

Audit Committee
Minutes

	Action
1. Welcome and Apologies 1.1. Apologies were received for Darrell DeSouza and James Bryan.	
2. Declaration of Interests 2.1. None.	
3. Minutes (Decision) 3.1. The twice yearly data verification process to support the ILR returns had been due to take place in May 2023 but had been delayed. Progress will be reported at the next meeting (minute 5.4). 3.2. The internal Equality, Diversity and Inclusion (EDI) Committee would present at the next appropriate meeting, following the assignment of an EDI Link Governor (minute 6.7). 3.3. The internal audit report on Governance was expanded on by the College's Internal Auditors, Scrutton Bland, to provide more context. This was approved by the Governing Body in March 2023 and the external review of Governance was brought forward and was currently in progress. Resolved to 3.4. Approve the minutes of the Audit Committee meeting held on 2 March 2023 as a correct record and authorise the Chair to confirm them.	Deputy Principal (Nov 2023) Clerk

<p>4. Matters Arising</p> <p>4.1. A new Business Continuity Plan had been drafted, to be finalised by 30 June 2023, to ensure a thorough review. It will be presented to the autumn 2023 Audit Committee.</p> <p>4.2. Business Continuity testing would be included in the new Plan, demonstrating what would be tested and how it will be carried out. This would begin in spring 2024, following the Internal Audit tender process.</p> <p>Denise Lloyd left the meeting.</p>	<p>Deputy Principal (Nov 2023)</p>
<p>5. Review of Outstanding Audit Recommendations (Information)</p> <p>5.1. As at the end of June 2023, there were 28 audit recommendations in total, 8 completed, 16 partially completed and 4 Not Yet Due.</p> <p>5.2. Reasonable progress had been made since the previous meeting, considering there had been an Ofsted inspection.</p> <p>5.3. To ensure that the recommendations were completed in a timely manner, a new system to monitor the audit recommendations had been delegated to the wider College Leadership Team (CLT).</p> <p>5.4. Scrutton Bland stated that this additional layer of checks with the wider College would improve risk and lead to a more improved audit plan for the following year. Governors were also assured by the new approach.</p> <p>5.5. The Committee agreed to the following revisions:</p> <ul style="list-style-type: none"> a) Priority (per internal audit reports) was included in the report, to clarify the impact on non-completion. b) Any proposed new dates for completion to also be included. c) Completed items were removed from the rolling report. <p>5.6. It was clarified that, although Committees currently received the Internal Audit Reports that related to them (either by email or within the papers), a more consistent system should be in place. It was agreed that:</p> <ul style="list-style-type: none"> a) All Internal Audit Reports to be shared with SLT once issued by the Internal Auditors, to refer to and append to their upcoming Committee SLT Reports, for discussion. b) SLT to provide any appropriate verbal updates, arising from the Audit Committee meetings, at the next Committee meeting. <p>5.7. An additional Audit Committee meeting may take place in September 2023 (not including External Auditors), to follow up on the previous audit recommendations and review any completed new audits.</p>	<p>Deputy Principal (Completed)</p> <p>Deputy Principal: forward reports / SLT (Nov 2023)</p> <p>Clerk (Completed)</p>
<p>6. Review of Audit Committee Terms of Reference</p> <p>6.1. A change to the Committee's Terms of Reference was proposed to add the following:</p> <p><u>Areas where Audit has authority to consider matters and make a recommendation to the Corporation:</u></p>	

<p>23. <i>To advise the Corporation of compliance with its obligations under the Managing Public Money (MPM) provisions.</i></p> <p>6.2. Buzzacott, the External Auditors, confirmed that this aligned with the regulatory updated in the ACOP.</p> <p>6.3. New Governor, Darrell DeSouza, was now a member of the Audit Committee, who it was felt would make a great addition. As the Committee had now doubled its Governor membership, it was now deemed to be in much stronger position to challenge and support the executive.</p> <p>6.4. A broader statement relating to the ONS changes was being considered by the Clerk for all of the Committees' Terms of Reference. This would be presented at the Full Governing Body meeting in July 2023.</p> <p>Resolved to</p> <p>6.5. Accept the revised Terms of Reference and recommend them to the Governing Body for adoption.</p>	<p>Clerk (Completed)</p> <p>A: Governing Body (Appendix I)</p>
<p>7. Review of Overall Risk (Decision)</p> <p>7.1. Management were in the process of reviewing how the risk registers could be better embedded within the College and the Governing Body.</p> <p>7.2. An updated, simplified, version of the Principal Risks schedule, which has the input and 'buy-in' from CLT, will be presented at the Full Governing Body meeting on 12 July. The distraction provided by the recent Ofsted inspection has prevented an earlier focus upon this matter.</p> <p>7.3. The format of the main risk register will change to facilitate its wider adoption and practical use, including by management beyond the SLT, with a simpler risk scoring mechanism, provision of a visual overall 'RAG' rating and direction of travel, along with greater precision around KPIs/success measures needed to mitigate and reduce the overall risk rating.</p> <p>7.4. The revised approach to risk management will be included in a future internal audit schedule, in order to review the effectiveness of the implementation of the revised approach, notwithstanding the previous assessment Scrutton Bland made in this regard.</p> <p>7.5. It was clarified that no additional risks had been found.</p> <p>7.6. Governors had found the current streamlined Principal Risks schedule a more helpful document to view risk more strategically. However, in order for this document to be user friendly, and allow for incorporation into Committee meetings, the changes being planned were deemed a sensible, balanced approach.</p> <p>7.7. The Clerk clarified that any Decision Time papers that were difficult to read in the Agenda View can be downloaded by clicking on the 3 dots next to the paper and selecting Download.</p> <p>7.8. It was clarified that SLT/Clerk's reports currently highlighted the Principal Risk(s) that were most appropriate to that Committee. However, this did not signify ownership of those risks, as the Principal Risks were broad.</p>	<p>Governing Body to note</p>

<p>7.9. The Committee thanked the Principal and SLT for this positive new approach to risk management.</p> <p>Resolved to</p> <p>7.10. Note and agree to the actions outlined to refresh the Principal Risks schedule and strengthen cross-College adoption of risk management.</p>	
<p>8. Report of the Deputy Principal, Finance & Resources (Decision)</p> <p><u>Internal Audit Assurance Strategy and Annual Plan</u></p> <p>8.1. The evaluation of the internal audit service provided by Scrutton Bland was confirmed as 'Adequate' at the November 2022 meeting of the Audit Committee and the appointment of Scrutton Bland to provide an internal Audit Service to the College for 2023-24 was agreed.</p> <p>8.2. The Internal Audit Assurance Strategy and Annual Plan provided by Scrutton Bland detailed the full range of internal audits being proposed for 2023-24.</p> <p>8.3. The plan equates to 33 days (31.5 days in 2022-23). The audit fees per day has been increased by 7% to £590 (£550 in 2022-23). Therefore, the proposed audit fee for 2023-24 was £19,470 +VAT. (£17,325 + VAT 2022-23).</p> <p>8.4. The high risk internal audits for 2023-24 are: Student Recruitment; Human Resources and; Capital Project Management. The routine internal audits are: Financial Controls (including the procurement challenges of multiple sites); Follow-up of previous recommendations and; a contingency option for one full additional audit, to align with the College's new review of risk.</p> <p>8.5. It was clarified that the risk rating of the internal audit coverage was the sum of the two risk appetite entries from the College's Risk Register matrix.</p> <p>8.6. As the internal audits which received Reasonable opinions were mainly during 2021-22, Governors queried if this correlated with the impact of the pandemic. Apart from affecting how the audits could be carried out, the auditor's findings were not linked directly to the pandemic.</p> <p>8.7. Management were also keen to align the internal audits with the higher risk areas, in order to find solutions, and expects less green assurances. It was a much more dynamic and challenging process which the College were embracing.</p> <p>8.8. Suggestions for the contingency audit were: Safeguarding; Cyber Security, Risk management, and; English and maths. SLT would consider these alongside any current new risks.</p> <p>8.9. The Committee discussed the need for more focus on cyber security. Insurance premiums were significantly rising to reflect the growing elevation of risk, with Ransomware attacks becoming more frequent in the sector. A specialist was being engaged by the College to consult on achieving Cyber Essentials Plus which will include advice on improving the College's systems' security.</p> <p>Resolved to</p>	

<p>8.10. The Audit Committee is asked to discuss and agree the Internal Audit Assurance Strategy and Annual Plan for the 2023-24 year and the proposed fees therein.</p> <p><u>Financial Statement audit service</u></p> <p>8.11. The evaluation of performance of the external auditors at the March 2023 Audit Committee was confirmed as 'Good' and Buzzacott were re-appointed as financial statements auditor for the financial year 2022-23.</p> <p>8.12. Buzzacott has provided their Audit Strategy for the year ending 31 July 2023. The objective is to meet the timetable of the Committee and the Governing Body and to file the accounts with the ESFA by 31 December 2023.</p> <p>8.13. There was an increase in audit fees of 8.6%, due to additional requirements from the accounting standard ISA 315, which was deemed a reasonable increase by management.</p> <p>8.14. Following the ONS reclassification of further education colleges in November 2022, Buzzacott will now need to consider the College's compliance with the 'Managing Public Money' (MPM) requirements as set out by HM Treasury.</p> <p>8.15. As the College have no current borrowing, this is not expected to impact the 2022-23 statutory accounts.</p> <p>8.16. The College was anticipating a deficit of circa £212,000 for 2022-23 against a budgeted surplus of £164,000, largely as a result of the costs incurred in implementing a quality improvement plan.</p> <p>8.17. The College also plans to use some of its reserves to fund the Mottingham campus project. Additionally, given the current economic climate, there remained a risk that financial pressures on both income and costs (pay and non-pay) will impact on the College's results and reserves going forward.</p> <p>8.18. No income clawback from the ESFA was anticipated.</p> <p>8.19. It would be confirmed at year end that the Mottingham construction costs were deemed genuine.</p> <p>8.20. ISA 315 will now involve confirming that the systems and controls are in place for ILR data.</p> <p>8.21. The accounting estimates still include both Kent County Council and Enfield Council Teachers' pensions on the balance sheet.</p> <p>Resolved to</p> <p>8.22. Note and agree the Audit Strategy with the proposed fees therein.</p> <p>Katharine Patel left the meeting.</p>	
<p>9. Internal Audit Reports (Decision)</p> <p><u>Estates Management: Reasonable assurance</u></p> <p>9.1. Scrutton Bland issued a Reasonable assurance opinion (their third highest) on Estates Management.</p> <p>9.2. The following recommendations were made:</p>	

<p><u>Annual Servicing Documentation (High risk)</u></p> <p>9.3. Annual servicing documentation required more robust logging measures, to ensure compliance. This will take the form of a new Campus Log.</p> <p>9.4. The College should implement a Service Level Agreement (SLA) for the Estates Department to ensure that activity completed by team members is known and can be appropriately and accurately tracked.</p> <p>9.5. Reporting should be completed regularly and should be shared with the Board. This will all be completed by August 2023.</p> <p><u>Planned Preventative Maintenance Programme (Medium risk)</u></p> <p>9.6. A Planned Preventative Maintenance Programme (PPMP) schedule should be fully developed to provide oversight of activity scheduled in year.</p> <p>9.7. The PPM schedule should be centrally retained and made accessible to all Centre Managers and Estates staff. This was now in place.</p> <p><u>Key contractor performance (Medium risk)</u></p> <p>9.8. Management should ensure that formal key contractor performance review meetings are completed at least annually. These meetings should be minuted and agreed actions captured and acted on where appropriate.</p> <p>9.9. Management had disagreed with this recommendation as the College only used smaller servicing contractors, where monthly meetings would be disproportionate to the level of service. However, performance was regularly monitored and contracts were cancelled for under-performing services.</p> <p>9.10. Governors felt that a minimal, formal, annual review should be considered to provide standardised evidence, rather than rely on informal decisions. SLT agreed that annual assessments will provide assurance and a list of service level agreements would be supplied to the Committee.</p> <p><u>IT solution (Low risk)</u></p> <p>9.11. Management should identify whether the IT solution can be developed and implemented to enable accurate and consistent fault reporting, which enables tracking and reporting on response targets, site inspections and additional activity. This will be live by September 2023.</p> <p><u>Reporting guidance (Low risk)</u></p> <p>9.12. Management should further develop reporting guidance required for the Estates Committee to ensure that, on a termly basis, key actions completed across the various campus locations is reported to the SLT/Board.</p> <p>9.13. A new College helpdesk system will be implemented that will support improved reporting and tracking against targets. Targets will be established for time to respond to and resolve Estates issues raised on the helpdesk and included in monthly reports.</p> <p><u>Roles (Low risk)</u></p>	<p>Estates (Nov 2023)</p>
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<p>9.14. The College should complete a review of the roles and responsibilities and activities completed by the Estates Department.</p> <p>9.15. The Director of Estates deemed this a priority and is conducting a review and making proposals on the structure, roles, skills and experience required to support the estate. The review has so far reshaped the Campus Manager role, moving safeguarding to the academic team to allow for more estates focus.</p> <p>9.16. Governors queried whether the College had a register of statutory obligations. This was now in operation but required further time to be able to fully evidence that all obligations had been complied to.</p> <p>9.17. Over the past year, all estates staff had been trained on improving compliance, monitoring and holding annual reviews, rather than the previous 5 year infrastructure checks.</p> <p>9.18. Scrutton Bland were thanked for their estates audit, which had proved very useful, particularly as best practice could now be assured for the upgraded Nottingham campus.</p> <p><u>Learner Progress: Reasonable assurance</u></p> <p>9.19. Scrutton Bland has issued a Reasonable assurance opinion for Learner Progress.</p> <p>9.20. The following recommendations around the College's ProMonitor system were accepted:</p> <p><u>Setting expectations which impact learners (Medium risk)</u></p> <p>9.21. To revise and update the Attendance Policy.</p> <p>9.22. Training for new starters to be introduced and to include more comprehensive ProMonitor training.</p> <p>9.23. Attendance working group meetings had been very effective and facilitated the consistency of new policies and processes, which improve student outcomes.</p> <p>9.24. The Attendance Policy was now complete and would provide consistency in how teaching staff recorded attendance.</p> <p><u>System gaps in the use of ProMonitor software (Medium risk)</u></p> <p>9.25. Automated controls to be introduced to improve timely intervention.</p> <p>9.26. Functionality to be streamlined with locked fields to improve consistency.</p> <p>9.27. Methods to improve narrative or lack of completion.</p> <p>9.28. Learner risk ratings to automatically update against key College KPIs.</p> <p>9.29. Management were researching best practice for the ProMonitor system and to consider other systems.</p> <p><u>Roadmap (Low risk)</u></p> <p>9.30. Management to produce a roadmap and timeline for delivery of all intended targets/actions with regard to the development of ProMonitor.</p> <p>9.31. The Vice Principal agreed with the Reasonable opinion, recognising that there were some compounding issues that need to</p>	
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<p>be dealt with earlier in the cycle. There was also a role for middle management to be accountable for leading compliance in their area.</p> <p>9.32. The report also tied into the risk register in terms of staff morale and job satisfaction. It was clear that staff needed to acclimatise fully with the ProMonitor system, to ensure against feeling overwhelmed. Staff had also recognised the lack of consistency themselves.</p> <p>Stephen Way left the meeting.</p> <p><u>Risk and Assurance Progress Report</u></p> <p>9.33. The Funding Assurance audit was due to complete soon.</p> <p>Resolved to</p> <p>9.34. Receive and agree the above Internal Audit reports.</p>	
<p>10. 8 Month Report on Compliance and Regulation 2022-23 (Information)</p> <p><u>Personal Data Breach</u></p> <p>10.1. Since the previous report, there had not been any Personal Data Breaches.</p> <p>10.2. As this was significantly lower than the previous year, the Data Protection Officer would continue to encourage reporting, in case there had been a lapse.</p> <p><u>Freedom of Information (FOI) and Data Subject Access Requests (DSAR)</u></p> <p>10.3. Since the previous report, there had been 3 Freedom of Information Requests. These requests are mainly from service companies researching using the College's data for market research purposes.</p> <p>10.4. Since the previous report, the College received and complied with 1 Data Subject Access Request.</p> <p>10.5. As at 31 March 2023, the Clerk confirmed that the College was 100% compliant in all areas of Data Protection.</p>	
<p>11. AOB</p> <p>11.1. None.</p>	
<p>12. Date of next meeting</p> <p>12.1. The next Audit Committee meeting will take place on Monday 13 November, 2023 at 0830.</p>	
<p>13. Sector Update</p> <p>13.1. A sector update was given by Scrutton Bland.</p> <p>13.2. The main themes were: Mitigating for human error, which had increased; recruitment challenges, cashflow and budget setting challenges; cyber risks requiring more investment versus accepting higher level of risk.</p> <p>13.3. A new DfE College Handbook is due in 2024, which could require a 31 March year end.</p>	

APPROVED MINUTES			
CHAIR:	Guy Jones-Owen	DATE:	19 September 2023
APPROVAL:	Remote confirmation: APPROVED Or signed:		