



**Minutes of the Audit Committee Meeting
held on 14 September 2022 at 5.30pm, room 3F085**

Present:	Janet Dean Andrew Thomas Victoria Inness Anna Entwistle	Chair Independent Governor Independent Governor Co-opted Governor
In Attendance:	Lee Probert David Hawkins Carolyn Barker	Chief Executive and Principal Vice Principal, Finance and Professional Services Director of Governance
1.	Welcome and Introduction	Action
	The Chair welcomed Victoria Inness as a new Independent Governor. Round the table introductions were given by all attendees.	
2.	Apologies for Absence / Declarations of Interest	
	Apologies for absence were received from John Ennis (Co-opted member) and Julia Histon (Independent Governor). There were no declarations of interest.	
3.	Minutes of Previous Meeting – 28 May 2022	
	The minutes of the meeting held on 28 May 2022 were reviewed. The Committee asked that the reference to external governors is amended to refer to “independent” governors. <i>The Committee resolved to approve the minutes subject to the amendment noted above.</i>	CB
4.	Matters Arising	
	4.1 Action Summary The action summary was noted. Majority of actions had been completed or were included as an item on the agenda. Action Item 4.7 - The Vice Principal of Finance and Professional Services advised governors that reasonable assurances previously noted in auditor’s reports are considered to provide adequate assurances overall for the college. The committee noted the rating descriptions and assurances, confirming that it does not signify a decline in controls that are in place. The Director of Governance confirmed that the GDPR action plan briefing was scheduled with the Chair of F&GP Committee on the 05.10.22. The Vice Principal of Finance and Professional Services explained that historically there were 3 audit committee meetings a year however at the end of the year the November agenda and papers were quite	

	<p>substantial therefore the former Committee Chair asked for an additional meeting to be planned in September each year. Auditors are not usually invited to the meeting as its an opportunity to have a more focused review of a particular area.</p> <p>4.2 Any other matters There were no other matters arising.</p>	
5.	Reflections and Feedback – Audit Committee meetings	
	<p>The Chair introduced the item explaining that the purpose was to provide a further opportunity to reflect and give feedback on the effectiveness of the committee following the end of the cycle of meetings. The Chair thanked members for the feedback that was received on email following the last meeting. One member had noted the return to face-to-face meetings would help support the rigour in the committee's scrutiny role and asked about the supply of hard-copy papers rather than attempting to scroll through and cross-reference documents on screen. The Chair asked the Director of Governance to contact the member to see if there is any further support that we can provide.</p> <p>Members shared further observations and comments on the committee's effectiveness, including:</p> <ul style="list-style-type: none"> • The mix of people and experience on the committee were considered appropriate. • Members suggested further elaboration of key points on the front page of papers to provide context that would be beneficial. Feedback on the volume of papers was noted with members asking if there was anything further the senior team could do to improve the specifics at the beginning of the report, which would be most welcome. • Previous meeting discussions covering Cyber Security provided important assurances that risks are being mitigated and received good feedback from the Committee. Governors advised of the importance of achieving the right balance of information to be assured but not too detailed that the matter is too complex. The Chair advised that it is important that if there anything unclear that members should speak up to gain clarification where necessary. • Members discussed the challenge of holding the committee meetings face to face and would review on an ongoing basis. <p>A member asked about having further opportunities to meet with members outside of meetings particularly for co-opted members. The Chair offered to meet with any individual member or co-optee of the committee and to consider meetings or events to which co optees could be invited if these were of interest.</p>	CB
6.	External Assurance – Internal Audit	
	<p>6.1 Internal Audit Plan 2022/23</p> <p>The Committee received a copy of the College's assessment of its priorities for internal audit review work in 2022/23 and were asked to consider the planned approach. Members were also asked whether there are any other assurance priorities that the Committee would like to be reflected in the plan.</p>	

	<p>The Vice Principal of Finance and Professional Services advised that the meeting presented an opportunity to review again the audit plan following discussion at the last meeting. Members were advised that the plan incorporates a good review of payroll, learner support - high needs funding comparing this with other institutions. Internal auditors are planning to audit controls around health and safety, estates compliance to make sure the College is managing its risks effectively.</p> <p>The Internal Audit Plan proposes 36 days of internal audit work in 2022-23 and the cost of the work has been included in the College's 2022-23 Budget. An audit of apprentice funding paperwork is planned in Spring next year with ICT and BCP also included on the plan for Spring/Summer equating to 6 days in the plan.</p> <p>The Chief Executive and Principal noted that with both high needs and apprenticeships there is a level of certainty around the complexity and working with local authorities but can get picked up by ESFA for a funding audit. Members were reminded that the College was selected for a funding audit last year and this did not result in a major clawback of funding. There were some control points that were raised, and work has been ongoing to strengthen arrangements in this area.</p> <p>The Chair advised the Committee that feedback on the report had been received from an independent governor who was unable to attend the meeting. The Chair provided feedback on email to the member and raised the points at the meeting. These included:</p> <ul style="list-style-type: none"> • How emerging issues are addressed in the plan given that there is a budget with set days allocated across the year. • Whether Cyber security requires an audit as its identified as an emerging and continuing issue and remains to be a substantial risk on the College's risk register. • A further emerging issue is noted in the report around sustainability however is not included in the audit scope. <p>The Committee discussed the points and confirmed that where some items are not included in the audit plan ie staff shortages, they are picked up elsewhere in the College.</p> <p>With respect to Cyber Security, this was the focus of internal audit work last year and significant penetration testing completed to evaluate the College's level of immediate risk. The Committee received reasonable assurance however remains a red risk that most if not all organisations are unlikely to be able to mitigate. The matter therefore remains a focus on the College's risk register for both the Committee and the Board.</p> <p>In relation to sustainability, the Board has taken up the focus on this area and the baseline data is being collected during this academic year. The Committee will need to balance immediate priorities that carry a lot of risk, such as health and safety with the need to plan for and invest in longer term sustainability measures and therefore the College is not yet there in terms of building sustainability into the audit plan.</p>	
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	<p>The Chair advised members that meetings had been held with the Finance and Professional Services staff managed by the Vice Principal of Finance and Professional Services. The discussions were useful to understand the concerns, challenges and areas of risk across departments and then to play these back into the audit plan. The Chair was assured that the plan has picked up the relevant risks and concerns.</p> <p><i>The committee resolved to approve the Internal Audit Plan.</i></p>	
7.	Internal Assurance – College Assurances	
	<p>7.1 Strategic Risk Monitoring</p> <p>Members reviewed the full strategic risk register following the review to prepare for the new academic year.</p> <p>The Vice Principal of Finance and Professional Services advised members that risks are assigned to each committee for review with a full review being completed termly at Governing Body meetings.</p> <p>The risk related to Covid has been removed to limit the number of risks reviewed and to ensure the risks are associated with the strategic plan. However, members were advised that risk assessments are continuing for vulnerable students to ensure individuals are protected but to normalise across the board where possible.</p> <p>A member asked about risk 5 (sustainability) and if there was further pressure on energy costs. It was confirmed that it fluctuates however in terms of the cost line for 2022-23 there is some level of confidence in that respect however for the following year the risk will increase. In the meantime, the College is putting mitigating actions in place and balancing cost rises and staff pay awards.</p> <p>Members noted the sustainability investments in a very volatile environment and the knock-on effect from suppliers ie food and purchasing costs. The Vice Principal of Finance and Professional Services advised that a full consolidated pay report will be prepared for the Governing Body.</p> <p>The Chair asked about the investment in sustainability and was advised that there is a plan and timescale that the College is working to. The Vice Principal of Finance and Professional Services advised of a recent presentation of solar panels with the pay-back period being approximately 3-4 years would potentially generate 18-20% of energy required for the College.</p> <p>Members were advised that the £5m capital project build had been approved at the extraordinary board meeting on 23.08.2022 with reporting to the Department for Education and project reporting being put in place. The Audit Committee would reserve the right to review reporting at their meetings.</p> <p><i>The committee resolved to note the risk monitoring report.</i></p>	
	<p>7.2 Regulatory Deep Dive Exercise</p> <p>The Vice Principal of Finance and Professional Services shared presentation slides on regularity.</p>	

	<p>The members were provided with an explanation of the regularity self-assessment process and questionnaire included in the pack. Members were provided with examples of where auditors might select their areas of focus.</p> <p>The Chair asked about the questionnaire responses where there were some parts left blank and suggested future copies should include reference to where the evidence can be located. The point was noted and will be considered for future questionnaires completed.</p> <p>The Vice Principal of Finance and Professional Services was asked to advise Julia Histon (new independent governor) of the regularity presentation and self-assessment questionnaire.</p> <p>The Chief Executive and Principal updated members on the process which the ONS is undertaking to consider reclassifying FE Colleges as public bodies.</p>	DH
8.	Policy and other matters	
	Other matters	
	<p>8.1 Additional Services from Audit Providers The Vice Principal of Finance and Professional Services reported that there had been no additional services.</p> <p>8.2 Financials Year End Update The Vice Principal of Finance and Professional Services provided a verbal update on the financial year end. Members were advised that the position likely to be declared to auditors was between £102k deficit however now forecast to be £154k. This maintains a good position and of the four ESFA ratings the College's rating is Good. Members were provided with an overview of the end of year pension adjustment and discount rates this year.</p> <p>8.3 Review of Committee Terms of Reference The Committee reviewed the Terms of Reference and asked for a minor amendment to 3.1 to state independent governors.</p> <p><i>The Committee resolved to approve the Terms of Reference.</i></p> <p>8.4 Schedule of Business The Committee reviewed the Schedule of Business and was advised that deep dives had been included within the schedule. Members discussed the risk appetite and agreed that it should be discussed with all board members therefore suggested it should be the theme for a seminar session.</p> <p><i>The Committee resolved to approve the Schedule of Business.</i></p> <p>The Vice Principal of Finance and Professional Services requested further feedback to build into the audit plan therefore it was agreed that a meeting would be organised to discuss areas for review. Attendees suggested included DH, LP, JD, and CB.</p>	CB
9.	Key meeting outcomes and/or actions	

	9.1 Matters for report to the Governing Body (if any) <ul style="list-style-type: none"> • Confirmation from committee that it has reviewed all risks in the round • Committee Terms of Reference • Suggest a collective discussion/session on strategic risk appetite to the board 	
11.	Any Other Business	
	<p>Members asked if there was an update on the date for an Ofsted inspection. It was confirmed that it is likely to occur after October half term.</p> <p>The Vice Principal of Finance and Professional Services noted that the internal and external audit service is due for renewal this year and would submit a recommendation in due course to the committee to recommend to the Governing Body.</p>	
12.	Date of Next Meeting – 30 November 2022	
Approval Date:		
Chair of Committee	Janet Dean	

Approved