

## AUDIT COMMITTEE

### Minutes of the meeting held on Monday 18 September 2023 at 4.00pm in the IT Suite

<b>Present:</b>	Lucille Knapp	Governor	Chair	
	Andy MacCaig	Governor		
	Mark Wakeford	Governor		
	David Aarons	Co-opted Governor		
	Helen King	Co-opted Governor		
	Aaron Keers	Co-opted Governor		Via Teams
<b>In attendance:</b>	Craig Ablett	Co-opted Governor		
	Corrie Harris	Principal/CEO		
	Alicia Bruce	COO		
	Susan Brook	Internal Auditor – Wylie & Bisset		
	Helen Knowles	External Auditor - Beaver & Struthers		Via Teams
	Catherine Duro	Head of Governance (Clerk)		

### **SECTION A.1 – ROUTINE AND STANDING ITEMS:**

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**23/29** Introductions were made for the new auditors.

#### **23/30 Apologies for absence (Agenda item 1)**

No apologies were received.

It was **noted** that Karen Squires, as a staff governor, would no longer be a member of this committee, in accordance with ESFA guidance, instead sitting on the Finance and Resources Committee.

#### **23/31 Declarations of interest (Agenda item 2)**

There were no declarations of interest.

#### **23/32 Minutes of the last meeting (Agenda item 3, Paper A)**

The minutes of the meeting held on **26<sup>th</sup> June 2023** had been circulated previously and were **approved** as a true and accurate record.

#### **23/33 Actions outstanding (Agenda item 4, Paper B)**

There has been no formal handover as yet, Wylie & Bisset will follow up and confirm when this has happened.

Other actions are not yet due.

#### **23/34 Matters Arising**

The Committee received an update on the internal audit action regarding payroll controls. It was **informed** that HR were working with finance to develop payroll and HR reports to make best use of the new system. These would be designed, procured and ready to action this term. The COO confirmed that they always received a set of reports to check and approve the payroll being paid. The Finance Director was continuing to work with payroll to improve the detail available in these reports.

A governor **asked** if there was a requirement on the college corporation to report its scope 1 and 2 carbon emissions. The SLT and Auditors would take this question away as an action and confirm back, ensuring that any requirements were fulfilled as required. **(Action)**

## **SECTION B – GOVERNANCE:**

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### **23/35 Terms of Reference review for approval (Agenda item 5, Paper C)**

The minor amends proposed by the Corporation were reviewed. All **agreed** that these were appropriate amendments.

**Resolved:** that the revised terms of reference be **adopted**

## **SECTION C – INTERNAL AUDITOR UPDATE:**

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### **23/36 Internal Audit Plan and Strategy 2023-26 (Agenda item 9)**

The Committee was **advised** that the draft plan had been prepared by auditors and management for discussion.

The Committee understood that whilst a governance audit had been included initially it was now proposed that this be deferred a year and that the mandatory external review of governance would instead **provide assurance** around this area.

It was **suggested** that student experience be brought forward into 2023/24 instead, with an internal audit of governance in 2024/25 to follow up on the actions reported in the external review of governance. It was **debated** if additional days would benefit the strategic plan audit, to cover the golden thread between business planning, KPI's the operating plan and accountability statement – how they link together and feed through the organisation. The Internal Auditor assured the committee that this was provided for in the proposed audit. It was acknowledged that this could be clearer in the audit objective and the assignment plan, where it would be made explicit **(Action)**.

It was **questioned** if November was too early to audit the student experience. This was **debated**. It was agreed that it fit well here, allowing the auditor to hear current memories of the enrolment experience, first impressions, and the experience of second year students, and students in other areas. It was **agreed** that the benefit of doing it early in the year to enhance and add enrichment, with time to review the plans and process to shape the following year. It was agreed it is good to catch new students early in their programme before they forget how the start felt or become too loyal to the organisation or their lecturers to be honest.

It was **challenged** if cyber security should be included. The Committee was **assured** by the COO there were 10 actions from previous work that covered this area. These are detailed in the audit plan assurance map.

The Committee was **assured** the internal audit plan was a risk based plan based on the college risk register from the strategic plan, it followed a risk cycle of audits and was not a management wish list.

It was **questioned** if the fact that there was no contingency time was a concern. The internal auditors **assured** the committee that the plan was agile. There was no need to worry about contingency days. They advised it was far better to have a plan at this stage that is agreed;

acknowledging that this can be reviewed at any time to fit in an emerging issue, far better than floating days that need to be filled with something late in the year.

**Resolved:** that the Internal Audit plan, with the change to governance and student experience be **recommended** to the Corporation for approval by written resolution to enable the work to begin.

## **SECTION D – External Auditor Update**

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### **23/37 External audit action plan and strategy 2022-23 (Agenda Item 7 – paper E)**

The external auditor **reported** on a detailed planning meeting that had taken place with the finance team. The final audit would take place throughout October, to report on in November. No issues were coming out of the work to date to bring to the committee's attention. The auditor confirmed they had received professional clearance from KPMG and were able to review the files from last year for opening balance work.

The members' attention was brought to the key matters within the audit plan.

A governor **questioned** how materiality was defined. It was asked how they determine that the accounts show a true and fair view of the college. The auditor **confirmed** that the materiality dictated where they would focus their audit work, looking in more detail at areas above materiality level, with a qualitative scale based on risk, activities and arising issues across the college. The auditor **clarified** that anything above triviality was reported to the committee, anything above materiality needed to be amended, if there were a number of trivialities having a cumulative effect then an amendment would be needed. The External Auditor stated that their focus was on Regularity; Fraud; Going Concern and Pensions.

Questions were invited.

The COO **updated** the Committee on the conversations the college were having with Santander, the treasury and DFE with regard to servicing its debt. The Committee was advised and understood that through these conversations it was hoped to move the debt from Santander to the treasury. There is a timing issue so we might not hit the 31 Dec deadline, to sign off the accounts as a going concern, which the DFE are aware of. It was **understood** that the delay was planned and for the right and proper reasons.

It was asked how much resource was needed from the finance team. The Committee was assured that a number of conversations were underway, the use of a web portal was helping to spread out the time pressures and workload, making it less intensive. Additionally, Simon Newlyn, the college's former director of finance was being commissioned to prepare the accounts, bringing time and experience to strengthen the team. The audit is part of the annual cycle and was not a concern to the team.

**Resolved:** that the External Audit plan, be **recommended** to the Corporation for approval, by written resolution to enable the work to begin.

## **SECTION E – Closing Items**

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### **23/38 Any other business (Agenda item 8)**

A verbal update was offered on the procurement of insurance.

The Committee heard the college was looking to reprocur its insurance advisor/broker. FE Protect have recently been brought by Gallagher. Towergate are a locally based broker that

have been approached to provide a comparative broker service and quote. It was proposed that the current broker be used to get a price from the incumbent Arriva, and that the college would market test this also using Towergate, who will send own inhouse risk assurers to the site to do a review. Arriva will also send risk advisors. The CPC Framework was identified as another option but expires in January. The policies required claims history was discussed.

The Committee **received the update** and were comfortable with what was proposed to continue as a management operational matter.

### **23/39 Governance Impact:**

The Head of Governance introduced a new concluding item to the Committee. It was **proposed and agreed** that the Committee would take time at the end of each meeting to reflect on its impact and effectiveness.

### **Effective Governance**

- A robust debate of internal audit plan – particularly the timing of the governance review and student experience audit
- Governors sought clarity of requirements regarding carbon emissions reporting
- Challenged both audit plans and resource availability – been assured that SLT have fulfilled their purpose and remain able to– giving members confidence.

### **23/40 Date of next meeting (Agenda item 9)**

Monday, 27<sup>th</sup> November 2023 at 4.00 pm.

**The Auditors left the meeting.**

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Meeting closed 17.50