

Minutes of the Audit Committee meeting held on Monday 3rd October 2022 at 5pm via Microsoft Teams

Members Present: Liam Butler
Wendy Davies (item 6 onwards)
Nirmal Gupta

In Attendance: Gill Darwood (Director of Corporate Governance) (DCG)
Louise Jones (Chief Finance Officer) (CFO)
Neil Thomas (Chief Executive & Principal) (CEP)
Jane Grimshaw (Bishop Fleming)
Louise Tweedie (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 Charlie Harvey and Craig Sullivan.

3 **Declarations of interest**

3.1 There were no declarations of interest.

4 **Approve minutes of previous meeting held 13th June 2022**

4.1 The minutes and confidential minutes of the meeting held on 13th June 2022 were accepted as an accurate record for signature by the Chair.

5 **Matters arising**

5.0.1 The DCG advised that W Davies had consented to act as Vice Chair of the committee for 2022/23.

5.0.2 **It was resolved** To appoint W Davies as Vice Chair of the committee for 2022/23.

5.1 **Audit Committee Chair role description**

5.1.1 The DCG presented the final draft of the Audit Committee Chair role description which was agreed by members.

5.1.2 **It was resolved** To recommend the audit committee chair role description to the Corporation for approval.

5.2 **Report of audit committee's compliance with DfE good practice guide for audit committees**

5.2.1 The DCG advised that following discussion at the March audit committee meeting, she had completed the exercise of mapping the Audit Committee's compliance with the DfE Good Practice Guide for Audit Committees, with input from the CFO. L Tweedie advised that internal auditors also used the

guide as a basis for cross checks but that it was useful for the committee to have completed this exercise from the College's perspective. It was agreed that the report represented a useful source of assurance which would be taken to the full Corporation for their information and assurance.

- 5.2.2 In response to a question from the Chair, the DCG advised that a review of this could be undertaken on a regular basis and in particular when there were any updates to the recommended practice.
- 5.2.3 In relation to capital projects it was confirmed that monitoring of projects was undertaken through individual project risk registers and regular reporting through the Finance & Estates Committee.
- 5.2.4 **It was resolved** To approve the report of the audit committee's compliance with the DfE Good Practice Guide for Audit Committees and recommend it to Corporation.

Wendy Davies joined the meeting.

6 **Committee terms of reference 2022/23**

- 6.1 The DCG advised that the terms of reference for the committee had been reviewed alongside the revised Post 16 Audit Code of Practice (ACOP), published in September 2022. The changes made to the document were tracked for ease of reference and were intended to align the terms of reference to the requirements for Audit Committees as specified in the ACOP.
- 6.2 The only significant changes were noted as:
- Inclusion of cybercrime within the list of instances of fraud reportable to ESFA.
 - Clarification in relation to what constituted 'significant fraud'.
- 6.3 The Chair suggested that a more explicit reference to the committee's oversight of risk management should be included and the DCG agreed to add this prior to consideration by Corporation.
- 6.4 **It was resolved** To recommend the committee terms of reference 2022/23 to the Corporation, subject to additional point on risk management oversight.

7 **Audit Committee's self assessment of its own performance in 2021/22**

- 7.1 The DCG advised that it was considered good practice for the Audit Committee to undertake a self-evaluation of its performance each year. The questionnaire (as produced by CIPFA) had been completed on behalf of the Committee and members were invited to consider whether the answers reflected their own views of the Committee's performance in 2021/22.

7.2 **It was resolved** To approve the audit committee's self assessment of its performance in 2021/22.

8 **Regularity self assessment questionnaire**

8.1 The CFO presented the regularity self assessment questionnaire. The Post-16 Audit Code of Practice 2021/22 set out a common standard for the provision of assurance and accountability in relation to funding of post-16 providers. Within the code it stated that College corporations must publish a statement of regularity, propriety, and compliance within their annual accounts. The additional questionnaire in respect of Covid 19 that had been submitted in the previous two years was no longer required.

8.2 The audit committee was required to consider the regularity self-assessment questionnaire prior to commencement of external audit. The College had completed the questionnaire and was satisfied that its responses were full and complete. There were no issues noted as a result of the responses provided.

8.3 **It was resolved** To recommend the regularity self assessment questionnaire to the Corporation for approval.

9 **Subcontracting Controls Assurance Review**

9.1 The CFO presented the subcontracting controls assurance review which was a requirement of the College's funding agreement to obtain external assurance on subcontracting arrangements on an annual basis.

9.2 The review had been undertaken by BDO and had identified four areas where the College's internal control framework for subcontracting needed to be improved to ensure they were compliant with the ESFA and WMCA funding rules.

9.3 The CEP was required to sign the certificate to confirm that the report provided assurance on the systems and controls in place for the year 1 August 2021 to 31 July 2022 and to confirm that there was an implementation plan in place that set out when the recommended actions would be completed. The management response within the report confirmed that this was the case and the certificate had been submitted within the required timescales.

9.4 **It was resolved** To note the subcontracting controls assurance review.

10 **Internal Audit Progress Report including internal audit report on Learner Number Systems**

10.1 L Tweedie presented the internal Audit Progress Report which set out the work carried out in the 2022/23 academic year to date.

10.2 The review of Learner Number Systems had taken place since the last Audit Committee and the report was presented for consideration. This was an advisory piece of work and therefore the report did not provide a level of assurance for the area. Eleven requirements or critical factors were reviewed and four were found to be non-compliant. As a result two low priority actions

and two medium priority actions had been agreed. Three actions from the learner numbers review in 2020/21 were also followed up: one action had been fully implemented and three were yet to be implemented. The report set out therefore, seven actions that required implementation. Since the audit took place two actions were fully implemented and five were in progress.

10.3 L Tweedie provided further clarification in relation to the implications of the review, had this been an external funding audit. The CFO advised that this had been a helpful exercise given the change of management in this area and the aim would be to see improved compliance as a result. The recommendations would be followed up as part of the follow up review in April 2023.

10.4 The Chair noted that there was a potential cross over between the planned internal audit on sub-contracting and the external review considered under item 9.1. L Tweedie advised that they would work with the College to ensure that any overlap or duplication would be avoided and ensure the best use of internal audit activity.

10.5 The RSM report also included a report on managing the increasing cyber-crime threat through summer, bank holidays, evenings and weekends. The report had been reviewed by the Head of IT who had confirmed that the College was or had already addressed the considerations set out in the report.

10.6 **It was resolved** To note the internal audit advisory report on learner number systems and progress report.

11 **Rolling schedule of audit recommendations**

11.1 The CFO presented the report which summarised the progress made in implementing the recommendations contained in the Audit Reports submitted by RSM (internal audit) and BDO (Sub-contract controls). The report identified those recommendations that remained in progress and highlighted those that had been completed.

11.2 Key points were noted as:

- Of the 30 follow up recommendations, RSM found that 20 had been implemented, with 10 still in progress. Since the follow up report, 8 had been fully implemented with 2 that were ongoing.
- Three of the outstanding recommendations from 2021/22 were not yet due.
- 17 were in progress.
- One recommendation was subject to delay (income and debtors) and was therefore subject to management intervention to ensure completion within the next week.

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

12 **Annual Internal Audit Report**

12.1 L Tweedie presented the Annual Internal Audit Report which set out the work carried out by RSM in the 2021/22 academic year, including recommendations made in each category, and RSM's performance against plan.

12.2 The summary of internal audit work completed in 2021/22 was noted as:

- Risk management processes (substantial assurance)
- Framework for Efficiency – Curriculum Planning (reasonable assurance)
- Key Financial Controls – Income and Debtors (advisory)
- Student Welfare Framework (substantial assurance)
- Follow up (reasonable progress)
- Learner Number Systems – 16-19 Study Programmes (compliance)

12.3 Based on the above work, L Tweedie was able to report that the College had an adequate and effective framework for risk management, governance, and internal control in place, with the recommendations made throughout the year helping to identify further enhancements to the framework or risk management governance and internal control.

12.4 She noted that a sector benchmark of 87% of colleges were in the same amber/green category. Those which fell within the green category were predominantly smaller, less complex organisations such as sixth form colleges.

12.5 **It was resolved** To note the annual internal audit report and recommend it to Corporation.

13 **Risk management Annual report**

13.1 The CFO presented the Risk Management Annual Report which set out how the College had proactively engaged with the revised risk management strategy. The senior leadership group had revised and updated the risk plan on a monthly basis with reports being regularly provided to all sub-committees and the Corporation. All risks had been effectively managed, with two risks being removed from the register and two other risks increasing their score through the year and therefore added to the report. Recognition and management of these risks had meant that key performance indicators had not been impacted.

13.2 The internal audit on risk management processes had provided substantial assurance and the College's regularity assessment provided the Corporation with assurance that risk was being managed appropriately.

13.3 The risk register for 2022/23 was also presented which showed the increasing risk scores for student recruitment and income generation, the quality of apprenticeships and delivery of the work experience strategy.

13.4 **It was resolved** To approve the risk management annual report.

- 14 **Anti-fraud, corruption and bribery policy**
- 14.1 The CFO advised that the fraud and irregularity annual report had recommended that that College's anti-bribery policy be extended to incorporate the College's counter fraud strategy. The policy had been extended to incorporate a renewed focus on counter fraud measures, detailing responsibilities across the College, the measures that the College routinely took and actions to be taken when concerns were raised.
- 14.2 **It was resolved** To recommend the anti-fraud, corruption and bribery policy to the Corporation.
- 15 **Business Continuity Plan 2022/23**
- 15.1 The CFO presented the Business Continuity & Disaster Recovery Plan which provided a framework and a set of checklists detailing the steps required to be taken to ensure that in the event of a disaster or critical incident, the operational functions of the College continued.
- 15.2 The document had recently been re-written and reviewed by the Senior Leadership Group to reflect operational and staffing changes for 2022/23.
- 15.3 **It was resolved** To recommend the Business Continuity and Disaster Recovery Plan to the Corporation.
- 16 **Data protection and freedom of information annual report**
- 16.1 The CFO presented the data protection and freedom of information annual report which provided a summary of data protection activity through the 2021/22 year, including information on the extensive training programme for staff, details of data breaches, disclosure to third parties, erasure requests and freedom of information requests.
- 16.2 The College would continue to monitor data protection activity. Data Protection training made staff more aware of their responsibilities to protect personal data and gave them a point of contact for advice. In 2022/23 work would continue with the IT Department to ensure the Information Asset Register was up-to-date and would monitor and apply updates applicable to Dudley College's Privacy Notices.
- 16.3 **It was resolved** To note the data protection and freedom of information annual report.
- 17 **Commercially Sensitive - Cybersecurity annual report**
This is the subject of a separate and confidential minute.
- 18 **Any Other Business**
- 18.1 There were no further matters arising.

- 19 **Date of next meeting**
19.1 28 November 2022

The meeting closed at 17.46 hours.

Approved by the Audit Committee at the meeting held on 28th November 2022.