



**Minutes of the Audit Committee Meeting
held on 28 June 2023 at 5.30pm, Jorvik Suite (3F085)**

Present:	Janet Dean Andrew Thomas Julia Histon Victoria Inness John Ennis Anna Entwistle	Independent Member Independent Member Independent Member (via video) Independent Member Co-opted Member Co-opted Member
In Attendance:	Lee Probert David Hawkins Carolyn Barker David Robinson Richard Lewis	Chief Executive & Principal Vice Principal, Finance and Professional Services Director of Governance TIAA (internal audit) – via video RSM (external audit) – via video
1.	Apologies for absence / Declarations of interest	Action
1.1	There were no apologies noted. The Chair welcomed everyone to the meeting stating it was pleasing to see that all members were able to join. The Chair of the meeting was Janet Dean. Notice of the meeting was given at least 7 days in advance. The meeting was quorate.	
1.2	There were no declarations of interest.	
2	Minutes of the previous meeting – 27 March 2023	
2.1	Members considered the minutes from the 27 March 2023. The minutes were accepted as a true and accurate record.	
3.	Matters Arising	
3.1	Action Summary The Committee noted all actions were either closed or on the agenda.	
3.2	Any other matters None.	
4.	External Assurance – Internal Audit	
4.1	2021-22 and 2022-23 Internal Audit recommendations The Vice Principal of Finance & Professional Services presented the progress report on the implementation of recommendations from TIAA for the years 2021-22 and 2022-23. The Committee was informed that previous recommendations on paper formatting had been completed.	
4.2	Internal Audit Progress Report It was noted that overall progress was good. Members were advised by the Vice Principal of Finance and Professional Services that some good progress had been made on the recommendations for health & safety estates compliance with further actions scheduled.	

4.3	<p>Internal Audit Reports</p> <p>TIAA summarised the findings and recommendations from the 2022-23 internal audit plan. The work covered –</p> <ul style="list-style-type: none"> • Finance – Purchase to Pay system • Health and Safety Estates Compliance • High Needs Funding • Follow Up • Apprentice Controls <p>TIAA advised that there was a strong control environment in place with the Finance purchase to pay and through TIAA's testing had confirmed that all processes and financial regulations were met. There were appropriate limits and authorisation limits had been set within the system and testing confirmed that the processes implemented are in accordance with the financial regulations and all prescribed processes. There were no recommendations and substantial assurance was confirmed. A governor stated that bearing in mind the testing had gone well, this should be recognised as being good practice and gives the Committee good assurance through the internal audit process.</p> <p>The Committee discussed at length the Health and Safety Estates Compliance assurance review that had received a rating of reasonable assurance. TIAA advised that the assurance review considered how the College monitors and meets its statutory and regulatory obligations in relation to water hygiene (legionella), periodic electrical testing, lifts and fire risk assessments. Directed recommendations included the development of policies for water hygiene and lift inspections. Couple of lift inspections that had been completed previously had identified actions that needed to be picked up and there was no evidence to suggest that the actions had been taken. However, action was taken on the day of the TIAA audit by the Estates Manager who contacted the contractor. The Vice Principal of Finance and Professional Services advised that there have been challenges with the Facilities Management Provider working with the College team and therefore a recent tender activity has resulted in the appointment of a different provider from 1 August 2023.</p> <p>The Committee asked whether the recommendation to develop policies for water hygiene and lift inspections need governing body approval bearing in mind the recommendation timetable stating the end of July 2023. It was confirmed that Governing Body approval was not necessary. The Committee discussed the recommendation to include the estates compliance risk to the College's Risk Register as it represents a significant risk to the College's staff, students and visitors. This is an action that will be picked up by the Vice Principal of Finance and Professional Services.</p> <p>A governor noted that there was no mention of testing of gas appliances and asked if there were appliances on site. TIAA also confirmed that the testing of gas appliances was not included in the scope of the audit. The Committee raised their concern regarding checks and audits being completed, at least on an annual basis, covering boilers and carbon monoxide testing and advised they should be picked up and asked whether they could be built into a future audit.</p>	DH
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	<p>Members also questioned whether fixed wiring testing had been picked up and Portable Appliance Testing (PAT) are completed. The Vice Principal of Finance and Professional Services confirmed that the testing is completed.</p> <p>The Chair noted the point made by TIAA that within their report it confirms that reporting is in place via the Finance and General Purposes Committee to provide assurance that overall, the statutory and regulatory duties of the College are being met. TIAA and the Vice Principal of Finance and Professional Services are to discuss the inclusion of gas checks in their planning of future audits.</p> <p>TIAA advised that the high needs funding arrangements are well directed by appropriate policies however there is a low-level recommendation made to ensure the policy had been formally approved. Testing confirmed regular scrutiny and reviews are in place. There were several low-level recommendations that have been noted that are mainly housekeeping of records. Overall substantial assurance given.</p> <p>TIAA confirmed that a follow up review of the management actions taken in respect of the recommendations arising from internal audits had been completed in April 2023. There was one recommendation outstanding although action had been taken at the time of follow-up with the Business Impact Analysis to ensure recover point objectives were identified in the Business Continuity Plan. 20 of the 22 recommendations were completed as being fully implemented. RSM noted that the ESFA are not keen to see outstanding actions from audits at year end therefore RSM suggested that the Audit Committee should ensure that all actions are completed and reported as such in the annual accounts.</p> <p>The final report covering apprenticeship controls was reported as having very good controls supported by an excellent process map. One recommendation was made regarding a review of the Off the Job Training records that could be improved. Substantial assurance was given.</p> <p>The Committee commended the reports for providing good assurances across college and back-office services. They appreciated the breadth of audits and requested that staff be informed of the governors' appreciation.</p> <p><i>The Committee resolved to note the reports presented for scrutiny.</i></p>	<p>DH/TIAA</p> <p>DH</p>
5.	External Assurance – College Assurances	
5.1	<p>External Audit Plan</p> <p>RSM introduced the report advising that it sets out the key changes in scope of regularity that were mainly the change in scope with the introduction of changes because of the ONS reclassification. The planned audit strategy has been discussed with management to ensure that it incorporates developments in the business during the year under review, results for the year to date and other required scope changes. The audit risk summary included –</p> <ul style="list-style-type: none"> • Income recognition 	

5.2	<ul style="list-style-type: none"> • Management override of controls • Defined benefit pension liability • Going concern • Capital grant funding <p>RSM advised of the fee proposal in the report and were happy to take any questions. A governor asked about the previous year's fee for external audit. It was confirmed that it was £37,500 and that feedback across the FE network was consistent in that there had been an increase in charges to reflect the additional work from the reclassification of colleges.</p> <p>The Vice Principal of Professional Services advised of the re-tendering exercise that was to be picked up later in the agenda.</p> <p>Emerging Issues Update</p> <p>RSM discussed the Emerging Issues Report and recommended sharing it with management and the governing body. A member asked whether there was any indication of a change to the rules on the recovery of VAT. RSM advised that its likely to be some years away but continues to be an area of interest.</p>	
6.	Internal Assurance – College Assurances	
6.1	<p>Strategic Risk Monitoring</p> <p>The Vice Principal of Finance and Professional Services provided an update on strategic risk monitoring. The Committee discussed the need for a dynamic risk register, triggers for additional mitigating controls and explicit inclusion of cash balance controls.</p>	DH
6.2	<p>Cyber Security Report</p> <p>The Committee received the report, which highlighted completed penetration testing and critical updates. The Committee expressed comfort with the investment in regular penetration testing and discussed the frequency of phishing exercises with staff. The Vice Principal of Finance & Professional Services advised that a further exercise will be scheduled.</p> <p><i>The Committee noted the report and actions.</i></p>	
7.	Policy and Other Matters	
7.1	<p>Whistleblowing Policy</p> <p>The Committee was advised that the policy had been reviewed by the Audit Committee previously with further recommended revisions requested. The Committee noted the revisions.</p>	
7.2	<p>Financial Regulations</p> <p>The Financial Regulations were updated to reflect changes from the ONS reclassification. The proposed increase in tendering exercise amounts from £50k to £100k was approved. The Committee acknowledged the need for flexibility and that the involvement of the Chair of Audit Committee and F&GP in any sole supplier selection was always taken.</p>	
7.3	<p>Risk Policy</p> <p>The Committee asked whether risk is also set around opportunity and therefore embracing risk because this wasn't immediately clear from the</p>	

	<p>policy. The Chair referenced the risk appetite statement noting that there is probably a need to provide examples of the types of risk situations and how those risks are treated as they may well change over time. The Chair advised that a broader conversation is needed with the Governing Body and Strategic Leadership Team around the risk appetite of the College. A governor shared an example of risk rating exercise completed against strategic objectives and reporting that she had used in a previous organisation and agreed to share with the Vice Principal of Finance & Professional Services. The Committee agreed that a Board seminar to discuss the risk appetite was needed.</p> <p><i>The Committee recommended the approval of the policies to the Governing Body.</i></p>	
8.	Other Matters	
8.1	<p>Additional Services from Audit Providers There were no other audit services provided.</p>	
8.2	<p>Review of internal audit service performance The Vice Principal of Finance and Professional Services confirmed that the teams work well together and further time is being planned to devise the plan for next year. Members were invited to suggest any areas to include in the plan and that they could feed in their thoughts to the Director of Governance. There will be an internal audit plan in September.</p>	
8.3	<p>2022-23 Regularity Self-Assessment Questionnaire The Vice Principal of Finance and Professional Services provided an overview of the questionnaire advising that it includes all the additional aspects because of the ONS reclassification. The document a requirement under the Audit Code of Practice and is completed by management, signed by the Chair of the Board and Principal, before it is submitted to the auditors in August. The questionnaire will be updated at the end of July 2023 in readiness.</p> <p><i>The Committee noted the report.</i></p> <p>Auditors left the meeting at 19.06.</p>	
8.4	<p>Appointment of External Auditors The Vice Principal of Finance & Professional Services explained the re-tendering process as the College was due to re-tender. The Committee received a recommendation to retain RSM for 3 years with the opportunity to extend for a further 2.</p> <p>The Committee asked about the value for money compared to other providers and noted the tangible evidence of the effective services provided by RSM to date. Members asked about the regulatory requirement regarding maintaining the existing provider and was advised that the College must demonstrate independence and that a process has been completed. The Committee expressed their satisfaction with the current auditors explaining that they were impressed by the professionalism, additionality they bring and how they instil confidence through their approach.</p>	

8.5	<p><i>The Committee resolved to recommend the approval of the appointment of the external auditors and their fee.</i></p> <p>Committee Effectiveness including Terms of Reference / Schedule of Business</p> <p>The Director of Governance introduced the report with the Chair of the Committee taking the members through the questions outlined in the report. The Committee discussed whether any changes were needed to the Terms of Reference and Schedule of Business. Key points of note from the discussion included –</p> <ul style="list-style-type: none"> • Members were happy with the deep dive exercises planned throughout the year within the Schedule of Business. • Members found the committee very welcoming and the induction programme with Senior Leadership Team members helped significantly. • Committee papers were sufficiently detailed with no over reliance on auditors. • A suggestion from a member, as a training need, for new governors to observe other committees such as Finance & General Purposes to understand the discussions and matters that feed into the Audit Committee. <p>The Chair suggested that members raise this at their 1-2-1 meetings with the Chair of Governors over the summer period.</p> <ul style="list-style-type: none"> • 3.1 of the Terms of Reference references governors and should be changed to “independent governors”. • 5.13 (last bullet point) when seeking professional advice, it would be reasonable to ask Senior Leadership Team to arrange for such advice to be given, in line with college procedures. <p>The Chair mentioned that if any member wished share any confidential feedback, they could do so by contacting the Director of Governance.</p>	CB
	Summary Matters	
9.	Key meeting outcomes and/or actions	
9.1	<p>Matters for report to the Governing Body (if any)</p> <ul style="list-style-type: none"> - Appointment of auditors - Cyber security report - Policies recommended for approval. 	
9.	Any Other Business	
	None.	
10.	Date of Next Meeting – TBC	