

**Minutes of the Audit Committee Meeting  
held on 27 March 2023 at 4.00pm, via video conference**

<b>Present:</b>	Janet Dean Andrew Thomas Julia Histon	Independent Member Independent Member Independent Member
<b>In Attendance:</b>	Lee Probert David Hawkins Carolyn Barker David Robinson Louise Jones Louise Doswell	Chief Executive & Principal Vice Principal, Finance and Professional Services Director of Governance TIAA (internal audit) Director of Information Services Director of Curriculum: STEM (Apprenticeship Lead)
<b>1.</b>	<b>Apologies for Absence / Declarations of Interest</b>	<b>Action</b>
1.1	Apologies were received from John Ennis and Anna Entwistle (co-opted members) and Victoria Inness (independent member).	
1.2	There were no declarations of interest.	
1.3	The Chair of the meeting was Janet Dean. Notice of the meeting was given at least 7 days in advance. The meeting was quorate. The meeting was rescheduled from the original scheduled date of 15 March.	
<b>2.</b>	<b>Deep Dive Exercise - Apprenticeships</b>	
2.1	<p><b>Apprenticeship Funding Risks &amp; Actions</b></p> <p>Members received a presentation outlining the apprenticeship funding changes, risks and issues from the Director of Information Services and the Director of Curriculum: STEM (Apprenticeships).</p> <p>Members asked about the volume of apprentices studying at college to better understand the scale of the risk regarding withdrawals and achievement monies. It was confirmed that all apprentices are funded by employers and the college is doing everything to support learners through their apprenticeship.</p> <p>A member asked if employers are struggling to spend the levy as it's been widely known that it hasn't been easy to understand how to do so. The Director of Information Services advised that the funding system is complex with certain limitations however there has been some flexibility where the levy can transfer to other employers. A member questioned whether there was anything further the College can do to support employers understanding of how to spend the levy. The College is working closely with employers to provide guidance where necessary.</p> <p>The Committee Chair raised a question on behalf of a co-optee who was not able to attend the meeting. The member asked if the selection of the College for scrutiny of its handling of apprenticeships was a random selection or targeted based on pre-existing concerns about management of that workstream? The Director of Information Services</p>	

	<p>confirmed that the ESFA advise colleges that the selection is always random.</p> <p>The Committee Chair asked if the funding is impacted if learners drop out of their apprenticeship. It was confirmed that some of the learners who withdraw have been mainly due to them losing their jobs and that it impacts the College in many ways. For example, a portion of payments can be lost for any learner withdrawing and all achievement monies can also be lost if an employer doesn't pay their 5% contribution.</p> <p>The Director of Curriculum: STEM (Apprenticeships Lead) provided an update on the ESFA external audit that took place in Oct/Nov 21 explaining that there were some good assurances taken even though there are complexities throughout the process.</p> <p>Members asked that given the volatility of the funding, how does the College budget in this regard, and is it based on the number of students or on success / failure rates from previous years. It was confirmed that the student numbers are based on forecasting from previous years and consideration to the retention factor, achievement rates and those in-year rates as well. The College has experienced a slight decline in income due to the downturn in the construction sector therefore a range of factors are considered in the forecast model to hopefully improve consistency and forecast overall.</p> <p>The Committee Chair asked about the long-term future and vision for apprenticeships considering how they fit within the skills strategy. Members were keen to understand the growth in this area and any targeting around sectors or partnerships to underpin expansion. Members were informed that the policy position on apprenticeships is unlikely to change and the levy will remain given it is subsidising significant delivery. In terms of expansion, it is one of the only areas where there is growth for the College however there are limitations around facilities.</p> <p>The Committee Chair commented that there have been a lot of assurances given around the audit, confirmation on the complexities of funding and delivery apprenticeships and an understanding of the inherent risks in the system that was appreciated by the Committee.</p> <p>The Director of Information Services and Director of Curriculum: STEM (Apprenticeships Lead) left the meeting.</p>	
<b>3.</b>	<b>Minutes of Previous Meeting</b>	
3.1	<p>Members considered the minutes from the 30 November 2022. The minutes were accepted as a true and accurate record.</p> <p><i><b>The Committee resolved to approve the minutes.</b></i></p>	
<b>4.</b>	<b>Matters Arising</b>	
4.1	<p><b>Action Summary</b> All actions were noted as complete or included as an item on the agenda.</p>	
4.2	<p><b>Any other matters</b> None.</p>	

<b>5.</b>	<b>External Assurance – Internal Audit</b>	
5.1	<p><b>2021/2022 Internal Audit Recommendations Implementation</b>  The Vice Principal of Finance &amp; Professional Services presented the report advising members that good progress is being made on the 2021/22 recommendations. Follow up reports are being brought forward to the mid-April meeting to enable TIAA to review all actions at that time. Members were advised that the actions from RSM had been included within the reports for this meeting and will continue for future meetings.</p> <p>The Vice Principal of Finance &amp; Professional Services noted that only one audit had reached reporting at this point in the year which was regarding payroll.</p> <p>The Committee noted the very good progress being made. Members discussed dual reporting of previous and current year audits considering whether the approach was working well and drawing on experiences shared. Members were happy to continue with the reporting that is currently in place.</p> <p>A member commented that the GDPR compliance training noted in the report stated that staff completion rates were at 92.3% and member rates at 58.8% raising a concern and a subsequent request that the low completion rates should be flagged at the next Governing Body meeting to provide a reminder.</p>	<b>CB</b>
5.2	<p><b>2022-2023 Internal Audit Recommendations Implementation</b>  This item was covered in discussions within 5.1.</p>	
5.3	<p><b>Internal Audit Progress Report</b>  This item was covered in discussions within 5.1.</p>	
5.4	<p><b>Internal Audit Reports</b>  The internal auditor David Robinson presented the first report covering the assurance review undertaken on payroll. He confirmed that the overall assessment provided substantial assurance.</p> <p>The Vice Principal of Finance &amp; Professional Services briefly updated members on the key actions as a result of the audit.</p> <p>Members were pleased to hear the outcome of the audit particularly as payroll is a substantial aspect of the College's operations. The Committee Chair asked how often an audit of this area is completed. It was confirmed, approximately every 3 years.</p> <p><b><i>The Committee resolved to note the reports presented for scrutiny.</i></b></p>	
<b>6.</b>	<b>External Assurance – College Assurances</b>	
6.1	<p><b>Strategic Risk Monitoring</b>  The Committee received the risk report noting that it had been through all committees and is to be presented to the Governing Body at their next meeting.</p> <p>A member raised a concern regarding the rise in financial risks and asked whether the executive completes any stress testing to consider</p>	

	<p>any additional mitigations at their disposal. It was noted that at this stage there are not many other contingencies available to the executive however in the next few months the leadership teams will be going through and looking at any changes that can be made.</p> <p>The Committee Chair noted for members a comment from an absent committee member that had been issued in advance of the meeting regarding business continuity and lessons learnt following the College evacuation that took place on the 15 March. Members were keen to hear any learning from the incident that had recently occurred and to consider these as part of the review of the risk register.</p> <p>The Vice Principal of Finance &amp; Professional Services advised that a review meeting was to take place tomorrow to discuss incident lessons learnt. Members were advised that over the last few years the College has experienced in-depth actual events that have brought about some useful lessons and actions to improve upon in terms of processes and overall, the business continuity plan and incident responses have seemed to have worked effectively.</p> <p>The Committee agreed there was no need to make any further changes to the business continuity plan at this stage due to all recent incidents are already included as scenarios within the plan. Members received a summary of the reflections and initial lessons learnt from the principal and commented that they were assured by the summary provided.</p> <p>The Committee Chair raised a concern regarding the risk register cover sheet and the register itself noting that the commentary on partnerships felt quite different in comparison. The following points were noted to consider in the next review of the register –</p> <ul style="list-style-type: none"> <li>- cover sheet and partnerships risk detail are to be reviewed to ensure consistency.</li> <li>- identify skills gap for the area in which we operate.</li> <li>- include wording regarding governance.</li> </ul> <p>The Vice Principal of Finance &amp; Professional Services mentioned that there is also a potential risk that has been highlighted around estates that has been raised as an action from an audit. This will also be included in the updated register.</p> <p><b><i>The Committee resolved to note the report and recommended the above points to be considered as part of the next review of the register.</i></b></p>	DH
<b>7.</b>	<b>Policy Reviews</b>	
7.1	<p><b>Whistleblowing Policy</b></p> <p>The Director of Governance presented the whistleblowing policy on behalf of the Director of Human Resources. The policy was reviewed at the recent People &amp; Governance Committee and additional feedback taken on board prior to issuing to the Audit Committee for oversight.</p> <p>A member shared his views in advance of the meeting asking how often the policy is invoked, gives rise to an investigation and whether concerns were found to have substance. It was confirmed that the policy is rarely invoked with only one case having been recorded and investigated in the past year. The allegations were found to be</p>	

	<p>unfounded and having checked with the Director of Human Resources no other cases had been recorded or investigated over the last year.</p> <p>Members requested changes to the sections in the policy referring to the handling of untrue and malicious allegations to ensure the wording and process are clear. Members were keen to ensure that the policy sets out an open and transparent approach to encourage staff to raise issues. A member asked about the definition of a whistleblower. Wording to capture the definition is to be considered for inclusion in the revised policy.</p> <p><b><i>The Committee recommended the further changes to the policy prior to submitting to the Governing Body for approval.</i></b></p> <p>David Robinson left the meeting.</p>	CB
<b>8.</b>	<b>Other Matters</b>	
8.1	<p><b>Additional Services from Audit Providers</b></p> <p>No other audit services required this year.</p>	
8.2	<p><b>Auditors Selection Process</b></p> <p>The Vice Principal of Finance &amp; Professional Services briefed the Committee on the external audit services and proposed approach to tender for services noting that RSM are in the final year of service.</p> <p>A member suggested it would be beneficial to include within any tender specification an item covering any additional guidance and support services provided by the audit company that sets them apart such as articles outlining changes in the external environment, impacts and challenges for colleges.</p> <p>The Vice Principal of Finance &amp; Professional Services provided his recommendation to the Committee to extend the service provided by RSM for another couple of years and then look to complete a full tender after the two years. The Committee discussed tendering for both internal and external audit services at the same time however members noted that unless there was a substantial reason to re-tender for TIAA services, then the service should be extended.</p> <p>Members noted TIAA's easy to understand and focused reporting.</p> <p>The Committee Chair noted that three years does not seem a long enough time to build a relationship with the auditors and that if there is an opportunity to extend their services the Committee would be keen to do so.</p> <p><b><i>The Committee agreed that internal and external auditors' services are to be extended for two years.</i></b></p>	
8.3	<p><b>RSM – ONS Reclassification Update</b></p> <p>An article published by RSM was circulated to members in advance of the meeting to provide an update on the implications for colleges following the reclassification of colleges.</p> <p><b><i>Members resolved to note the article.</i></b></p>	

	<b>Summary Matters</b>	
<b>9.</b>	<b>Key meeting outcomes and/or actions</b>	
9.1	<b>Matters for report to the Governing Body (if any)</b> <ul style="list-style-type: none"> <li>• Members outstanding GDPR training.</li> <li>• Deep dive on apprenticeships including the funding complexities, risks and challenges.</li> <li>• Whistleblowing policy feedback from members is to be considered covering malicious and untrue allegations.</li> <li>• Internal audit of payroll returned substantial assurance assessment.</li> <li>• Audit services retendering process and recommendation.</li> </ul>	
<b>10.</b>	<b>Any Other Business</b>	
	None.	
<b>11.</b>	<b>Date of Next Meeting – 28 June 2023</b>	