

AUDIT COMMITTEE
Minutes of a meeting held at 15.30 on 4 April 2022 via Microsoft Teams

Present:	Ms J Walters Ms M Carabine Dr A Conn Mr M Pearmain	Independent Member (Chair) Independent Member Independent Member Co-opted Member (from 15:40)
Attendance:	4/4 = 100%	KPI 80% Quorum: 3
In attendance:	Mr M Bennington Ms J Green Mr R Harwood Ms P Hughes Mr A McCulloch Mrs R Meara Ms J Simpson Mr P Singh Mr N Spaxman	Vice Principal Corporate Operations Clerk to the Corporation Head of Health & Safety (Item 6) Assistant Principal Quality and Curriculum (Item 4) TIAA Executive Finance Director Executive Director of Human Resources (Item 4) Principal/CEO Head of IT and Systems Development (Item 7)

Item
**Action/
Report Item**

CLOSED SESSION		
0	MATTERS RELATING TO THE COMMITTEE'S REMIT AND ANY ISSUES ARISING FROM THE AUDITS	
i	The Chair reminded Members that the purpose of the closed meeting was to provide an opportunity for private discussions with the auditors. Members were keen to discuss the excellent outcome of the internal audit review of safeguarding; it had yielded a clean 'substantial assurance' opinion. TIAA's Mr A McCulloch ("AM") said such a high level of assurance was really exceptional in the sector. The Clerk was instructed to record in the minutes the Committee's thanks to all College staff who had contributed to achieving so positive an outcome in such an important area.	
ii	Action: To advise the Safeguarding Link Governor Mrs C George that the Committee was extremely impressed by the high level of assurance the internal audit of safeguarding had provided and had highly commended all relevant staff teams.	JG
<i>15:35 Mr M Bennington, Mrs R Meara and Mr P Singh joined the meeting.</i>		
PRELIMINARY ITEMS		
01	WELCOME AND INTRODUCTIONS	
i	No introductions were necessary.	
ii	The Clerk confirmed that due notice had been given; the requirement for all persons participating to be able to communicate with one another was satisfied and the meeting was quorate. The Chair welcomed everyone and declared the meeting open.	
2	APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST	
i	Apologies were received from Assistant Principal Student Experience Ms P Harrow ("PHa").	
ii	RM said, the College's new external auditors were not in attendance as the standstill period for award had not yet expired.	

Item		Action/ Report Item
iii	All 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.	
3.0 i	APPROVAL OF MINUTES OF THE PREVIOUS MEETINGS <u>RESOLVED:</u> (i) To approve the minutes of 29 November 2021 as an accurate record.	
3.1 i	MATTERS ARISING NOT ON THE AGENDA None were raised.	
3.2 i ii	UPDATE ON AGREED ACTIONS <u>Declarations of Interests:</u> This had been actioned. The Clerk shared the updated register. <u>Liaise with H&S Link Governor to agree how additional assurance on the process for closing H&S compliance gaps should be provided:</u> This would be covered at Item 6.	
INTERNAL AUDIT		
<i>15.40 Ms P Hughes and M Pearmain joined the meeting.</i>		
4 i ii iii	INTERNAL AUDIT REVIEW REPORTS i Progress against the Internal Audit Plan was reviewed. Work was on schedule. An internal audit review of 'Data Protection – GDPR' was scheduled for the following week (11 April) and a review of Key Financial Controls and a Follow-up audit were planned. <u>Internal Audit Assurance Review: Performance and Achievement – English and Maths</u> ii The review had considered how the College identified risk and opportunities for improvement in English and Maths and how effectively improvements were being implemented. It had yielded a 'Reasonable' assurance opinion, with two 'Important' ¹ and one 'Routine' ² control issues identified. An agreed action arising from one of the 'Important' issues was to identify and address assessment mark errors in MarkBook; in response to a question, AM clarified that there was no suggestion that they were false entries. Assistant Principal Ms P Hughes ("PH") said a technical fix was now in place to prevent further errors. Another action, still to be implemented, was to review 'At Risk' learners to ensure appropriate interventions and targets were in place, the auditor having identified one learner for whom appropriate action had not been taken. PH said although this would have been picked up in the next monthly monitoring meeting, it was important to promptly put mitigations in place. iii Corporation report: The internal audit of the processes and controls for performance and achievement in English and maths yielded a 'Reasonable' assurance opinion, with two 'Important' control issues.	Report Item 1
<i>15:45 Mrs J Simpson joined the meeting. Ms P Hughes left the meeting.</i>		
iv	<u>Internal Audit Assurance Review: Safeguarding and Single Central Register</u> The Chair explained that, in the closed session at the start of the meeting, the Committee had already touched on the internal audit findings regarding the College's safeguarding arrangements. She said a 'Substantial' assurance opinion with no control issues was	

¹ meaning 'priority 2: control issue on which action should be taken at the earliest opportunity necessary'

² meaning 'priority 3: control issue on which action should be taken'

Item		Action/ Report Item
v	recognised as being quite exceptional. Congratulating Executive Director of HR Mrs J Simpson and PHa (in her absence), she asked that the Committee's thanks and congratulations be passed on to those responsible for maintaining the Single Central Record and operating the other first line safeguarding controls.	
vi	A Member asked AM whether the auditor had made any comments on the capacity of the Safeguarding team, given the increasing caseload. AM said this consideration was outside the scope of the audit but nothing had been said.	
vii	<p>Corporation report: The internal audit of the College's safeguarding arrangements yielded a 'Substantial' assurance opinion, the highest possible level of assurance, with no control issues. This is an exceptional outcome by any measure, providing a high level of confidence for the Corporation.</p> <p><u>Internal Audit Assurance Review: Risk Management</u></p>	Report Item 2
viii	The review of the effectiveness of the College's risk management arrangements had also yielded an impressive 'Substantial' assurance opinion, with just one routine control issue. Members congratulated Executive Finance Director Mrs R Meara ("RM") and the rest of the senior team. AM said the audit had looked at the arrangements in place for identifying and monitoring risk, establishing appropriate controls and actions aimed at containing risk within the Corporation's risk appetite, as well as the reporting arrangements; rather than the contents of the risk register.	
ix	<p>Corporation report: The internal audit of the College's arrangements for identifying and monitoring risk, establishing appropriate risk controls, and risk reporting, yielded a 'Substantial' assurance opinion, the highest possible level of assurance. This is another excellent outcome.</p>	Report Item 3
<i>15:50 Mrs J Simpson left the meeting.</i>		
5	ROLLING AUDIT ACTION REVIEW	
i	Members were pleased to note that the number of recommendations being tracked had reduced from 21 to 5 since the previous meeting. Only one item was overdue for implementation: the move of email backup to the cloud (rated 'Important') had been delayed, partly due to shifting resource over to implement 2 factor authentication and partly due to the resignation of the Head of IT. It had been noted on previous occasions that the concern had been substantially de-risked since the audit.	
ii	<p><u>RESOLVED:</u></p> <p>(i) To approve the revised completion date proposed in the Rolling Audit Action Review – Update (April 2022).</p>	
iii	<p>Corporation Report: Good progress is being made on the implementation of recent audit recommendations. The Committee extended the target completion date for the move of email backup to the Cloud.</p>	Report Item 4
<i>15:55 Head of Health & Safety Mr R Harwood joined the meeting.</i>		
OTHER BUSINESS		
6	SMARTLOG COMPLIANCE AND SYSTEM DEMO	
i	Head of Health & Safety, Mr R Harwood shared compliance data for legislative and regulatory required checks and controls, reporting as follows:	
ii	Between 3 January 2022 and 28 March 2022:	

Item	Action/ Report Item
<ul style="list-style-type: none"> ➤ A total of ten required checks were completed late across the organisation; ➤ One weekly check was missed but was rectified the following week; ➤ None of the notifications escalated above level 1 (Line management); and ➤ All maintenance and servicing was completed in line with legislative and regulatory guidance. <p>iii Initial internal audits of all areas had been carried out and the outcomes were noted. There was discussion about the frequency of audits and the need for more frequent visits to higher risk sites such as Taylor Hill. RH said although his team had identified a number of issues, the overall picture was positive; a lot of learning had taken place and action implementation scores were high, with remedial actions being taken very quickly. He said improvements could be expected when areas were revisited.</p> <p>iv Corporation report: The Committee received an assurance report from the Head of Health & Safety, evidencing that target levels of legislative and regulatory compliance are being achieved. Internal audits of individual areas have identified some issues but we understand that staff are engaging well with training. Action performance scores are high.</p>	Report Item 5
16.10 Mr R Harwood left the meeting.	
8 THIRD PARTY PROCUREMENT REPORT	Report Item 6
i With the Committee's agreement, the next two items were taken out of turn.	
<p>ii RM said the College's procurement advisor Tenet had been asked to assess preparedness for compliance with anticipated future legislation (expected no sooner than 2023) following the December 2020 publication of the green paper 'Transforming Public Procurement'. Tenet had analysed three years of expenditure data drawn from the College purchase ledger records and produced a report, focusing on three key questions:</p> <ul style="list-style-type: none"> ➤ Were there any areas of risk relating to internal and external procurement regulations? ➤ To what extent was expenditure already registered on a contracts register? This would become more important if the green paper made its way onto the statute books. ➤ Where should the College's limited procurement resource be directed to inform a procurement plan for the short and medium term? 	
<p>iii Some actions had been identified (p6 of the report) which the College would need to undertake to accelerate its preparations for the new legislation. A key finding was that, in some cases, relatively small purchases from the same suppliers were, over time, amounting to significant spend. An action was to formalise those arrangements, following a procurement process, to ensure compliance with procurement rules, secure value for money, and reduce staff time spent sourcing quotes.</p>	
<p>iv There was strong support for the implementation of the report recommendations. In response to a question, RM said, given the rate at which prices were going up, it was unlikely that there would be any non-pay cost savings, but implementation of the recommendations would improve efficiency, particularly for the Estates team.</p>	
<p>v Corporation report: The Committee received a report from an external consultant which identified actions the College must take to be compliance-ready for anticipated legislation regarding procurement practices from 2023. The Committee strongly supports the implementation of the actions and will monitor this as part of its oversight of audit actions.</p>	
7 DATA PROTECTION COMPLIANCE REPORT	
<p>i The Data Protection Officer Ms J Green ("JG") had fully populated the Accountability Tracker. Overall compliance had decreased, partly due to JG taking a more risk averse</p>	

Item		Action/ Report Item
iv	Corporation report: The Committee received a report on progress towards strategic risk reduction and discussed some of the movements in the risk scores. The overall position was positive in that the average risk score had fallen to 9.9 since the last report, with only three risks showing increased risk scores and nine showing an improved position.	Report Item 9
10	FRAUD REGISTER	
i	RM said, having made diligent enquiries, she was not aware of any actual, attempted or alleged acts of fraud or other irregularities.	
ii	Corporation Report: Having made enquiries in line with its terms of reference, the Committee has no concerns to report in respect of fraud or other irregularities.	Report Item 10
12	Use of Written Resolution Procedure	
i	It was noted that the procedure had been used to confirm the Committee's recommendation of RSM as the new External Auditors.	
MATTERS TO NOTE AND ADMINISTRATION		
13	DATE OF NEXT MEETING	
i	Monday 13 June 2022, 3.30pm.	
14	PUBLICATION OF AGENDA PAPERS	
i	It was agreed that all documents marked * on the agenda should remain confidential.	
15	THANKS AND CLOSE	
	There being no further business, the Chair thanked everyone for attending and declared the meeting closed at 17.30.	

Items of Report for Corporation		
Item	Details	Min
1.	The internal audit of the processes and controls for performance and achievement in English and maths yielded a 'Reasonable' assurance opinion, with two 'Important' control issues.	4iii
2.	The internal audit of the College's safeguarding arrangements yielded a 'Substantial' assurance opinion, the highest possible level of assurance, with no control issues. This is an exceptional outcome by any measure, providing a high level of confidence for the Corporation.	4vii
3	The internal audit of the College's arrangements for identifying and monitoring risk, establishing appropriate risk controls, and risk reporting, yielded a 'Substantial' assurance opinion, the highest possible level of assurance. This is another excellent outcome.	4ix
4.	Good progress is being made on the implementation of recent audit recommendations. The Committee extended the target completion date for the move of email backup to the Cloud.	5iii
5.	The Committee received an assurance report from the Head of Health & Safety, evidencing that target levels of legislative and regulatory compliance are being achieved. Internal audits of individual areas have identified some issues but we understand that staff are engaging well with training. Action performance scores are high.	6iv
6.	The Committee received a report from an external consultant which identified actions the College must take to be compliance-ready for anticipated legislation regarding procurement practices from 2023. The Committee strongly supports the implementation of the actions and will monitor this as part of its oversight of audit actions.	6v
7.	The Committee continues to monitor compliance in the area of data protection and received a report detailing the achievement of training targets, compliance with timescales and other requirements for personal data and Freedom of Information requests, and the reporting of data breaches. The College is on an improvement journey and has a number of actions to take to strengthen its framework. An internal audit of the area over the next two weeks will provide an independent view of the robustness of the controls and the Committee will meet to discuss any serious concerns that may be identified.	7iv
8.	The Committee considered some proposed amendments to the Financial Regulations, which the College is required to have in place to ensure that it properly looks after the money it receives from students, funders, donors, organisations and government. The proposed amendments are mostly administrative; the only policy changes are the introduction of provisions permitting budget holders to authorise a gift not exceeding £50 with the approval of the Principal; and to make payment for certain invoices using ePay cards. Since the new version of the Financial Regulations will incorporate a requirement to retender external audit services at least every five years, the standalone policy to that effect approved by the Corporation on 12 November 2021 may be withdrawn.	8i
9.	The Committee received a report on progress towards strategic risk reduction and discussed some of the movements in the risk scores. The overall position was positive in that the average risk score had fallen to 9.9 since the last report, with only three risks showing increased risk scores and nine showing an improved position.	9iv
10.	Having made enquiries in line with its terms of reference, the Committee has no concerns to report in respect of fraud or other irregularities.	10ii