pm</i>	
<b>23.4</b>	<b>Minutes of the Previous Corporation Meeting</b>	
	Minutes noted were included as part of the Agenda Pack circulated.	
(a)	To receive and approve the following Minutes of the Meeting held on Tuesday 22 June 2023	
(i)	Non-Confidential Minutes The Minutes were <b>APPROVED</b> as a true and accurate record of the Meeting and are to be signed by the Chair	

(ii)	Confidential Minutes				
	The Minutes were <b>APPROVED</b> as a true and accurate record of the Meeting and are to be signed by the Chair				
(iii)	Restricted Confidential Minutes				
	The Chair referred to the Restricted Confidential Minutes and asked the Committee whether they wish to raise anything confidentially. Nothing was raised. The Minutes were <b>APPROVED</b> as a true and accurate record of the Meeting and are to be signed by the Chair				
(b)	To note the Action Summary and consider Matters arising				
	Reference was made to the Audit Committee Action Summary – 12 October 2023 paper circulated as part of the Agenda Pack. The Committee reviewed the Action Summary and its updates and <b>RESOLVED</b> as follows:				
	<b>Min Ref</b>	<b>Title</b>	<b>Action Point</b>	<b>Resp</b>	<b>Resolved</b>
	<b>2 March 2023</b>				
	22.27(a)	<b>Internal Auditors Progress Report</b>	Written report detailing progress on the Internal Audit Plan to be provided by the IA. <b>Update 22.6.23</b> – Stephen Pringle chased, awaiting response.	<b>DG</b>	Complete
	22.28(a)	<b>Procurement Framework</b>	CFO to review the procurement framework and provide amended/updated policies and procedures to the next Audit Committee Meeting. <b>Update 22.6.23</b> – C/F	<b>CFO</b>	See Update. Remove as Action
	<b>22 June 2023</b>				
	22.34(a)	<b>Internal Audit Service (Wylie &amp; Bisset) – Internal Audit Report for the Year Ended 31.7.23</b>	Apprenticeship Audit & IT Equipment Stock Control Audit - RSM requested sight of the completed reports, by email, in advance of the October Meeting in any event.	<b>DG</b>	Complete
			W&B to provide the following by Friday 30 June which is to be circulated to the Committee by the DG or CFO: <ul style="list-style-type: none"> <li>• a written update on the Internal Audit works to date (year ended 2023)</li> <li>• the Internal Audit Follow Up Review (year ended 2022)</li> <li>• the IT Equipment Stock Control Audit Report</li> </ul>	<b>W&amp;B /DG/ CFO</b>	Complete
			The Apprenticeship Audit would be completed and circulated to the Committee by no later than 31 July 2023.	<b>W&amp;B /DG/ CFO</b>	Complete
			The Internal Audit Report is to be scheduled in the Governance Annual Meeting Cycle for first Meeting of the new academic year.	<b>DG</b>	Complete

22.34(b)	<b>Internal Audit Service (Wylie &amp; Bisset) – Internal Audit Reports</b>	<p>Transport Report:</p> <ul style="list-style-type: none"> <li>CFO to review the software and rectify the setting which automatically defaults to “disagree” if an answer on the Student Survey is missed.</li> <li>CFO to produce an annual Transport Report.</li> <li>DG to update Annual Cycle of Governance Business.</li> </ul>	<p><b>CFO</b></p> <p><b>CFO</b></p> <p><b>DG</b></p>	<p>See Update. Remove as Action Complete</p>
22.36(b)	<b>Financial Statements Auditors (RSM) - RSM Emerging Issues</b>	DG to circulate the Emerging Issues Guidance to all Governors	<b>DG</b>	Complete
22.36(c)	<b>Financial Statements Auditors (RSM) – ESFA Funding Assurance Review – Common Issues</b>	DG to circulate the ESFA Funding Assurance Review to all Governors	<b>DG</b>	Complete
22.37	<b>To consider and Advise the Corporation on the Appointment of the Internal Audit Service for 2023/24</b>	CFO and Principal to consider the appropriateness of undertaking the planned internal audits on-site or remotely and update the Committee	<b>CFO/ Principal</b>	On Agenda
22.40	<b>Financial Regulations</b>	The CFO explained that a more detailed summary would be provided to the Finance and Resource Meeting in July 2023.	<b>CFO</b>	Complete
22.41	<b>ESFA Report on the College’s Financial Statements</b>	The CFO confirmed that dashboard information noted as part of the correspondence would be provided to the Finance and Resource Committee in July 2023.	<b>CFO</b>	Complete
22.45	<b>Date of Next Meeting</b>	DG to circulate preliminary Governance Meeting Dates to the Committee	<b>DG</b>	Complete

**Action 22.28(a):** The CFO summarised that the Procurement Policy had been updated to contain, inter alia, its “aims” and that any changes required, arising from the ONS Reclassification, would be included as appropriate and when guidance/updates was received.

**The Committee acknowledged the amendments made to the Procurement Policy but noted the action related to the procurement framework as a whole. The Committee challenged whether this had been undertaken in full.** The CFO confirmed that the works had been done.

**Action 22.34(b):** Annual Transport Report: The CFO confirmed that the Transport Report would be provided to the Finance and Resource Committee Meeting as part of the November Agenda.

F&R

<b>23.5</b>	<b>Internal Auditing</b>
(a)	To <b>consider</b> and <b>advise</b> the Corporation on:
(i)	Internal Audit Reports from 2022 to 2023
•	<p>IT Equipment Stock Control Audit Report</p> <p>Reference was made to the “Internal Audit 2022-23: IT Equipment Stock Control June 2023” report, included as part of the Agenda Pack.</p> <p>W&amp;B explained that the audit had been undertaken in June 2023 and outlined the “Overview” section of the Report and its objectives.</p> <p>W&amp;B noted a Strong Overall Assurance with no recommendations and seven areas of good practice.</p> <p><b>The Committee referred to the scope of the audit and queried whether it related to new equipment stored upon receipt of purchase or whether this was broader and included items on the College’s asset register which were already out in circulation and being used.</b></p> <p>The CFO confirmed it focused on stock from receipt of purchase which was held before being circulated as required.</p> <p><b>The Committee enquired about the level of control over assets more generally including those already being used in general circulation – challenging whether there were any areas of risk which needed to be considered.</b></p> <p>The CFO confirmed that IT was a high-risk area owing to the fact that stock could be stored for quite a period of time. The CFO explained that any particularly high-cost assets were used daily in practice which mitigated the level of risk around them.</p>
•	<p>Apprentices</p> <p>Reference was made to the Internal Audit 2022-23 Apprentices Report circulated as part of the Agenda Pack.</p> <p>W&amp;B explained that the audit had commenced in February/March 2023 but had been halted owing to an external review of apprenticeships being commenced during the same period of time. W&amp;B explained that this had resulted in a “limitation” being included as part of their report. W&amp;B outlined the “Overview” section of the Report and its objectives.</p> <p>W&amp;B noted a Substantial Overall Assurance with two recommendations and nine areas of good practice.</p> <p><b>The Committee received the same and challenged when the recommendations would be introduced into practice.</b> It was confirmed that they would be occurring relatively soon.</p>
(ii)	<p>the Internal Audit Progress Report (June 2023)</p> <p>Reference was made to the “Progress Report June 2023”, report included as part of the Agenda Pack.</p> <p>The Committee received the same. W&amp;B confirmed that a written update would be provided for each Audit Committee Meeting going forward.</p>
(iii)	<p>the 2022 /2023 Internal Audit Annual Report</p> <p>Reference was made to the “Internal Audit 2022/23 Annual Report” included as part of the Agenda Pack.</p> <p>The Committee received the same. The following key points were noted (<i>numbering as per the Report provided</i>):</p> <ul style="list-style-type: none"> <li>▪ Section 3: the highest proportion of the conclusions, received for the audits undertaken, were “strong” with the remaining audits confirmed as “substantial”. No lower gradings were received;</li> <li>▪ Section 4: reference was made to the narrative, noting that the College had a lower number of recommendations than the sector benchmark for such audits where benchmarking was applicable;</li> <li>▪ Section 5: reference was made to the number of draft reports (which had been issued within 10 working days of an exit meeting) being adverse at a 62.5% (actual) against a 100% KPI. Reference was made to the circumstances around</li> </ul>

this and as noted in previous meetings relating to apprenticeship and IT stock control audits.

(iv) the 2022 /2023 Internal Audit Follow Up Review

Reference was made to the “Internal Audit 2022/23 Follow Up Review”, report included as part of the Agenda Pack.

Reference was made to the Executive Summary. W&B reported a strong line of assurance (87.5%) evidencing those recommendations made were acted upon.

Discussion was undertaken around the one outstanding “partially implemented” Audit Area which related to Follow Up (June 2022). It was explained that this recommendation was “low grade” and related to the Procurement Policy. The CFO explained that this had now been completed meaning all of the outstanding actions had been implemented.

(v) the Internal Audit Strategy/Plan and fees (2023 to 2024)

Reference was made to the “Internal Audit Plan 2023 – 2024”, report circulated as part of the Agenda Pack.

W&B explained that their services had been commissioned on a three-year basis and the works for the 2023/2024 period had been determined following discussions within the Executive and between W&B, the Principal and the CFO. W&B provided a summary overview of the Report.

**The Committee noted the same acknowledging it was reflective of the College’s Risk Register. The Committee enquired whether any changes had been made to the plan over the 1 August 2021 to 31 July 2026 period.** W&B and the CFO confirmed that there had been no changes.

A detailed discussion around the proposed Health and Safety Audit was undertaken.

**The Committee reflected that the scope of the audit was broad and that by undertaking this audit “on-site” and/or being more specific around its scope more value would be added.**

The CFO explained that the audit would take five days and had purposefully been kept broad to provide the assurance that the College was undertaking all of the Health and Safety requirements that it was required to.

It was noted that the Health and Safety Advisor had left their post but would hopefully assist with the auditing works when required and that the majority of the audit could be undertaken remotely just as effectively.

**The Committee noted the value of having the previous Health and Safety Advisor assist with the Audit but challenged that the audit works should be based on the current position and be overseen by the current appointment.**

A discussion was undertaken around recruitment to the post and it was confirmed that this had not been successful, to date, following an unsuccessful round of interviews. It was noted that the Deputy Principal Human Resources and Organisational Services had an overarching oversight of health and safety in the interim period but that an appointment to the post would be a priority of the Executive Team and that an Agency had been approached.

**The Committee noted the heightened level of risk to the College whilst it was in this position; acknowledging recruitment works were being undertaken but requesting that all options be explored, expedited and contingency plans put in place to mitigate risk until an appointment was made.**

The Executive noted the same providing assurance that systems and controls were in place and that appropriately trained personnel were “on the ground”.

Extensive discussion returned to the value of undertaking the audit on site as opposed to remotely with the merits of having “boots on the ground” and observing practice in action and in situ advocated by members of the Committee. It was countered that the auditors were not health and safety experts and would be focusing on whether the College met its legislative/regulatory requirements through its systems, policies, processes, procedures and supporting documentation/reporting framework in place. It was put forward that it was the role of the Health and Safety



Advisor, being the operationally accountable person, to ensure both the quality and the actual practice happening “on the ground”.

**The Committee acknowledged the same but noted there needed to be clarity in the scope and remit of the audit commissioned to ensure this distinction was clear. It was added that for Governors to have a comprehensive and holistic oversight of the Health and Safety culture of the College there needed to be that distinction between policy/procedure and quality in practice (including the quality in thinking and expertise embedded) and that surety was required on both of these elements - not just the policy/procedure aspect which was being undertaken by the internal audit.**

The CFO acknowledged the point summarising that it was fundamental that policies and procedure were followed and if this was not happening this would be picked up by the internal audit, in any event, noting if there were any gaps; these would be addressed. The CFO explained that health and safety visits were undertaken across the College and appropriate reporting undertaking including providing Annual Reports to Committees of the Corporation for oversight - which would identify any areas of focus or concern. **The Committee noted the same but reflected this would be drafted operationally and would not provide an independent / objective view.**

The Executive provided assurance to the Committee noting that regular Health and Safety Executive Meetings were held and that health and safety visits were undertaken by the Health and Safety Officer which were regularly reviewed and mitigations put in place as appropriate.

A discussion was undertaken around aligning a Health and Safety Link Governor. Clare Walters and Ian Watson noted they would be happy to assist with the role.

A discussion around the Corporate Governance Audit (CGA) was undertaken. The Committee referred to the recently undertaken External Board Review (EBR) querying whether there was any value in undertaking the CGA at this point in time. A conversation took place whereby it was agreed that the scope of the CGA could be amended to take into account the works undertaken by the EBR to avoid any duplication. It was further discussed whether there was merit in postponing the CGA but after discussion it was agreed it would remain within the schedule provided. The DG noted that the EBR would also be undertaking a six-monthly review in due course.

It was put forward that given the number of new governors appointed to the Corporation there would be value in focusing on governor recruitment and induction. The merits of this approach were acknowledged.

The Committee **RESOLVED** that the DG would provide W&B the External Board Review’s scope of work for their consideration with a view to proposing suitable amendments in conjunction with the Executive.

**ACTION: DG to forward the EBR’s Scope of Works to W&B with a view to amending the CGA scope of work**

**DG / W&B**

In respect of the professional fees for the services of W&B during the 2023 to 2024 period it was noted that there was no change to the day rate and the number of days required had not been amended.

The Committee **RESOLVED** to advise the Corporation to **APPROVE** the Internal Audit Strategy/Plan and fees provided from W&B for the 2023 to 2024 period subject to the amendments noted.

**Corp**

<b>23.6</b>	<b>Outstanding Audit Recommendations</b>	<b>Audit</b>
(a)	Reference was made to the “Outstanding Audit Recommendations – September 2023”, paper circulated with the Agenda Pack. To receive and consider an update on Outstanding Audit Recommendations A summary overview was provided. The following key points were identified and noted:	

	<p>2021/22 Procurement Reference was made to the Management Response noted to this item. The CFO explained that the procurement framework had been reviewed in light of ONS reclassification and amendments had been made to the Procurement Policy. The CFO confirmed that he was participating in a Regional Procurement Network and any adjustments required would be noted and implemented as appropriate.</p> <p>2022/23 ESFA Apprenticeships Compliance Testing Reference was made to the Management Response noted to this item. It was confirmed, by the CFO, that once the documentation was signed it would be updated again. The CFO reported that it had also been confirmed that there was to be no clawback following the ESFA Apprenticeship Audit.</p> <p>It was agreed that an update on the recommendations, as a whole, would be provided to the next Audit Committee Meeting. The CFO noted that some items required closing off. It was requested that this item be carried forward owing to capacity and time restraints commensurate with enrolment at the College.</p>	
<b>23.7</b>	<b>Risk Management</b>	
(a)	To <b>consider</b> and <b>advise</b> the Corporation on updates/changes to the:	
(i)	Risk Register	
(ii)	Risk Management Action Plan <i>(items taken as one)</i>	
	<p>Reference was made to the High-Level Risk Register 2023/24 (HLRR) and the High-Level Risk Management Action Plan 2023/24 (HLRMAP) circulated with the Agenda Pack.</p> <p>The CFO reported that a number of changes had been made to the documents. Particular reference was made to the following items:</p> <p>Presence of a facility housing up to 2,000 asylum seekers at Scampton Air Base in close proximity to the Riseholme Showground Campus</p> <p>The CFO drew the Committee’s attention to this item; explaining that student and staff stakeholder briefings had already been undertaken at the Riseholme campus which included discussions and expectations around safeguarding and student behaviours both on and off campus.</p> <p>Higher Education recruitment faces significant challenges, including from local, regional and national competitors, along with new conditions of regulation expectations from the Office for Students (OfS)</p> <p>The Committee made reference to the Higher Education Marketing Strategy which had been presented to Corporation in the previous academic year noting that an action to manage as identified on the HLRMAP (relating to the “refreshed marketing and recruitment plan to be implemented”) had been crossed through despite under-recruitment. <b>The Committee challenged whether this had been implemented.</b> The Principal confirmed that this action had been implemented.</p> <p>The College has a statistical trend of underperformance with regards to graduate outcomes and may be unable to improve its higher education provision resulting in outcomes being below new minimum levels of performance.</p> <p><b>The Committee reflected that underachievement for Higher Education had been identified but given the three-year drop in achievement whether underachievement in Further Education should be included as well</b></p> <p>The DPCEO confirmed that it should be included and would sit under the remit of the Curriculum and Quality Enhancement Committee in terms of governor oversight.</p> <p><b>ACTION: DPCEO to include underperformance in Further Education within the HLRR and HLRMAP</b></p> <p>The cost-of-living crisis results in significant increases in college utility costs and other expenditure budgets. This also increases risk in affordability of capital projects.</p> <p><b>Reference was made to the Actions to Manage detailed on the HLRMAP. The Committee challenged that the reduction of utility costs by 10% implied that</b></p>	DPCEO

	<p><b>inflation remained at this level for utilities which was not accurate in all instances.</b> The CFO noted that food remained at 10% inflation but noted that he would review the wording around this as a whole to ensure it was materially accurate</p> <p><b>ACTION: CFO to review the wording of the Actions to Manage on the HLRMAP to reflect the % reduction is relative to the drop to inflation across utilities</b></p> <p>The Committee <b>RESOLVED</b> to <b>ADVISE</b> the Corporation on the amendments to be made to the HLRR and the HLRMAP.</p>	<p><b>CFO</b></p> <p><b>Corp</b></p>
<b>23.7</b>	<b>Annual Reports</b>	
(a)	<p>To <b>receive</b> and <b>advise</b> the Corporation on its GDPR Report</p> <p>Reference was made to the “Audit Committee – 12 October 2023 GDPR Annual Report – September 2022 – September 2023”, report circulated with the Agenda Pack.</p> <p>Questions raised in respect of the Report were received and responded to in advance of the Meeting (<i>Tabled Item 1</i>)</p> <p>The Committee noted the responses reflecting that the reference to a number of minor breaches had not been reflected in the higher-level picture. It was noted that further detail around this would provide an evidence base to allow the College to demonstrate to the Information Commissioner Officer that that College was taking action around these.</p>	
<b>23.8</b>	<b>Policies</b>	
	None to receive	
<b>23.9</b>	<b>Any other Urgent Items</b>	
	None to receive	

The Meeting closed at 6:44pm

Signed by

Chair \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_