

AUDIT COMMITTEE MINUTES OF MEETING HELD ON MONDAY 14TH MARCH 2022, 1700 HRS, VIA TEAMS

Present:

Mairead Taylor (Chair)
James Heaton-Smith
Bernie Topham

In attendance:

Kevin Jones, Vice Principal Finance, Funding & Management Information
Fiona Chalk, Clerk to the Corporation

A.01.22 GOVERNORS MEETING TIME WITHOUT SMT

See confidential minute

COMMITTEE MATTERS

A.02.22 Apologies

There was one apology from Phil Harris-Bridge, due to the meeting date being changed and a prior engagement. TIAA were also unable to be present due to a last minute illness. Best wishes to be sent to her from the committee.

A.03.22 Declaration of interests

Governors were reminded that it was their duty to declare any interests financial or otherwise on any of the agenda items. There were no declarations of interest raised.

A.04.22 Minutes of last meeting

The minutes of the meeting held on 24.11.21 were agreed as a true record of the meeting and signed by the Chair.

A.05.22 Matters arising

Single Central record – safeguarding is reported on in the governors' monthly report and the need for assurance on this is recognised.

Fraud risk assessment. It is noted that a spend analysis is now undertaken regularly as historically, stock takes have not been done. This has now been introduced. Governors asked if spot checks are carried out. This spend analysis is in effect a spot check as opposed to a full audit. The monitoring of re-ordering and associated spend trends is giving assurance that the audit control processes are effective

Governors were made aware that a post audit review with the IAs has taken place. Any concerns were discussed and they looked at to how improvements can be made for the coming year to ensure the relationship continues to work well.

There were no other matters arising from the previous minutes.

GOVERNORS' MONTHLY REPORT

A.06.22 Financial aspects and Matters arising

Governors were advised that the January accounts showed a worsening position than forecast. This is largely due to the college still coming out of Covid and the challenges this presents. The delay in the commencement of traineeships with NHS and Travis Perkins has also contributed to this. The government Kickstart scheme is in conflict with the college's own traineeship scheme and has reduced the college's ability to leverage this opportunity.

There has been some additional income i.e., national skills fund money, as well as some expenditure savings in both salary and non-salary areas.

The cash flow position is tight at this time of year and is repeated in March next year.

Financial health and KPI figures are as expected.

- A.07.22** Matters Arising
No further matters arising.

AUDIT MATTERS

- A.08.22 Progress report on implementation of recommendations of previous audit reports**
The process for audit recommendations is that KJ reports to TIAA and they comment on their agreement (or otherwise) that the recommendations have been sufficiently implemented. This gives much more assurance to the committee.

It was noted that not all comments were available to read on the pdf, so these will be circulated again in their complete form.

FC/KJ to action

Comments on the non-completed recommendations were noted as follows:.

Waste collection services and green agenda need further work and the implementation date is likely to be moved back on these items.

Procurement - The Head of Finance has resigned. An interim manager will be appointed to allow timely recruitment to take place.

Governors asked how the college will ensure all contracts get onto the central contract register going forward. These are picked up by SMT or Quality Team as they are procured and signed off, and there is now a central list that signposts to local lists. It was noted that there are far less contracts now as the college has reduced its sub-contracting.

The Single Central Record has been superseded by a new audit.

Health & Safety – The Head of H&S was off sick so this work was delayed. There is now a new Head of H&S. The policy and appendices were reviewed by an interim Head of H&S and have now been passed to the new Head of H&S. This a legacy problem and a big piece of work, but work is progressing to update the policy and all the appendices.

A.09.22 Internal Audit report – visit two 2021-22 (TIAA)

In Lesley Heasman's absence, KJ covered the two internal audits carried out in the second term of the 2021/22 calendar.

1. *ICT/Cyber Security* – Reasonable assurance is given, with 3 important and 11 routine actions required. The 3 priority 2 recommendations were noted by the committee and comments are as follows:

Governors expressed their concern with the number of recommendations. The college is putting a lot of processes in place and are quite confident with the robustness of them. Cyber security is a rapidly changing environment with a quick pace of change. For the audit, IT experts came in and did a very thorough audit. They gave reasonable assurance which is good in this challenging environment when many colleges have suffered attacks. Governors expressed their view that key is the ability to protect personal data, so staff training and up-to-date policies are important. Governors asked whether the use of removal media to facilitate certain working arrangements is the worth the risk. All organisations are wrestling with getting the balance of having protection whilst allowing work to take place in a way that is appropriate. Governors questioned whether there was a formalised back up process in place in order to reduce time and amount of data lost in a cyber-attack. This is in place but was not recorded sufficiently, so the recording is being improved.

Governors noted that a cyber-security report goes to SMT monthly, with a focus on action of when it happens not if it happens. Phishing campaigns are also being run to ensure staff are constantly focused on this topic.

2. *Sub-Contracting* – Reasonable assurance is given with 1 important, 2 routine and 3 operational actions required. There was 1 priority 2 recommendation.

Governors noted that this audit is a requirement of the funding. It was noted that some important lesson observations could not take place as there were not the staff in place to undertake them. These are legacy learners who've had lessons observations during their course. This applies to a low numbers of learners on sub-contractor contracts that will end when learners complete.

The 'Providing external assurance on subcontracting controls Certificate' was approved by the committee.

A.10.22 Review performance of Auditors against Pls

See confidential minute.

A.11.22 Funding Assurance Reports

1. ESFA Match funding

All audits have had positive outcomes – these are 125 and 127 audits on European Social Funding (ESF) rule compliance, apprenticeship & Adult Education Budget (AEB) audits – no issues were identified.

2. GLA

This was the final funding audit and no subsequent action is required to be taken.

A.12.22 ESFA Funding Assurance Audit progress report

See confidential minute.

RISK MANAGEMENT

A.13.22 Risk Management Board Minutes 13.1.2022

The Board noted the minutes.

A.14.22 Risk Register Review & Update

Risk 4 –failure to comply with funding requirements is the risk aligned to the audit committee. There have been no changes to the risk scoring.

See confidential minute

A.15.22 Terms of Reference of the Audit Committee

The committee noted the updated Terms of Reference, which now align with the recent ESFA publication 'the good practice guide for the work of the audit committee in FE colleges' and the Post 16 Audit Code of Practice.

The Committee resolves to recommend to the Board the updated Audit committee Terms of Reference.

FC to action.

A.16.22 Confidential Items

Items 4iv – review of the auditors' performance and 4vi – ESFA Funding Assurance Progress report. The ESFA Funding Assurance Final report will be detailed in the open minute once it is received.

A.17.22 Date of next meeting 25 March 2022

Progress report on implementation of recommendations of previous audit reports

External Audit Plan financial year 21-22

Internal Audit Report – visit 3 21-22

Annual Internal Audit Plan 22-23

Review of risk management (including the effectiveness of systems of internal control 22-23)

Risk register and risk reduction plan (including review of governance risks)

Risk Management Policy

Anti-Bribery Policy

Governors monthly report – including financial aspects and matters arising

There being no further business, the meeting closed at 1840 hrs.