

Minutes of the Audit Committee meeting held on Monday 13th June 2022 at 5pm
Virtual meeting via Microsoft Teams

Members Present: Charlie Harvey (item 8 onwards)
Liam Butler
Nirmal Gupta

In Attendance: Gill Darwood (Director of Corporate Governance) (DCG)
Louise Jones (Chief Finance Officer) (CFO)
Neil Thomas (Chief Executive & Principal) (CEP)
Craig Sullivan (Bishop Fleming)
Karen Gentles (RSM)

1 Confirmation of quorum

1.1 The Director of Corporate Governance (DCG) confirmed that the meeting was quorate.

2 Apologies for absence

2.1 Apologies for absence had been received from Wendy Davies.

2.2 Due to technical issues, C Harvey was unable to join the meeting until item 8. The Vice Chair therefore chaired the meeting.

3 Declarations of interest

3.1 There were no declarations of interest.

4 Approve minutes of previous meeting held 7th March 2022

4.1 The minutes and confidential minutes of the meeting held on 7th March 2022 were accepted as an accurate record for signature by the Chair.

5 Matters arising

5.1 *Role Description of Audit Committee Chair* - the DCG advised that at the previous meeting of the audit committee, a number of actions were agreed in respect of the DfE's Audit Committee best practice guide which included:

- 5.1.1
- Mapping exercise against key areas of focus – [it was proposed to undertake this exercise for presentation to the October meeting of the committee.](#)
 - Role description for Chair of Audit Committee – a draft role description was provided for initial consideration and discussion. This was supported by a guidance document produced by KPMG entitled '[role of the audit committee chair](#)'. Members were invited to consider their preference for either a brief role description (as drafted) which referenced the terms of reference of the committee (which were updated annually) and the good practice guidance, or a more detailed role description which incorporated specific aspects taken from the terms of reference and the KPMG guidance document.

- 5.1.2 Members felt that the brief job description which referenced the committee terms of reference and annual business plan would provide a sufficient level of information. K Gentles agreed to provide the DCG with any further guidance she was able to obtain to inform this. Once finalised, the role description would be brought back to the committee for recommendation to the Corporation.

6 **Appoint Chair and Vice Chair for 2022/23**

- 6.1 The DCG advised that a succession plan had previously been agreed as C Harvey's term of office was due to finish in the Autumn term. L Butler had agreed to serve as chair of the committee for 2022/23 and the appointment of vice chair was deferred to the next meeting.

- 6.2 **It was resolved** To appoint L Butler as Chair of the Audit Committee for 2022/23.

7 **Approve committee business plan for 2022/23**

- 7.1 The DCG presented the business plan for the Committee which provided an indication of business and reports which would be submitted to the meetings of the Committee scheduled for 2022/23.

- 7.2 The proposed meeting dates for the committee for 2022/23 were noted as:
- 3rd October 2022
 - 28th November 2022
 - 6th March 2023
 - 12th June 2023

- 7.3 **It was resolved** To approve the committee business plan and meeting dates for 2022/23.

C Harvey joined the meeting.

8 **Plan for external audit of 2021/22 accounts**

- 8.1 The CFO advised that, as agreed at the March 2022 Corporation meeting, Bishop Fleming had been appointed as the College's external auditors for three years, to include audit of accounts for 2021/22, 2022/23 and 2023/24, subject to annual review of performance.

- 8.2 C Sullivan presented the audit plan which set out the approach that Bishop Fleming would take to review the accounts of the College and its subsidiary TTPL. The TTPL audit was subject to a separate audit plan that would be presented to the TTPL board.

- 8.3 In preparing for the audit, Bishop Fleming had held a transition workshop with key finance staff and a meeting with the Chief Executive & Principal and CFO. They would also be reviewing the prior year audit files from KPMG. Materiality had been set at 2% of income (c. £900k). The significant risk areas that would be addressed during the audit were noted as:
- Management override of controls
 - Fraud in income recognition

- Pension assumptions
 - Going concern
- 8.4 The planning document provided FE sector updates including the audit code of practice and accounts direction. C Sullivan drew members' attention to section 7 Related Parties, and the reminder that the register of interests for governors and key management personnel should include transactions with close family members.
- 8.5 The timings of the audit work were noted as:
- 30 August: interim audit
 - Week commencing 3 October: audit fieldwork
 - 24 November: Accounts and report presented to the Chief Executive & Principal, and subsequently Audit Committee and Corporation.
- 8.6 In response to a question from N Gupta the CFO confirmed that the plan complied with the Audit Code of Practice.
- 8.7 In response to a question from L Butler, C Sullivan agreed to confirm if the level of materiality was in line with previous years. He advised that this was set at a level which was typical for both this and other sectors.
- 8.8 The CEP expressed his appreciation to C Sullivan and his colleagues for the efficient conduct of the audit planning process.
- 8.9 **It was resolved** To recommend the audit plan to the Corporation for approval.
- 9 **Fraud and irregularity annual report**
- 9.1 The CFO advised that it was the responsibility of the Corporation, as set out in grant funding agreements and contracts with ESFA and WMCA, to establish and maintain an adequate system of internal control, to ensure compliance, and to prevent and detect irregularities and suspected fraud (including theft, bribery and corruption). To achieve this the Corporation must establish and keep up to date an effective and proportionate counter fraud strategy, which set out the approach to raising awareness, prevention, detection, investigation and sanction (including seeking redress where appropriate) of suspected fraud.
- 9.2 The College undertook an annual risk assessment of fraud and irregularity that reviewed all key risk areas, provided commentary on the control framework in place that was designed to prevent fraud, and highlighted where relevant further actions were required. The annual report set out the results of that risk assessment and addressed other counter fraud matters. The full risk assessment was provided in the document library for further reference.
- 9.3 The report concluded that whilst the control framework was effective, it would be enhanced by undertaking the following measures:
- A broadened anti-bribery policy to incorporate the College's counter fraud strategy.
 - An annual fraud loss measurement exercise – any guidance on this from external and internal audit colleagues was welcomed.

- Anti-fraud/bribery training for relevant staff – an invitation to this training would be extended to Corporation members if they would find this of interest.

9.4 **It was resolved** To recommend the fraud and irregularity annual report to the Corporation.

10 **Subcontracting Controls Assurance Review**

10.1 The CFO provided a verbal update on the review of subcontracting controls which had been undertaken by BDO earlier in May and advised that the draft report had been received but not the final written report.

10.2 The CFO advised that the findings of the review had largely provided assurance that effective controls were in place and had made a small number of recommendations which had been agreed and would be actioned. The CEP noted that BDO had demonstrated a robust approach to conducting this review which had enabled a number of good practice recommendations to be agreed.

10.3 [The final report would be brought to July Corporation and would be looked at in further detail at the October audit committee meeting.](#)

10.4 **It was resolved** To note the update on the subcontracting controls assurance review.

11 **Internal Audit Progress Report**

11.1 K Gentles presented the internal audit progress report which set out the audits that had been undertaken since the last audit committee:

- Follow up 6.21.22 – reasonable assurance
- Student Welfare Framework 5 21.22 – substantial assurance

11.2 Actions arising from these audits had been added to the rolling schedule of recommendations.

11.3 In response to a question from L Butler, the CFO advised that the College was following up on actions to ensure that they were closed down in a timely manner. However the actions relating to the introduction of multi factor authentication (MFA) were still ongoing due to some technical issues with its implementation for staff users outside of the College. She advised that the College had successfully achieved Cyber Essentials accreditation and had passed an audit undertaken by JISC. Insurers would currently not provide cyber security insurance without this fully in place, however there was an ongoing debate in the sector and amongst insurers as to the value of this cover. Nevertheless the College's aim was to implement MFA in full.

11.4 K Gentles noted that there was one further report to be concluded this year on Learner Number Systems which would be brought to the autumn audit committee meeting.

11.5 **It was resolved** To note the internal audit progress report.

12 **Rolling schedule of audit recommendations**

12.1 The CFO presented the report which detailed the progress made in implementing the recommendations contained in the audit reports submitted by RSM. Since the last report RSM had undertaken their follow up audit, which confirmed that most recommendations previously reported as complete were supported by appropriate evidence. A small number of recommendations would be subject to further management action and their status had been changed to 'in progress'.

12.2 The College had implemented 27 of the 41 audit recommendations during the year, with 14 still in progress. The committee's attention was drawn to the following:

- Two recommendations were not yet due.
- Seven recommendations were in progress, including two that had been identified as requiring further management action at the follow up audit.
- Five recommendations were subject to delay. All were within the area of Health & Safety, with the outstanding actions summarised as
 - Implementing a system to report and monitor risk assessments
 - Overdue risk assessments being monitored by the H&S committee
 - Five risk assessments would be sampled every half term and reported to the H&S committee
 - The H&S committee would agree and monitor a training compliance KPI
 - Completion of mandatory training would be monitored by managers through performance reviews.

12.3 The CFO advised that the delay in completing these actions was as a result of the resources of the health and safety team being diverted to respond to the Covid pandemic, which until recently required daily reporting of Covid cases to DfE and the local health authority. The CFO had met with the team to agree an urgent response to the recommendations and three would be completed by June 2022, with the remaining two completed by September and November 2022.

12.4 **It was resolved** To note the rolling schedule of audit recommendations.

13 **Internal Audit Plan 2022/23**

13.1 K Gentles presented the proposed internal audit plan for 2022/23. This was based on the College's risk register and discussions with senior leaders:

- Partnership framework – contract management
- HE framework – arrangements for meeting the regulatory framework and the terms and conditions
- Marketing arrangements – adult students
- Human Resources controls: appraisals and performance management
- Key financial controls – treasury management
- Learner number systems – apprenticeships
- IT arrangements (carried forward from 2021/22)
- Follow up

- 13.2 She advised that Appendix B of the plan detailed those reviews conducted over the previous three years as well as the coming year to provide a full overview.
- 13.3 The CEP noted that the risk based items had been the subject of discussion at meetings and members concurred with these proposals.
- 13.4 **It was resolved** To recommend the internal audit plan 2022/23 to the Corporation.
- 14 **Risk management termly update**
- 14.1 The CFO advised that the senior team had undertaken monthly reviews of the risk register to assess if the risk scores were still accurate, to ensure that all appropriate actions were noted and good progress was being made. There were no changes to the risk scores on this update. Two risks had been removed from the risk register as SLG considered the risk to have substantially reduced:
- Sponsorship of the DAT failed to realise the required performance in the trust schools.
 - Potential for the Covid pandemic to impact on the student experience in the event that one or more College sites closed or there was another lockdown.
- 14.2 Six actions were subject to delay and these were receiving greater attention. In line with the risk management policy risk updates had also been provided to the relevant sub-committees at each of their meetings.
- 14.3 **It was resolved** To note the risk management termly update.
- 15 **Any Other Business**
- 15.1 No further matters were raised.
- K Gentles and C Sullivan left the meeting.*
- 16 **Confidential – internal auditors’ performance in 2021/22 and re-appointment of internal auditors for 2022/23**
This matter is the subject of a separate and confidential minute.

- 17 **Date of next meeting**
- 17.1 The proposed dates for next year were noted as:
 3rd October 2022
 28 November 2022
 6th March 2023
 12th June 2023

The meeting closed at 17.44 hours.

Approved by the Audit Committee at the meeting held on Monday 3rd October 2022.