Minutes: Audit Committee

Date: 29th Feb 2023 **Time:** 4.30 - 5.44pm

Location: In College

Present: Mr C Breckenridge
Ms M Lico (virtual via Teams)
Mr E Unuigbe (virtual via Teams) *[joined 1632, item 3]*

In attendance: Mr A Scott (Principal)
Mrs S Carter
Miss F McIntyre
Mr R Plowman - Tiaa (virtual via Teams) *[left 1717, item 5]*

1 Apologies

1.1 No apologies EU expected virtually.

2 Declarations of interest

2.1 None.

3 Minutes of the last meetings – 16th Nov 2023

3.1 Minutes of the previous meeting on 16th November 2023 were reviewed.

3.2 Matters arising:
Q: How are the new HR and IT managers getting on?
[EU joined 1632]
A: Still in post and doing well. HR revamping induction and policies. Experience was invaluable to guide through this and not have to utilise an external company. The IT department has had a restructure and made strong appointments. Work to do to rebuild.

3.3 Actions:
- Annual audit - chair completed
- Internal auditors - reviewing timescale. Complete and confirmed areas to be looked at this year.

3.4 Minutes approved.

3 Report from internal auditors – autumn visit

3.1 Report on risk management completed and finalised. Reasonable assurance and well defined within the organisation. Three points raised and recommendations.

3.2 *Q: Assurance framework and tying strategic plan with register. Is this straight forward?*

A: Linking strategic plan and risk register has been done. There is a colour key which identifies which risk links into the four strategic priorities.
Strategic framework - up to the committee if they feel this adds value and what it would look like.
Q: For governors the KPIs are updated every time they meet, come from the strategic plan and the priorities governors have directed SLT to for the year. Is this different to the strategic framework?
A: It is common in other sectors and now coming into education. It would be having a session with the board outlining a strategic plan then formulating a framework with key risks and not achieving objectives. Would identify control measures that are in place to stop the outcomes being achieved.
Q: How is this different from KPI'sor risk register?
A: KPIs are scaled so governors can see progress and risks.
It is basically having a level of assurance within organisations that key objectives are being mitigated against.

3.2.1 Comment: It would be a lot of work.
It could be an appendix to board risk management. It is usually a separate document.
Example to be sent to College from Tiaa **ACTION - RP**
Discussion - whether it could be included on FB training, development and strategy once got clearer idea what outcome would be.

3.2.2 No formal training - future full board training training sessions. **ACTION FM**

3.3 *Q: Board approving Risk Management Policy which then goes to Audit. Does this need FB approval or committee?*
A: Best practice for Risk Management policy to be signed off by board. **ACTION FM**
Q: Definition of risk management - to be discussed and agreed. What is required?
A: In terms of policy it seems to define the purpose of risk management which is acceptable.

4 Outstanding internal audit points review

4.1 The tracker has been looked at and updated. Currently 18 items with 11 implemented. 2 out of 7 have review dates not yet passed. Four of the others have agreed revised due dates. Only one formally outstanding - will pick up with SC.

4.2 There are reasons why due dates have been revised and no major outstanding issues.

4.3 *Q: Happy with IT and cyber issues?*
A: What has come to light in the last 12 months is IT is a far bigger job to get to where it needs to be. Identified areas to be changed but then it has a knock on effect on other areas and needs to be done in correct order. Now in position to start developing IT infrastructure.
Two outstanding points for IT, IT risk register to be developed. Until systems are developed and what is required. Could be identifying risks on systems that may be removed.
Unsupported operating systems - servers that are unsupported hold three main systems which have operational impact if they go down. The servers currently have are old or not fit for purpose or need brand new maps for what should go on which server map. Do not want to transfer integral operation systems from one old server

to another then it would require to be moved again. Still working on what the requirements are. By the end of this year looking to have the map in place and the unsupported server decommissioned. A bigger job than released.

4.3.1 *Q: Will there be budget implications for the server?*
A: Servers can be between £40,000 and £80,000. This is why a map is required so can understand server requirements. Have budgeted £50,000 to spend on a server.

4.3.2 *Q: Minutes on website, revised due date?*
A: Has now been sent to the correct person so should be completed shortly.

4.3.3 Targeted governor visits is another outstanding item but work in progress with some visits now being done and reported back on to committee.

4.4 Comment: good improvement since last saw report.

4.5 *Q: With future plans can they be addressed before they become overdue?*
A: Once an internal report has come through; need to wait for Audit Committee meetings to discuss the need to be more realistic on due dates possibly. The report can be College wide and governance and it is getting the correct information to update.
Most future items are in hand
Apparasials - of the board - in process and planned
ICT risk register - in hand

4.6 Comment: Need to be more proactive in response rather than reactive - good to see issues being identified and how they will be dealt with.

4.7 *Q: Board review - does this need to be outstanding action? The process has been started and is continuing on schedule?*
A: Yes can be removed. Recommendations are there to assist the organisation so need to give plenty of time. From Audit would rather see a longer date and realistic. If progress can be made then a good decision can be taken off and implemented.

4.8 The implemented risks are taken off and it is the red ones that will be looked at next time.

5 Risk review - risk register additions and deletions

5.1 Page one shows colour coded with risk with general strategic, growth sustainability learning outcomes. Then look at the risk register to see what else has changed. Three new risks have been identified by SLT:

- 1.6 adult education finding work/market disappears. This has been a regular discussion for SLT that the market has changed in the last few months and how this will affect College. Likelihood of the market changing further and been changed from 3 to 4 and have greater concern.
- Insufficient resources - been a significant increase of student numbers in actual numbers for this year and applications for next year. Positive for College but will put pressure on College resources and capacity. Autumn term will be worse with two less classrooms while the building work is undertaken. Now about the planning stage to see how it can be mitigated.
- Student transport - there will be increased cost for next year. £135,000 increase for next year after £100,000 last year. These are significant increases. The supplier has pulled away from other contracts so concern there may not be other options.

Have reached agreed cost and one year discount with a written SLA agreement for next academic year. Now have a year to look at other options to reduce and mitigate risk further.

No other risks changing at this point.

5.2 *Q: Are there other companies for transport?*

A: Have a good contact at the City Council who is working with College to identify other options. Hoping to divide up the routes across three providers rather than a single provider. Discussions are only beginning but would need to start 18 months before changes.

[RP left at 1717]

Q: Student numbers have a positive impact but could have a negative impact on operations. Do we know why student numbers have increased?

A: Reputation improving, demographics working are in favour. 200 ahead of applications of last year. Recruited 190 additional students in excess of allocation. This left £1.2million unfunded activity. This has been mitigated through careful planning, timetabling and careful utilisation of resources. The student experience has not been affected. In-year funding will be received for half of the £1.2m which will start March.

Since tracked closely able to timetable and recruit staff. The resources and staff to accommodate the demand. Quantifying risk can expect if 200 over again can expect half the missing income but would have plans in place to accommodate the students.

6 Internal/external tender process (3-5 cycle)

6.1 External auditors were extended last year. Internal auditors should be re-tendered. SP would like to complete exercise to tender as not proactive in following up action points. They need to be coming in and seeing actions have been implemented and the processes that have been advised are in place and embedded.

Autumn visit was three or four weeks later than the agreed date.

Discussion on current provider. If the lead auditor does not attend then cannot be challenged.

Tracker was provided on Friday afternoon prior to the meeting.

Q: What timescale and are there other companies?

A: SC can go to local companies and can make contacts. For £20,000 not getting added value. Would be looking for a September start and would look for a tender review at the next Audit meeting.

Q: Two governors work for auditors - is this issue?

A: No. Declared interest. May not be able to be involved in decision making.

7 AOB

7.1 Fraud allegations and whistle blowing - confirm no reports or allegations.

7.2 *Q: How do we know if there is fraud? Or examples.*

A: Covered by external auditors in detail. Examples would be someone on payroll who does not exist and expenses and checking mileage distances.

Q: Is there a whistle blowing policy so do not rely on auditors?

A: There is a clear policy.

7.3 Risk Management Policy for approval
Number two has the definition of risk man but recommendation to add purpose of risk management and report has a suggested sentence to include.
Approval with amendments:
Proposed ML
Seconded EU

Vote all approved.

7.4 Terms of reference mentions five governors. Will be raised at search and governance next week.

8 Impact and review

8.1 Internal auditors discussion and challenging assurance framework. Action for example to be provided.
8.2 Good challenge definitions of fraud
8.3 Robust discussion around internal auditors and decision to go to tender

9 Date of next meeting – 6th June 2024

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