

**MINUTES OF THE AUDIT COMMITTEE**  
**HELD ON TUESDAY 22 NOVEMBER 2022**  
**AT 5pm IN THE EXCHANGE BOARD ROOM AND VIA MICROSOFT TEAMS**

**PRESENT:**

Chris Johnson	Member (Chair)
Paul Fleming *	Member
Khadija Ibrahimova	Member
Taiyab Sufi *	Member
Sharjeel Salahuddin*	Co-opted Member
John Whittaker	Co-opted Member

**IN ATTENDANCE:**

Dr Fazal Dad	Principal and Chief Executive
Jennifer Eastham	Vice Principal: Finance and Corporate Services
Kashif Azeem *	Assistant Manager, RSM - Internal Auditor
Jason Burgess	Beever and Struthers
Mark Bradley	Beever and Struthers
Dr Zubair Iqbal*	Associate Governor
David Swift	Observer
Sarah Horeesorun	Director of Governance

\* indicates participating via Microsoft Teams

The meeting commenced at 5pm, with Paul Fleming joining at 5.05pm.

The Chair welcomed everyone and extended a special welcome to Khadija Ibrahimova and David Swift as it was their first attendance at a College Audit Committee meeting. Khadija was the new FE Student Governor and David observing the meeting before taking up post as the Co-opted Committee member on 1 April 2023. For the benefit of Khadija and David there were roundtable introductions from all present.

The Chair requested that Agenda Items 2, 3, 4 and 5 be covered before the presentation at Item 1. This is reflected in the order of the minutes below.

**2. APOLOGIES FOR ABSENCE**

Apologies were received in advance from Lisa Randall, RSM.

**3. DECLARATION OF CONFLICTS OF INTEREST**

The Chair advised those in attendance that should members of the Audit Committee become aware of any potential conflicts of interest, they should be disclosed at the earliest opportunity during the meeting.

**4. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON TUESDAY 20 SEPTEMBER 2022**

The minutes of the Audit Committee held on Tuesday 20 September 2022 were **AGREED** as a true and accurate record and were signed by the Chair.

## **5. MATTERS ARISING**

The Committee noted that there were no actions from previous meetings.

There were no other matters arising.

### **1. PRESENTATION ON A RISK-THEMED TOPIC – OFFICE FOR NATIONAL STATISTICS (ONS) RECLASSIFICATION**

The Vice Principal: Finance and Corporate Services gave a presentation on the potential ONS reclassification of Colleges. The presentation outlined the review timeline, the current position of the College and the potential impacts of any reclassification – both positive and negative.

The discussions which followed the presentation acknowledged the concerns in the sector, particularly given the unstable economy, and the uncertainty as to what was driving the move for reclassification.

The College was keeping a watching brief on the announcement, with the decision due at 9:30am on Tuesday 29 November 2022.

## **6. DRAFT MANAGEMENT LETTER**

Jason Burgess and Mark Bradley of Beever and Struthers talked the Committee through the key messages, findings and likely recommendations from this audit, explaining that some elements were very near completion. However, there were no significant risks that would impact on the opinion that they planned to give.

There followed some discussion of the areas where evidence was still being reviewed and several members asked questions and commented on system and manual adjustments, sample checking and journals.

Beever and Struthers said that the issue around manual journals was normal and common across the sector, commenting that through their extensive review and testing they were satisfied with the system of internal control, compensatory controls and compliance.

The work should be completed by early December and Beever and Struthers thanked the Vice Principal: Finance and Corporate Services and her team for working with them to a tight deadline.

The final Management letter will be presented to the Corporation Board for approval and signature.

## **7. INTERNAL AUDIT REPORTS**

Kashif Azeem presented the final reports from the two recent Internal Audits conducted by RSM working with the College. The areas of work reviewed were (i) Governance and Risk Management and (ii) Safeguarding and Prevent. In summary, the outcome from both was substantial assurance given and no management actions from either audit.

In his consideration of the Safeguarding and Prevent Report, the Principal and Chief Executive asked why the findings of the College's Ofsted Report were included. Kashif Azeem explained that these were included by way of triangulation of the Ofsted findings and to bolster the Internal Audit opinion that Safeguarding and Prevent measures at the College were effective.

Kashif Azeem also provided the Committee with an update on progress made on the Internal Audit schedule and a status report. There were no changes to the Internal Audit plan and RSM were due

to visit College soon to commence Internal Audits on Key Financial Controls: Income, Cash and Bank and another reviewing Cyber Security Key Controls.

In respect of Cyber security, there was some discussion around resilience and potential ransomware attacks. A member of the Committee asked what framework would be used for the Cyber Security audit, and Kashif Azeem explained that the scope for the audit considers the same controls as those within the Cyber Essentials accreditation framework. This led to a conversation about the College's Business Continuity Plan, whereby the Vice-Principal: Finance and Corporate Services assured members that the College did have a Business Continuity Plan and this was currently under review before being tested.

The Chair thanked Kashif Azeem for his reports.

*\*Taiyab Sufi left the meeting at 6pm.*

## **8. INTERNAL AUDIT - ACTION POINT STATUS**

The Vice-Principal: Finance and Corporate Services talked through this Report, explaining that the HR action remained outstanding, and although a fix was in place, this needed embedding and testing before the College was confident to close this action. The two remaining Health and Safety actions were with the newly appointed Head of Health and Safety who was making progress to find solutions.

## **9. AUDIT PERFORMANCE INDICATORS 2022/23: UPDATE**

The Audit Committee approved the performance indicators for monitoring during 2022/23 at its last meeting. The indicators (in Appendix 1) assist the Committee in assessing risk and this Report highlighted that all but two of the eight indicators were RAG rated green and for the two remaining indicators, it was too early in the year to report.

The Committee accepted the Report and thanked the Vice-Principal: Finance and Corporate Services for the update.

## **10. RISK REGISTER 2022/23: UPDATE**

The Vice-Principal: Finance and Corporate Services presented the Risk Register to the Committee who noted that:

- Three risks are currently RAG rated as red.
- One risk had reduced - F4 - Bank Covenants as the loan to Barclay's Bank had been repaid and the therefore, the associated covenants removed.
- No new risks had been identified.

One member queried Risk CC1 – Failure to maintain the College Servers and asked the Vice-Principal: Finance and Corporate Services how old were the last server back-ups. The Vice-Principal Finance and Corporate Services committed to find this out and share with the Committee.

### **Action: Vice-Principal: Finance and Corporate Services**

*\*Post meeting update: The College has over fifty server back-ups, all different, with some completed daily, others weekly depending on specific requirements. The back-ups are kept for one month; therefore, the oldest back-up is one month old. The back-ups are stored locally and in cloud-based storage.*

The Committee was keen to find out more about what the College is actively doing to train staff and combat threats to Cyber Security. The Vice-Principal: Finance and Corporate Services said that a

review of the effectiveness of everything that the College has put in place to minimise a potential Cyber-attack is planned to take place in February 2023.

The Committee noted the update and current position and **ACCEPTED** the Report.

#### **11. COUNTER FRAUD STRATEGY: ANNUAL UPDATE**

The Post-16 Audit Code of Good Practice stated that it was the responsibility of the Corporation to establish an adequate system of internal control to ensure compliance, and to protect against and detect irregularities and suspected fraud. The Audit Committee last approved the College's Counter Fraud Strategy in November 2021 and this was presented again at this meeting for its annual review.

No changes were proposed and the Committee were content that it remained relevant and fit for purpose.

The Vice Principal: Finance and Corporate Services presented an update on the associated Action Plan in Annex two. All accept one of the actions has been completed and therefore RAG rated Green. The one outstanding action concerns raising staff awareness and as this was an ongoing action, this is RAG rated amber as it was a continuing activity.

The Committee **ACCEPTED** the Report.

#### **12. AUDIT SCHEDULE 2022/23**

This Report was provided to the Audit Committee for information and contained the dates and details of both the Internal and External Audit schedules for 2022/23.

The Committee noted the content of the Report.

#### **13. DATA RETURNS MONITORING REPORT 2021/22 AND 2022/23**

The Audit Committee received, for information, the schedule of returns for 2021/22 and 2022/23. The final schedule for 2021/22 provided assurance to the Committee that returns had been submitted on time and that this good practice was being maintained as the returns so far for 2022/23 had followed suit.

#### **14. ANY OTHER BUSINESS**

There were no items discussed under Any Other Business.

#### **15. REVIEW OF MEETING**

The Chair thanked everyone for their contributions to the Committee discussions, and remarked on the good quality of the Reports. The meeting closed at 6.20pm.

#### **16. DATE AND TIME OF NEXT AUDIT COMMITTEE MEETING**

Tuesday 21 February 2023 at 5.00pm.

Signed: .....

Date: .....