Part 1 Minutes of the Audit Committee meeting held on Monday 4th March 2024 at 5pm via Microsoft Teams

Members Present:	Liam Butler (Chair)
	Wendy Davies (item 6 onwards)
	Liz Sithole
In Attendance:	Matthew Collins (Observer)
	Gill Darwood (Director of Corporate Governance) (DCG)
	Louise Jones (Chief Finance Officer) (CFO)
	Neil Thomas (Chief Executive & Principal) (CEP)
	Louise Tweedie (RSM)

Committee administrative matters

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 Jane Grimshaw and Craig Sullivan of Bishop Fleming.

3 Declarations of interest

3.1 There were no declarations of interest.

4 Approve minutes of previous meeting held 27th November 2023

4.1 The minutes of the meeting held on 27th November 2023 were accepted as an accurate record by members.

5 Matters arising

5.1 There were no matters arising.

Wendy Davies joined the meeting.

Internal Audit Matters

6 Internal audit progress reports

6.1 L Tweedie introduced the Internal Audit Progress Report which set out the work carried out in the 2023/24 academic year to-date. The internal audits were intended to assist college management and Audit Committee in obtaining an overall view of adequacy and effectiveness of the internal control system and on risk management.

6.2 Members considered the reviews which had taken place since the last Audit Committee.

6.3 - *Key Financial Controls*: The review concluded reasonable assurance with three medium and three low priority actions.

6.4　L Tweedie and the CFO provided further clarification in response to questions from members in relation to procurement. The CFO confirmed that a software issue had been identified in the routing of purchase order approvals and until this was resolved manual checks had been introduced.

6.5　– *Examination Arrangements:* This advisory review had identified one action relating to special access arrangements for examinations and assessments. The CFO advised that these arrangements were required currently for 571 identified learners across the College.

6.6　- *Learner number systems – Devolved AEB*: This advisory review had identified one high level, two medium and four low priority actions.

6.7　The CEP provided an explanation of changes to the conditions of funding for mathematics and English which would be enforced from the academic year 2025/26, with a transitional year in 2024/25. Further consideration of this important change would be picked up through the Standards Committee as the College would need to look at a different approach to the delivery of full-time study programmes in order to address the requirement for additional taught hours on English and mathematics.

6.8　L Tweedie presented a report which reflected the outcomes of RSM's internal reviews of HE providers on protecting students from harassment and sexual misconduct. She noted that OfS had issued a statement of expectations in this area and were planning to make it a condition of registration. This may give rise to a need for the College to look at reporting in this area as a specific requirement rather than being included within current safeguarding reporting. The CEP advised that these requirements would be considered to ensure that the College was meeting the conditions of registration for OfS.

6.9　**It was resolved** to note the internal audit progress reports.

7　**Rolling schedule of audit recommendations**

7.1　The CFO presented the report which detailed the progress made in implementing the recommendations agreed in the audit reports submitted by internal auditors RSM. It excluded recommendations that had been confirmed by RSM as implemented in their follow up audits. The report retained all audit recommendations until RSM had confirmed implementation.   Since the last report, 9 recommendations had been implemented and 13 recommendations had been added from the three new audit reports presented to this committee.

7.2　All actions were progressing as expected, with the exception of four where a delay had been flagged.

- Staff utilisation reports were the subject of a detailed review to ensure that systems in HR, Finance and Data were synchronised and producing the same, accurate information. This work was progressing, however it was a critical business process to ensure that staffing resources were matched to the delivery plan.

- The College had reviewed its work experience process to ensure that the evidence complied with funding rules. A number of teams were co-ordinating their work to ensure that this evidence was in place for each student that undertook work experience. An audit would be undertaken in April to check that evidence was available for a number of students. This was also flagged on the risk register under a later agenda item.
- There were two actions that continued to be subject to delay with regard to the partnership handbook and associated procedure notes. This was expected to be finalised imminently.

7.3 **It was resolved** to note the rolling schedule of audit recommendations.

8 **Internal Auditors' annual benchmarking report 2022/23**
8.1 L Tweedie presented the annual benchmarking report produced by RSM, which included data on the work done with the College in 2022/23 compared to other education clients. The key points were noted as:
- The College had similar levels of assurance for the range of work completed in 2022/23 as in 2021/22, with the majority of work gaining substantial assurance.
- The College's assurance levels in 2022/23 were in line with other colleges in the general FE sector.
- The average number of management actions per assignment was lower in 2022/23 than in the previous year, which was also slightly better than RSM's FE client base (3.3 actions compared to 3.8).
- Across RSM's client base, the chart showed the high management actions agreed, by top themes. The three top themes included financial management, student experience, apprenticeship training.

8.2 **It was resolved** to note the internal auditors' annual benchmarking report for 2022/23.

Risk Management Matters
9 **Risk Management spring term report**
9.1 The CFO presented the risk management report, noting that the risk register had been updated to align to the new strategic plan 2024-27. Risks were now listed against the new categories of People, Place, Innovation and Sustainability. Many of the risks were the same or similar, with a small number of new risks arising from the strategic plan. Members noted the changes as:
- Of the 11 existing risks, 8 had been matched to 9 risks from the strategic plan.
- There were 3 new risks from the Strategic Plan that did not map, being:
  o People: Failure to engage with our community partners, funding bodies and sector partners. This had been combined with the risk on Place: Engaging with our education partners.
  o Innovation: There could be a barrier to engaging with learners and employers if professional services departments were not using and developing the systems that would best serve their customer needs.
  o Sustainability: Horizon scanning, engagement with policy makers and staying abreast of educational developments would be critical for the successful future of the College. This had been combined with the risk on Innovation: responding to curriculum reform.

- There were four existing risks that did not map neatly to risks in the strategic plan. They had been actioned as follows:
  - The quality of apprenticeship provision was lower than required, this could result in apprentices not achieving their qualification. It was proposed to retain this and add it to the Innovation core aspiration.
  - The College was unable to deliver the work experience strategy, as a result of lower than expected work placements. It was proposed to retain this and add it to the Innovation core aspiration or People core aspiration.
  - The College's response to an event falls short of statutory requirements on keeping children safe. It was proposed to drop this risk as Ofsted had recognised strong safeguarding measures were in place.
  - College business was at risk from cyber security threats. It was proposed to retain this as it was still a very relevant risk. This would be added to the Sustainability core aspiration.

9.2   As a result, there were now 13 risks on the risk register; of which 9 continued to be rated amber and 4 were rated yellow compared to 2 previously.

9.3   *Risk Action Update*
The risk register showed the actions that were being taken to further mitigate the risks identified. A number of risks had actions that were subject to delay including:
- Apprenticeships: setting up clear milestones on SmartAssessor to enable progress tracking and monitoring.
- Work experience strategy: implementation of new procedure, undertaking on site risk assessments, reporting to the Health and Safety Committee and recording on ProMonitor.
- Engaging with employers: increasing the number of IoT partners and improving efficiency/contribution of the IoT.
- Sustainability: setting a baseline and milestones to achieve net zero and publicising these targets.
- Cyber security: appointment to the SharePoint project post.

9.4   All areas were subject to close scrutiny by the senior leadership team to ensure that any barriers to successful completion were being tackled. In response to a question from the Chair, the CFO confirmed that risk scores were reviewed to take into account any delays.

9.5   *Emerging Risk Radar*
Members noted the RSM report on emerging risk considerations. The report was based on a survey of board members and professional advisors across all industries. The top 3 most prevalent risks were in line with the College's own assessment:
- Change in government and political instability.
- Shortages in people skills and experience available.
- Reduction in income and economic slow-down.

9.6   L Tweedie advised that this exercise would be repeated every six months.

9.7   Members discussed the implications of the identified risks in respect of the College. The CEP explained that any economic downturn would likely result in a change in the mix and balance of learners, with more full-time learners, as well as sector-based changes in demand.

9.8   **It was resolved** to recommend the risk management spring term report to the Corporation for approval.

10   **Any Other Business**
10.1   There were no matters of any other business.

11   **Date of next meeting**
11.1   The next meeting of the committee would be held on Monday 10th June 2024 at 5pm.

The part 2 meeting is the subject of a separate confidential minute.

The part 2 meeting closed at 18.01.

Approved by committee members at the meeting held 10th June 2024.