

**AUDIT COMMITTEE**
**Minutes of a meeting held at 15.30 on 21 September 2020 via Microsoft Teams**

Present:	Dr A Williams Ms M Carabine Dr A Conn Mr M Pearmain	Independent Member (Chair) Independent Member Independent Member Co-opted Member
Attendance:	4/4 = 100%	KPI 80% Quorum: 3
In attendance:	Mr M Bennington Ms A Corns Mr A Darlow Ms M Gilluley Ms J Green Mr A McCulloch Mrs R Meara Ms J Simpson Ms D Watson	Vice Principal Corporate Operations Grant Thornton Health & Safety Manager Principal and Chief Executive Clerk to the Corporation TIAA Executive Finance Director Executive Director of Human Resources Grant Thornton

Item	Action/ Report Item
<b>TRAINING</b>	
<b>00</b>	<b>MEMBER TRAINING</b>
i	<p>Ms D Watson (“DW”) of Grant Thornton (“GT”) led a discussion on financial reporting challenges for the 2019/20 audit and the Audit Committee’s role, highlighting among other things that:</p> <ul style="list-style-type: none"> <li>- the narrative to the year-end accounts must clearly and in detail explain the pandemic response and assess the resilience of the business going forwards;</li> <li>- consideration should be given to the impact of COVID-19 on all strategic risks;</li> <li>- the Statement of Corporate Governance and Internal Control should disclose control weaknesses (in line with the Office for Students Accounts Direction) and address how working remotely had affected the internal control environment;</li> <li>- a feature of corporate reporting thus far (and likely to be seen in the FE sector) had been disclosure of material uncertainties within going concern statements;</li> <li>- the FRC (Financial Reporting Council) was promoting reverse stress testing as a way of exploring more fully the vulnerabilities in business plans and improving contingency planning;</li> <li>- the Committee would need to understand and, if necessary, challenge management’s bases for significant judgements and estimates (such as impairment of properties, property valuations, defined benefit pension scheme valuations); and</li> <li>- the accounts filing deadline had been extended to the end of January.</li> </ul>
ii	<b>Action:</b> GT to share FRC guidance on reporting on the impact of COVID-19.
iii	<b>Action:</b> Executive Director of Finance Mrs R Meara (“RM”) to share with co-optee Mr M Pearmain the Corporation papers received in July on the financial position, which included sensitivity modelling and stress testing.
	GT, JG  RM

CLOSED SESSION		
<b>0</b>	<b>MATTERS RELATING TO THE COMMITTEE'S REMIT AND ANY ISSUES ARISING FROM THE AUDITS</b>	
i	It was agreed that this should be taken at the end of the meeting.	
<i>15:35 A Darlow and J Simpson joined the meeting.</i>		
PRELIMINARY ITEMS		
<b>01</b>	<b>APPOINTMENT OF CHAIRS, WELCOME AND INTRODUCTIONS</b>	
i	Introductions were made. The Clerk confirmed that due notice of the meeting had been given; the requirement for all persons participating to be able to communicate with one another was satisfied and the meeting, initiated from the home address of Committee Chair Dr A Williams, was quorate.	
ii	The Chair declared the meeting open.	
iii	<b><u>RESOLVED:</u></b>  <b>(i) To re-appoint Mr A Williams as Chair with immediate effect until the date of the next Audit Committee meeting or until a new Chair is appointed.</b>	
iv	The Clerk said she was still advertising the Audit Chair role internally and externally.	
<b>2</b>	<b>APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST</b>	
i	There were no apologies.	
ii	Members confirmed that they had no direct or indirect interest in any way in the business to be transacted at the meeting which they were required by the Instrument of Government to disclose, other than those matters previously disclosed.	
<b>3</b>	<b>APPROVAL OF MINUTES OF THE PREVIOUS MEETING</b>	
i	<b><u>RESOLVED:</u></b>  <b>(i) To approve the minutes of 29 June 2020 as an accurate record.</b>	
<b>3.1</b>	<b>MATTERS ARISING NOT ON THE AGENDA</b>	
i	None were raised.	
<b>3.2</b>	<b>UPDATE ON AGREED ACTIONS</b>	
i	<u>Audit Committee networking/training event</u> : The Association of Colleges ("AoC") had not taken up the suggestion to scale-up the proposed event. The Principal Ms M Gilluley ("MG") said she would challenge this at the next AoC meeting she attended. In the meantime, the event would be put on hold due to the pandemic.	
ii	<b>Action:</b> MG to convey to the AoC the Committee's disappointment that the proposal was not picked up.	MG
iii	<b>Action:</b> To revisit the possibility of a networking/training event at the next meeting.	Comm
iv	<u>Committee Performance Report</u> : The Clerk had produced a single report on all the committees which would go to Search & Governance Committee on Friday.	
v	<u>Committee Training</u> : GT had delivered training for the Committee, as planned.	

INTERNAL AND EXTERNAL AUDIT		
<b>4</b>	<b>TIAA INTERNAL AUDIT STRATEGY AND PLAN 2019/20</b>	
i	Mr A McCulloch (“AM”) presented TIAA’s proposed Audit Strategy for 2020-23 along with the draft annual plan for 2020-21 (the “plan”). He said the plan was in line with year 2 of the programme agreed the previous year but a thorough risk assessment had been carried out to ensure the planned coverage remained focused on the key audit risks given the potential impact of the coronavirus pandemic, the UK’s position on Brexit and associated risks. The previous year’s strategy had been updated as per Annex A.	
ii	Members discussed the plan and the timing of the audits and Committee meetings. There was agreement that the number of audit days proposed and the planned audit coverage were sufficient to meet the Corporation’s requirements and that the areas selected for review were appropriate to provide assurance against the College’s key strategic risks.	
iii	It was noted that the plan proposed specific performance targets for TIAA. There was agreement that those were appropriate.	
iv	It was noted that TIAA was unaware of any conflicts of interests or other issues which might affect its independence.	
v	<b><u>RESOLVED:</u></b>  <b>(i) To recommend the Internal Audit Strategy for approval.</b> <b>(ii) To recommend the Internal Audit Plan 2020-21 for approval.</b> <b>(iii) To provide a copy of the Internal Audit Service Strategy and Annual Plan 2020-21 to all Governors and draw particular attention to the proposed performance measures for TIAA.</b> <b>(iv) To advise the Corporation as follows:</b>	
vi	<b>Corporation report:</b> Having reviewed the Internal Audit Strategy and the Internal Audit Plan 2020-21 and discussed them with management and the internal auditor TIAA, the Committee considers that:  1. the Internal Audit Strategy and 2020-21 Plan will facilitate effective monitoring of the College’s risk profile and provide assurance against the key risks; 2. the number of audit days proposed are sufficient to meet the Corporation’s requirements and the planned audit coverage for 2020-21 is appropriate to provide assurance against the key risks within the organisation; and 3. the performance targets proposed by TIAA for the monitoring of their performance in the provision of audit services are appropriate.	Report Item 1
vii	<b>Corporation report:</b> The Committee recommends the Internal Audit Strategy and the Internal Audit Plan 2019-20 for Corporation approval.	Report Item 2
viii	<b>Corporation report:</b> The internal auditor TIAA advised that they were not aware of any conflicts of interest or other issues which might affect their independence. The Committee has considered TIAA’s arrangements for ensuring the independence of internal audit and has no concerns to report in that regard.	Report Item 3
ix	Committee Member Dr A Conn (“AC”) expressed an interest in accompanying the internal audit team on the property compliance audit to observe.	
x	<b>Action:</b> AC to receive a copy of the property compliance audit scope, to identify the aspects that most interest him.	TIAA, JG, AC

Item	Action/ Report Item
<p><b>5</b></p> <p>i</p> <p>ii</p> <p>iii</p> <p>iv</p> <p>v</p> <p>vi</p>	<p><b>INTERNAL AUDIT REVIEW REPORTS</b></p> <p><u>Internal Audit Review 5.1: Incident Management Reporting</u></p> <p>The Committee received the TIAA report on the adequacy of the College systems and controls for the management of incident and near-miss reporting and heard that a number of actions had been identified to strengthen the framework, including updating of policies and procedures and Institution of Occupational Safety and Health (IOSH) training for relevant managers. The review had yielded a 'Limited' assurance opinion, with TIAA advising that the College's controls must be strengthened in order to provide a robust and uniform response to any incidents. Five 'Important' and five 'Routine' control issues had been identified and remedial action agreed with management, as detailed in the report.</p> <p>Members agreed that the management responses and agreed actions seemed appropriate but expressed a concern that the issues identified in the audit could be symptomatic of a weak safety culture. Members discussed some indicators of good practice they would expect to see. It was agreed that more needed to be done by both the Health &amp; Safety function itself and the wider management team if the desired level of Health &amp; Safety culture was to be achieved.</p> <p>MG acknowledged the Committee's concerns and said the outcome of the audit had not been a surprise, as it reflected concerns the Senior Leadership Team ("SLT") was already acting on. She said a clearer picture of the College's safety culture had emerged through some preliminary actions taken to check those concerns. An action plan was in place and a new Health &amp; Safety strategy was being developed.</p> <p>New Health &amp; Safety Manager Mr A Darlow was asked to comment on how the risk of gaps in manager knowledge would be managed during the roll-out of the IOSH training (the target completion date being 31 July 2021). He said managers who had already completed the training would take ownership initially and would support others during the roll-out. Sessions would run throughout the year, so a majority of managers would complete it sooner rather than later.</p> <p><b>Corporation report:</b> The audit of the College's systems and controls for the management of incident and near-miss reporting (part of the Health &amp; Safety control framework) yielded a 'Limited' assurance opinion, meaning that the systems and controls were found to be generally inadequate or not operating effectively, with significant improvements required. In discussion with management, the Committee expressed concern and emphasised the critical importance of embedding a strong safety culture across the business in line with the College values. This was strongly acknowledged by management. The Committee was able to gain good assurance in terms of both the senior team's awareness of the issues and its commitment to addressing them; the senior team was already engaged in a programme of work to drive positive change and the concerns raised in the audit had been reflected in the Strategic Risk Register. The Committee will monitor the implementation of the agreed actions from the audit and encourages the Corporation to keep a watching brief on this key risk area.</p> <p><u>Internal Audit Review 5.2: Creditor Payments and Payroll</u></p> <p>This review had yielded a 'Reasonable' assurance opinion, with one 'Important' control issue and two 'Routine' control issues. The agreed action arising from the 'Important' issue was to attend to a backlog of reconciliations caused by a lack of staffing. Management reported that this action had already been acted upon. Members commented on the contrast between the Finance and Health &amp; Safety audit findings and highlighted the value of sharing good practice internally.</p> <p>Report Item 4</p>

Item		Action/ Report Item
vii	<p><b>Corporation report:</b> The Committee is pleased to report that the internal audit review of the controls for creditor payments and payroll yielded a 'Reasonable' assurance opinion, with only one control issue requiring early attention. The internal auditor found that the payroll and purchase ledger functions were well managed and there were strong policies and procedures in place.</p> <p><u>Internal Audit Review 5.3: Follow-up Audit</u></p>	Report Item 5
viii	<p>AM reminded the meeting that the purpose of the follow-up audit was to establish what management actions had been taken in respect of recommendations arising from previous internal audit reviews. He said actions relating to two 'Significant'<sup>1</sup> issues were outstanding but the areas had been de-risked and the issues were in the process of being resolved. The Committee noted that the audit findings were in line with the rolling audit review reports it had received.</p>	
ix	<p><b>Corporation report:</b> No key issues were identified in the course of the internal audit follow-up review (which revisited the recommendations of previous internal audits to establish whether agreed actions had been implemented).</p> <p><u>Internal Audit Annual Report 2019/20</u></p>	Report Item 6
x	<p>Having completed the planned programme of activity for 2019/20, TIAA provided a report summarising the outcomes of the year's reviews. The Head of Internal Audit opinion, based on the areas reviewed, was that the College had reasonable and effective risk management, control and governance processes in place. There had been one 'Limited' and four 'Reasonable' assurance outcomes - with 14 'Routine'<sup>2</sup> recommendations, 14 'Important'<sup>3</sup> recommendations and no 'Urgent'<sup>4</sup> recommendations.</p>	
xi	<p>TIAA had met or exceeded all performance targets set for them for 2019/20 and had delivered the internal audit plan on time and on budget.</p>	
xii	<p>AM said TIAA was externally validated against the Public Sector Internal Audit Standards in 2017 and found to comply with all standards. It was anticipating a further validation. In addition, TIAA's quality systems had been assessed and approved to the ISO 9001:2015 management system standard.</p>	
xiii	<p><b>Corporation report:</b> The Head of Internal Audit Opinion, based on the reviews completed in 2019/20, was that the College had reasonable and effective risk management, control and governance processes in place.</p>	Report Item 7
xiv	<p><b>Corporation report:</b> The Committee is required to report to the Corporation on the internal auditor's performance against agreed service standards. In 2019/20, the internal audit service provider TIAA met or exceeded all performance targets set.</p>	Report Item 8
xv	<p><b>Corporation report:</b> The Committee is required to report to the Corporation on the internal auditor's adherence to professional standards. In this regard, TIAA has confirmed that it is adherent to all relevant professional standards and is externally validated against the Public Sector Internal Audit Standards. The Committee has no concerns to report.</p>	Report Item 9
<b>6</b>	<b>ROLLING AUDIT ACTION REVIEW</b>	
i	Following discussion, Members agreed that the implementation of actions was	

<sup>1</sup> a term used by the previous internal audit service provider to mean 'necessary to improve the control environment and thereby avoid exposure to a risk to the achievement of the objectives of the system, process or location under review'

<sup>2</sup> meaning 'priority 3: control issue on which action should be taken'

<sup>3</sup> meaning 'priority 2: control issue on which action should be taken at the earliest opportunity necessary'

<sup>4</sup> Meaning 'priority 1: fundamental control issue on which action should be taken immediately.'

Item		Action/ Report Item
ii	<p>progressing satisfactorily and there were no concerns to report. It was noted that, although the recommendations in relation to cyber-crime and security had been addressed, the College would need to continuously strengthen the framework, as the cyber threat was constantly evolving. RM said other colleges had been targeted during lockdown with quite serious consequences.</p> <p><b>Corporation Report:</b> Good progress is being made on the implementation of audit recommendations. As previously reported, although some 'Significant' recommendations are outstanding, the areas have been de-risked since the audits.</p>	Report Item 10
7  i	<p><b>REGULARITY SELF-ASSESSMENT QUESTIONNAIRE AND ANNEX A TO THE COLLEGE ACCOUNTS DIRECTION 2019-20 AND POST-16 ACOP 2019-20 SUPPLEMENTARY BULLETIN</b></p> <p><b>Corporation report:</b> The Committee has reviewed the Regularity Self-Assessment questionnaire and Annex A to the Supplementary Bulletin to the College Accounts Direction 2019-20 and the Post Audit Code of Practice 2019-20 (two mandatory returns to the External Auditor) and, being satisfied that the College can evidence the statements it makes within them, recommends that Corporation authorise the Chair of Governors and the Accounting Officer to sign them, so that they may be provided to the external auditor as required by conditions of funding.</p>	Report Item 11
8  i  ii  iii  iv	<p><b>REPORT ON SUB-CONTRACTING CONTROLS AND CERTIFICATE</b></p> <p>RM reminded Members that the audit was in satisfaction of an Education &amp; Skills Funding Agency ("ESFA") requirement that all providers who subcontract more than £100k in any one year obtain a report from an external auditor on their arrangements to manage and control their subcontractors. She said it had raised two recommendations; both had already been actioned and incorporated into the rolling audit action plan.</p> <p>The required certificate had been signed by the Accounting Officer, confirming her determination that the audit had provided satisfactory assurance on the systems and controls, and this had been delivered to the ESFA.</p> <p>The Committee discussed whether the audit report provided satisfactory assurance on the systems and controls the College has in place to procure, manage and monitor subcontractor provision and agreed to report to the Corporation as follows:</p> <p><b>Corporation Report:</b> The Committee received a copy of the audit report on the College's subcontracting controls and discussed the contents with management. The audit revealed a positive picture, such that the Corporation may have confidence in the systems and controls the College has in place to procure, manage and monitor subcontractor provision.</p>	Report Item 12
<b>OTHER BUSINESS</b>		
9  i  ii	<p><b>ADVICE TO SEARCH &amp; GOVERNANCE: EQUALITY &amp; DIVERSITY REPORTING</b></p> <p>An action in the College's Equality, Diversity &amp; Inclusion ("EDI") Plan was for the Search &amp; Governance Committee ("SAG") to review the arrangements for the reporting of EDI matters to Corporation. The Clerk said as frameworks for reporting were part of the system on internal control and governance, it was appropriate for the Committee to advise SAG on the effectiveness of the current framework.</p> <p>The Clerk had prepared a report on the framework for reporting, which the Committee discussed. The Clerk said her overall finding was that, subject to some mild to moderate concerns which were being addressed, the current arrangements were robust and there were no technical reasons to change them.</p>	

Item		Action/ Report Item
iii	<b>Search &amp; Governance Report:</b> The Committee undertook a review of the current framework for reporting to the Corporation on Equality, Diversity & Inclusion matters. A number of mild to moderate concerns were identified and actions were agreed to address them. The Committee's advice is that, subject to these concerns being addressed, the current arrangements are adequate and operate effectively.	Report Item 13
10	<p><b>WHISTLEBLOWING REPORT AND REVIEW OF WHISTLEBLOWING POLICY</b></p> <p>i The 2019-20 whistleblowing disclosures report was another nil return. The Clerk pointed to several positive indicators of a healthy workplace but also some negative ones, such as the fact that a relatively high number of 2019/20 Staff Survey (the "Survey") respondents had disagreed with the statements "I feel safe at work" (15%) and "the College genuinely cares about the welfare of staff" (25%). MG said when management had drilled down into the Survey responses, they had determined that the 'genuinely cares' responses were largely due to historical issues, whereas the 'safety' ones mostly reflected what was happening on the College doorstep in terms of escalating violent crime in Kirklees. She said given the positive relationships with the trade unions and the fact that 96% of Survey respondents had said they were treated with respect by their line managers, she felt there was a good level of comfort around the determinations.</p> <p>ii The Committee acknowledged these and the many other positive indicators but resolved nonetheless that the complete lack of any disclosures whatsoever, even innocent false alarms, over several years merited some action. It was agreed that an assurance report should be provided to a future meeting and the Clerk should revisit the Whistleblowing Policy and soften some of the language.</p> <p>iii <b>Corporation Report:</b> For at least the third consecutive year, there were no instances of the Whistleblowing Policy being invoked. As a precaution, the Committee has asked for an assurance report and a review of the Whistleblowing Policy.</p> <p>iv <b>Action:</b> To revisit the Whistleblowing Policy, to soften some of the language, and to provide a further assurance report in respect of the Whistleblowing framework.</p>	<p>Report Item 14</p> <p>JG</p>
11	<p><b>STRATEGIC RISK REGISTER</b></p> <p>i An update on the key strategic risks was discussed. It was noted that a number were ragged 'Red', having a residual risk score of '12' or above. RM said the changes since July were largely the result of more detailed assessments being carried out, rather than a 'worsening' or 'improvement' of the risk position.</p> <p>ii There was agreement that the risk score for Risk 13 ('Failure to protect the health, safety and wellbeing of staff and students') was concerningly high. The risk was discussed in detail and it was noted that its score and register entry reflected the findings of the TIAA internal audit review. The work in progress to improve the position was expected to be largely complete by December and the Committee noted that the agreed action points included reporting to the Corporation.</p> <p>iii The Committee commented positively on changes RM had made to the risk management framework, agreeing that the extensive work she had done would enable the SLT to more accurately assess the degree to which their focus was directed on areas of high risk, and encourage managers to focus on actions to drive the risk profile down. A Member suggested including in the risk register the 'initiator' or 'trigger' for certain risks.</p> <p>iv Another Member sought assurance in terms of how well the second line monitoring and oversight function was working. RM said several people were involved in risk scoring and there was also a strong reliance on other sources of assurance, such as audit</p>	

Item		Action/ Report Item
v	<p>reports. She said the SLT in their role as members of the Risk Management Group provided a good level of challenge to risk owners on the effectiveness of controls and their action plans to improve their risk scores.</p> <p><b>Corporation Report:</b> The Committee received a detailed report on progress towards strategic risk reduction and noted the status of the key strategic risks. A concern around the status of Risk 13 ('Failure to protect the health, safety and wellbeing of staff and students') was explored; it had a residual risk score of 20 against a target of 3. The Committee understands that an action plan is in place to improve the position and will be developed into a new Health &amp; Safety Strategy, to be brought to the Corporation for approval in December alongside the annual Health &amp; Safety report. The Committee has no other concerns to report. It highly commends the Executive Director of Finance and the Senior Leadership Team on the improvements to the risk management framework.</p>	Report Item 15
<i>A McCulloch and J Simpson left the meeting.</i>		
12	<p><b>FRAUD REGISTER</b></p> <p>i RM said, having made diligent enquiries, she was not aware of any actual, attempted or alleged acts of fraud or other irregularities.</p> <p>ii <b>Corporation Report:</b> Having made enquiries in line with its terms of reference, the Committee has no concerns to report in respect of fraud or other irregularities.</p>	Report Item 16
13	<p><b>DECLARATIONS OF INTEREST</b></p> <p>i The Clerk was still chasing a Governor and 18 members of staff. She said line managers would need to intervene if returns were not made (SAG in the case of the Governor).</p>	
<b>COMMITTEE DEVELOPMENT</b>		
14	<p><b>AUDIT COMMITTEE TERMS OF REFERENCE</b></p> <p>i <b>Corporation report:</b> The Committee recommends some changes to its Terms of Reference, in particular the inclusion of a statement that Staff Governors are excluded from membership. Advice from the internal and external auditors and the Clerk has persuaded the Committee that the risk of its activities throwing up conflicts of interests or loyalties for Staff Governors is high – and this would put both them and senior leaders in an uncomfortable position. The auditors advise that the vast majority of their client colleges exclude Staff Governors on this basis.</p>	Report Item 17
15	<p><b>INDUCTION AND TRAINING OF COMMITTEE MEMBERS</b></p> <p>i The Chair thanked GT for the training provided.</p> <p>ii <b>Action:</b> The Clerk to contact Ms M Carabine to discuss her induction training needs.</p>	JG
<b>MATTERS TO NOTE AND ADMINISTRATION</b>		
16	<p><b>DATE OF NEXT MEETING</b></p> <p>i Monday 30 November 2020, 10.00am.</p>	
17	<p><b>PUBLICATION OF AGENDA PAPERS</b></p> <p>i It was agreed that the minutes of the previous meeting should be published, along with the report on whistleblowing and the review report on the EDI reporting framework.</p>	
<b>CLOSED SESSION</b>		
<i>17.50 Mr M Bennington, Ms M Gilluley and Ms B Meara left the meeting.</i>		



Item		Action/ Report Item
<b>0</b>	<b>MATTERS RELATING TO THE COMMITTEE'S REMIT AND ANY ISSUES ARISING FROM THE AUDITS</b>	
i	The Chair reminded Members that the purpose of the closed meeting was to provide an opportunity for private discussions with auditors. GT reiterated that it was very early in the external audit process, so they would not expect to have any concerns to share. The College was ready for audit, as they had already advised.	
ii	AM had no concerns to share. Members took the opportunity to revisit a previous discussion with AM around the identification of audit actions. AM said he would encourage managers to simply acknowledge and accept (or challenge) audit recommendations, rather than responding too quickly with proposed plans of action. Members reflected on the value of stepping back and taking time to look at the bigger picture.	
iii	There being no further questions or comments, the meeting closed at 18.00.	

### Items of Report for Corporation

Item	Details	Minute
1.	Having reviewed the Internal Audit Strategy and the Internal Audit Plan 2020-21 and having discussed them with management and the Internal Auditor TIAA, the Committee considers that: <ul style="list-style-type: none"> <li>(i) the Internal Audit Strategy and 2020-21 Plan will facilitate effective monitoring of the College's risk profile and provide assurance against the key risks;</li> <li>(ii) the number of audit days proposed are sufficient to meet the Corporation's requirements and the planned audit coverage for 2020-21 is appropriate to provide assurance against the key risks within the organisation; and</li> <li>(iii) the performance targets proposed by TIAA for the monitoring of their performance in the provision of audit services are appropriate.</li> </ul>	4vi
2.	The Committee recommends the Internal Audit Strategy and the Internal Audit Plan 2019-20 for Corporation approval.	4vii
3	The internal auditor TIAA advised that they were not aware of any conflicts of interest or other issues which might affect their independence. The Committee has considered TIAA's arrangements for ensuring the independence of internal audit and has no concerns to report in that regard.	4viii
4.	The audit of the College's systems and controls for the management of incident and near-miss reporting (part of the Health and Safety control framework) yielded a 'Limited' assurance opinion, meaning that the systems and controls were found to be generally inadequate or not operating effectively, with significant improvements required. In discussion with management, the Committee expressed concern and emphasised the critical importance of embedding a strong safety culture across the business in line with the College values. This was strongly acknowledged by management. The Committee was able to gain good assurance in terms of both the senior team's awareness of the issues and its commitment to addressing them; the senior team was already engaged in a programme of work to drive positive change and the concerns raised in the audit had been reflected in the Strategic Risk Register. The Committee will monitor the implementation of the agreed actions from the audit and encourages the Corporation to keep a watching brief on this key risk area.	5vi
5.	The Committee is pleased to report that the internal audit review of the controls for creditor payments and payroll yielded a 'Reasonable' assurance opinion, with only one control issue requiring early attention. The internal auditor found that the payroll and purchase ledger functions were well-managed and there were strong policies and procedures in place.	5ix

6.	No key issues were identified in the course of the internal audit follow-up review (which revisited the recommendations of previous internal audits to establish whether agreed actions had been implemented).	5xi
7.	The Head of Internal Audit Opinion, based on the reviews completed in 2019/20, was that the College had reasonable and effective risk management, control and governance processes in place.	5xv
8.	The Committee is required to report to the Corporation on the internal auditor's performance against agreed service standards. In 2019/20, the internal audit service provider TIAA met or exceeded all performance targets set.	5xvi
9.	The Committee is required to report to the Corporation on the internal auditor's adherence to professional standards. In this regard, TIAA has confirmed that it is adherent to all relevant professional standards and is externally validated against the Public Sector Internal Audit Standards. The Committee has no concerns to report.	5xvii
10.	Good progress is being made on the implementation of audit recommendations. As previously reported, although some 'Significant' recommendations are outstanding, the areas have been de-risked since the audits.	6ii
11.	The Committee has reviewed the Regularity Self-Assessment questionnaire and Annex A to the Supplementary Bulletin to the College Accounts Direction 2019-20 and the Post Audit Code of Practice 2019-20 (two mandatory returns to the External Auditor) and, being satisfied that the College can evidence the statements it makes within them, authorises the Chair of Governors and the Accounting Officer to sign them.	7ii
12.	The Committee received a copy of the audit report on the College's subcontracting controls and discussed the contents with management. The audit revealed a positive picture, such that the Corporation may have confidence in the systems and controls the College has in place to procure, manage and monitor subcontractor provision.	8iv
13.	The Committee undertook a review of the current framework for reporting to the Corporation on Equality, Diversity & Inclusion matters. A number of mild to moderate concerns were identified and actions were agreed to address them. The Committee's advice is that, subject to these concerns being addressed, the current arrangements are adequate and operate effectively.	9iii
14.	For at least the third consecutive year, there were no instances of the Whistleblowing Policy being invoked. As a precaution, the Committee has asked for an assurance report and a review of the Whistleblowing Policy.	10iii
15.	The Committee received a detailed report on progress towards strategic risk reduction and noted the status of the key strategic risks. A concern around the status of Risk 13 ('Failure to protect the health, safety and wellbeing of staff and students') was explored; it had a residual risk score of 20 against a target of 3. The Committee understands that an action plan is in place to improve the position and will be developed into a new Health & Safety Strategy, to be brought to the Corporation for approval in December alongside the annual Health & Safety report. The Committee has no other concerns to report. It highly commends the Executive Director of Finance and the Senior Leadership Team on the improvements to the risk management framework.	11v
16.	Having made enquiries in line with its terms of reference, the Committee has no concerns to report in respect of fraud or other irregularities.	12ii
17.	The Committee recommends some changes to its Terms of Reference, in particular the inclusion of a statement that Staff Governors are excluded from membership. Advice from the internal and external auditors and the Clerk has persuaded the Committee that the risk of its activities throwing up conflicts of interests or loyalties for Staff Governors is high – and this would put both them and senior leaders in an uncomfortable position. The auditors advise that the vast majority of their client colleges exclude Staff Governors on this basis.	14i