



MINUTES OF THE AUDIT COMMITTEE
HELD ON TUESDAY 6 JUNE 2023

AT 5pm IN THE HARRISON CENTRE BOARD ROOM AND VIA MICROSOFT TEAMS

PRESENT:

Chris Johnson	Member (Chair)
Taiyab Sufi *	Member
Khadija Ibrahimova	Member
Sharjeel Salahuddin	Co-opted Member
David Swift	Co-opted Member

IN ATTENDANCE:

Dr Fazal Dad	Principal and Chief Executive
Jennifer Eastham	Vice Principal: Finance and Corporate Services
Kashif Azeem	RSM - Internal Audit
Helen Knowles	Beever & Struthers – External Audit
Dr Zubair Iqbal	Associate Governor
Melissa Drayson*	Observer
Sarah Horeesorun	Director of Governance

* indicates participating via Microsoft Teams

The meeting commenced at 5pm and was quorate. Dr Iqbal and Helen Knowles arrived at 5.05pm.

The Chair welcomed everyone and extended a special welcome to David Swift as this was his first Audit Committee as a Co-opted member, and introduced Melissa Drayson who was observing this meeting as part of the External Governance Review. Melissa and Taiyab Sufi joined the meeting via MS Teams and for the benefit of all there were roundtable introductions.

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

1. PRESENTATION ON A RISK THEMED TOPIC: SEE ITEM 6

2. APOLOGIES FOR ABSENCE

All members were present and no apologies received.

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 21 FEBRUARY 2023

A comment was made that the numbering of the minutes was not in the right order, but as with this meeting, the ordering reflected the order in which the items were taken at the meeting and that corresponded with those on the agenda. Once this was explained, the minutes of the Audit Committee held on Tuesday 21 February 2023 were **AGREED** as a true and accurate record and were signed by the Chair.

5. MATTERS ARISING

The Vice-Principal: Finance and Corporate Services provided an update on the actions from previous meetings and there were no other matters arising.

6. PRESENTATION ON A RISK-THEMED TOPIC – INTERNAL AUDIT PLAN AND STRATEGY 2023/24 DEVELOPMENT

Kashif Azeem, RSM, talked through slides made available to attendees and highlighted the following:

- The crucial role of Internal Audit in providing assurance to the Board, an independent view, and supporting effective risk management and Governance
- RSM very familiar with the sector and the demand for delivery of certain audits at certain stages of the year and an organisations maturity.
- Planned audits are linked to the corporate risks of an organisation and can fluctuate throughout the year as circumstances change and issues arise.
- RSMs cyclical approach to audit and content of the audit plan is influenced by discussions at Audit Committee, conversations with managers and addressing any concerns as to whether particular controls or processes are still adequate/effective.
- RSMs opinion of risk management at the College is that the Risk Register is embedded within the organisation, risks actively managed and that the risk management process is mature.
- RSM have effective relationships with management and regular dialogue with the Vice-Principal: Finance and Corporate Services.

The Chair thanked Kashif Azeem for his comprehensive presentation and invited questions from those present.

The Principal and Chief Executive explained the Duty to Review requirement and queried whether this was something that could be included in the audit plan? Kashif Azeem explained that RSM could add value by conducting an early review to establish if indeed there were any gaps between the curriculum offer and local skills demand. This concept would be explored further before adding to the audit plan.

Action: Vice-Principal: Finance and Corporate Services.

The Principal and Chief Executive highlighted the need for all institutions to comply with Martyn's Law, and, following the ONS reclassification announcement, informed members that the DfE would be launching a Financial Regulatory Handbook in 2025. The College would need to respond and ensure that audit plans aligned with the DfE regime and that the Board continued to have clear sight of critical aspects of the business.

In discussion, members made points about priorities and frequency of audits, risk profile, benchmarking of management actions, identifying samples and evidence testing.

The Audit Committee thanked Kashif Azeem for his presentation and thought-provoking discussion that followed, and tasked Kashif/RSM to return to the September Audit Committee meeting with a list of potential audits, in addition to the cyclical audits, that the Committee could consider and decide upon which to choose for the days allocated and this become the agreed Audit Plan for 2023/24. A request was made that a review of Payroll be included in any future audit of Key Financial Controls.

Action: RSM

7. AUDIT COMMITTEE MEETING DATES, CALENDER OF BUSINESS AND TERMS OF REFERENCE

The Director of Governance explained that all Committees review their relevant Terms of Reference annually and that an exercise had been completed to create a forward look of likely agenda items (calender of business) and to identify dates for meetings in 2024/25.

Having reviewed the report and supporting documents supplied in advance, a member suggested that the quoracy be revised in the Terms of Reference to read that the Quorum will be three members and that those three members should be Governors.

Action: Director of Governance

Following discussion, the suggested changes were accepted, including mention in the Terms of Reference "to consider HM Treasury guidance following the ONS Reclassification".

It was **AGREED** that the Terms of Reference be updated to include a re-tender exercise for internal audit every five years, include discussion of this on the Calender of Business for 2023/24 and add discussion of the Internal Audit Plan 2023/24 to the September 2023 meeting - per Item 6.

Pending these changes, the Audit Committee were content for the following to be **RECOMMENDED** to the Board for approval:

-Meeting dates 2023/24 and 2024/24

-Calender of Business 2023/24

-Terms of Reference

8. INTERNAL AUDIT REPORTS, PROGRESS AND FOLLOW-UP

- (i) Kashif Azeem presented the final report for the GDPR audit. Five Management actions were raised as a result of the audit and the Vice-Principal: Finance and Corporate Services confirmed that progress had been made to address or resolve the actions, for example, the GDPR policy had been corrected to reference the updated legislation and the DPOs job description updated to use the correct terminology.

There was some discussion of the reporting of data breaches and acknowledgement that more needs to be done to support the reporting of these instances when/if they occur. Discussion also covered testing and audit opinion and the importance of making it explicit in the scope for planned audits, whether the audit is advisory rather than assurance.

Action: RSM

- (ii) This Report provided progress made on the audit plan to date. The Committee noted and **AGREED** for the OfS audit to be moved to prioritise an audit on Staff Mental Health.
- (iii) The follow-up Report summarised progress made on management actions to date and no significant themes had been identified in relation to the management actions raised. The Audit Committee noted that the follow up Report had been produced quite swiftly after the Cyber audit completed and that progress had already been made on the recommendations, though more work to do.

A question was asked about whether the Head of MIS could attend the Audit Committee to report directly on actions. In reply, the Vice-Principal: Finance and Corporate Services said that the Head of MIS contributed to the content of the Reports.

The Chair thanked Kashif Azeem and RSM colleagues for the Reports.

9. INTERNAL AUDIT - ACTION POINT STATUS

The Vice-Principal: Finance and Corporate Services talked through this Report, explaining that a number of the actions would be closed this month and in reference to the Mobile Device Monitoring Policy, the Team was looking to solve this issue using what the College already had available rather than sourcing elsewhere.

The Committee noted the content of the Report.

10. AUDIT PERFORMANCE INDICATORS 2022/23: UPDATE

The Audit Committee approved the performance indicators for monitoring during 2022/23 at its last meeting in September 2022. 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.

11. RISK REGISTER 2022/23: UPDATE

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

- Three risks were currently RAG rated as red.
- No new risks had been identified.

The Vice-Principal: Finance and Corporate Services confirmed that in response to comments made at the last Committee, Capital Projects were now included on the Risk Register.

Higher Education recruitment had been flagged as a challenge to the Policy and Resources Committee as this impacted on income and was a challenge sector-wide. To redress this imbalance in budget forecast, actual spend and identify savings, Budget Holders had been tasked to find potential savings, relocate resources and planned restructures were underway to deliver efficiencies whilst maintaining the best learning experience for the students.

The Committee noted the update and current position and **AGREED** for the Report to be recommended to the Board for approval.

12. EXTERNAL AUDIT PLAN 2022/23

Helen Knowles, Beever and Struthers, took this opportunity to introduce herself formally to all present and explain that she would be working with the College, alongside Jason Burgess, to support the production of the Financial Statements this year.

Helen talked through the Audit Plan overview and inform the Committee that the planning activities had been completed and no issues identified. Having successfully completed and delivered on the College's Financial Statements last year, 2021/22, Beever and Struthers had revisited the materiality to ensure that this was still appropriate. The Vice-Principal: Finance and Corporate Services said that the College Budget and Finances would be discussed at the Policy and Resources Committee on 19 June and that in terms of the year end and materiality figure, it would be useful for this to be revisited at the next Audit Committee meeting in September 2023 prior to sign-off by the Policy and Resources Committee.

Action: Vice- Principal: Finance and Corporate Services and Director of Governance.

In terms of timings, Beever and Struthers would present the draft Financial Statements and Management letter to the Audit Committee at its meeting on 14 November 2023.

The Chair thanked Helen Knowles for the Report and asked about the valuation of the Pension Scheme and how this was reported. Helen and the Vice-Principal confirmed that this was very topical and a matter being debated in both the Audit and FE sectors as there were different ways in which Colleges reported. Helen agreed to report back to the Committee on the outcome of discussions and in a post meeting update, the Vice-Principal, Finance and Corporate Services had analysed the position for all Colleges and found that, in summary:

- 18 reported their surplus as an asset
- 53 reported zero (including us)
- 143 reported a deficit / liability

Action: Helen Knowles (Beever and Struthers)

A further question was asked about the Regulatory opinion and the Vice-Principal: Finance and Corporate Services explained that this is currently being completed and would be reported to the September Audit Committee.

By prior arrangement, Melissa Drayson left the meeting at 6.15pm.

13. POST-16 AUDIT CODE OF PRACTICE (ACoP) - UPDATE

The Vice-Principal: Finance and Corporate Services explained that the Post-16 ACoP was refreshed annually and referred to Annex Two of the Report where the twelve changes for 2022/23 were listed alongside the Colleges Management response.

The Committee noted the changes and that they had either been noted or were not applicable.

14. COMPLIANCE: RSM A BEST PRACTICE GUIDE FOR AUDIT COMMITTEES

The Director of Governance presented this Report and talked the Committee through the progress and compliance arrangements.

An error was spotted in a spelling at point 20. of the attachment, and it was thought that the content of points 25. and 36. could be stronger and rewording suggested. In discussion, it was thought that the addition of the need to appraise the College Finance Team, and vice-versa, appraisal of the External Audit Team, might be included in point 42.

The Audit Committee were content to RECOMMEND this Report to the Board for APPROVAL once these minor amendments made.

15. 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.

16. DATA RETURN MONITORING REPORT 2022/23

This Report was provided for information and confirmed that funding and data returns had all been submitted on time.

Members noted the content of this Report.

17. ANY OTHER BUSINESS

There were no items discussed under Any Other Business.

18. REVIEW OF MEETING

The Chair thanked everyone for their contributions to the Committee discussions.

The meeting closed at 7.20pm.

19. DATE AND TIME OF NEXT AUDIT COMMITTEE MEETING

Tuesday 19 September 2023 at 5.00pm.

Signed:
Date: