

**AUDIT COMMITTEE**
**Minutes of a meeting held at 15:00 on 10 October 2022  
in Room 15, third floor, B Block, Huddersfield Centre**

Present: Mrs J Walters Independent Member (Chair)  
 Dr A Conn Independent Member (by video link)  
 Mr M Pearmain Co-opted Member (from 15.13)  
 Mr I Wainwright Independent Member (by video link)

Attendance: 4/5 = 80% KPI 80% Quorum: 3

In attendance: Ms J Arechiga Vice Principal Curriculum & Innovation  
 Mr A Bramley RSM (external audit) representative  
 Mr P Doherty Vice Principal Finance and Resources  
 Ms J Green Clerk to the Corporation  
 Mr R Harwood Head of Health & Safety (Item 13 only)  
 Mr A McCulloch TIAA (internal audit) representative  
 Mrs R Meara Executive Finance Director  
 Mr D Rayneau Executive Director Business Systems

Item		Action/ Report Item
<b>CLOSED SESSION</b>		
<b>1</b>	<b>APPOINTMENT OF CHAIR, WELCOME AND INTRODUCTIONS</b>	
i	Independent Member Mrs J Walters was re-appointed as the Committee Chair. She welcomed everyone, in particular new Independent Member Mr I Wainwright and RSM representative Mr A Bramley ("AM"), who was attending his first meeting.	
<b>2</b>	<b>NOTICE AND QUORUM</b>	
i	The Clerk confirmed that due notice had been given; the requirement for all persons participating to be able to communicate was satisfied and the meeting was quorate.	
<b>3</b>	<b>APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST</b>	
i	Apologies were received from Independent Committee Member Ms M Carabine and from the Principal Mr P Singh (not a member), who was attending an external event.	
ii	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.	
<b>0.1</b>	<b>WHISTLEBLOWING DISCLOSURE</b>	
i	The Clerk said, as anticipated, the potential disclosure mentioned in her whistleblowing report had been confirmed. There was no element of fraud or financial irregularity. The next step was for the Corporation Chair to appoint a case manager.	
ii	<b>Action:</b> To provide to the next meeting an update on the whistleblowing disclosure.	JG
<b>0.2</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 discussion with the auditors. The Chair asked AB to	

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	<p>comment on the potential impact of the impending Education &amp; Skills Funding Audit. AB outlined the arrangements for the audit, including the proposed commencement date. He said it was anticipated that the audit may delay RSM's sign-off of the College's accounts, hence the College had been advised to request an extension.</p> <p><i>15:13 Ms J Arechiga, Mr M Bennington, Mr P Doherty, Mrs R Meara, Mr M Pearmain and Mr D Rayneau joined the meeting.</i></p>
<b>PRELIMINARY ITEMS</b>	
<p><b>0</b></p> <p>i</p>	<p><b>WELCOME AND INTRODUCTIONS</b></p> <p>The Chair welcomed the management team to the meeting, in particular the new Vice Principal Finance &amp; Resources, Mr P Doherty ("PD"). Introductions were made.</p>
<p><b>4</b></p> <p>i</p>	<p><b>APPROVAL OF MINUTES OF THE PREVIOUS MEETINGS</b></p> <p><b><u>RESOLVED:</u></b></p> <p><b>(i) To approve the minutes of 13 June 2022 as an accurate record.</b></p>
<p><b>4.1</b></p> <p>i</p>	<p><b>MATTERS ARISING NOT ON THE AGENDA</b></p> <p>No matters were raised.</p>
<p><b>4.2</b></p> <p>i</p> <p>ii</p> <p>iii</p> <p>iv</p> <p>v</p> <p>vi</p> <p>vii</p>	<p><b>UPDATE ON AGREED ACTIONS</b></p> <p><u>Provide additional assurance in respect of Hartley Consulting:</u> This had been actioned to the Committee's satisfaction.</p> <p><u>Consider how a risk relating to the effectiveness of local partnership working might be formally articulated for inclusion in the Strategic Risk Register:</u> The Executive Finance Director Mrs R Meara ("RM") said this was explored further as part of the most recent review and the conclusion was that this was already captured within a number of existing risks, so a separate risk was not required.</p> <p><u>Share RSM's Audit Plan and Letter of Engagement with the Corporation for approval:</u> This had been actioned.</p> <p><u>Circulate the RSM 'Sector Issues' document to all Governors:</u> This had been actioned.</p> <p><u>Clarify the meaning of "any other external assurance providers" in the Post 16 Audit Code of Practice and in the ESFA Good Practice Guide 'The scope of work of audit committees and internal auditors in college corporations':</u> The Clerk said she had found nothing to suggest that the wording in the documents should not be read and understood in their literal sense, i.e. the Committee should be involved in the appointment of all significant assurance providers.</p> <p><u>Write up the results of the self-assessment survey:</u> A paper to the People, Culture and Governance Committee had set out the findings from all the subcommittee self-assessments and the Clerk had been asked to turn them into action plans to take to the subcommittees' next meetings. This would be on the November agenda.</p> <p><b>Action:</b> Prepare a report and action plan based on responses to the Committee's annual self-assessment exercise.</p>
<b>INTERNAL AND EXTERNAL AUDIT</b>	
<p><b>5</b></p> <p>i</p>	<p><b>REPORT ON SUBCONTRACTING CONTROLS AND CERTIFICATE</b></p> <p>The subcontracting controls audit had been commissioned in satisfaction of an</p>

JG

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ii	Education and Skills Funding Agency ("ESFA") requirement that providers subcontracting more than £100k in any one year obtain an assurance report from an external auditor on their arrangements to manage and control subcontractors. The report (by Per4mance Solutions) was discussed.	
ii	Per4mance Solutions had advised that a recommendation from the previous year's audit had not been fully implemented. RM said, although the contract in question had been signed before delivery commenced (in line with the previous year's audit recommendation) Per4mance Solutions had taken issue with the fact that it had not been signed before 1 August. It was unclear why this was. RM said, hopefully the College would not fall in scope for another subcontracting audit, as it was expecting to reduce its ESFA contract subcontracting.	
iii	The following recommendations had been accepted by the College this year: (1) Ensure that, in future, all contracts are executed prior to delivery commencing; (2) Formalise the management, oversight and quality assurance processes in place to ensure subcontracted delivery remained high quality; (3) Implement regular checking of the Provider Data Self-Assessment Toolkit report and the Individualised Learner Record to ensure the swift resolution of data anomalies.	
iv	The requisite certificate (signed by Per4mance Solutions and the College Accounting Officer) was discussed. RM confirmed that an updated version had been sent to the ESFA. Members were satisfied that the certificate provided an accurate account of the status of the College's compliance and agreed to report to Corporation as follows:	
v	<b>Corporation report:</b> The Committee received a copy of the Subcontracting Controls audit and discussed the findings 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.	Report Item 1
<b>6</b>	<b>ROLLING AUDIT ACTION REVIEW</b>	
i	Members noted that one 'Important' <sup>1</sup> and one 'Routine' <sup>2</sup> recommendation were overdue from the June 2022 ICT Data Protection audit review. Data Protection Officer Ms J Green ("JG") said, although the planned actions had been taken (in particular, reporting was scheduled and training booked) the 30 September deadline had not been met in time to embed the new arrangements and to see if management's interest would be sustained. She reminded Members that the Committee had previously debated whether recommendations should be marked as complete once implemented, or only once testing had confirmed their effectiveness. She said the proposed new deadline would allow for two progress reports to come to the Committee.	
ii	The 'Routine' action had fallen behind schedule due to other IT Team priorities.	
iii	A Member remarked that a graph in RM's report showed an impressive reduction in the number of live recommendations over time. It was agreed that it was good to see such progress being made.	
iv	<b><u>RESOLVED:</u></b> <b>(i) To approve the revised completion dates proposed in the Rolling Audit Action Review – Update (October 2022).</b>	

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

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

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iv	<b>Corporation report:</b> The Committee received a progress report on the implementation of previous internal audit recommendations. One 'Important' recommendation from a previous audit is overdue; this is due to a failure to build into the timescale adequate time for the new controls to embed. Other than this, good progress is being made on implementing the audit recommendations.	Report Item 2
7	<b>Internal Audit Service Reports</b>	
	<u>Follow-up Review</u>	
i	Mr A McCulloch ("AM") of TIAA said the follow-up review had considered whether the management action taken addresses the control issues that gave rise to the recommendations and concluded that they had all been implemented. He reminded the Committee that TIAA could only provide reasonable and not absolute assurance.	
ii	<b>Corporation Report:</b> The Committee received a report from the internal audit service provider TIAA, which revisited previously audited areas to see if their recommendations had been implemented. This provided an external verification of the implementation status report presented by management. The Committee was satisfied that the assurance TIAA provided reflects the management report. It has no concerns to report.	Report Item 3
	<u>Internal Audit Annual Report 2021/22</u>	
iii	AM advised that there had been minimal or no impact on the delivery of the internal audit work for 2021/22 as a result of COVID-19.	
iv	Having completed the planned programme of activity for 2021/22, the Head of Internal Audit opinion was that the College had "reasonable and effective risk management, control and governance processes in place". There had been three 'Substantial' assurance outcomes (the highest level of assurance) and two 'Reasonable' assurance outcomes (the second highest), which compared favourably to the previous year. TIAA had made four 'Important' recommendations and 11 'Routine' recommendations.	
v	Thanking AM for his firm's report, the Chair commended the management team on a very positive report.	
vi	<b>Corporation report:</b> The Head of Internal Audit Opinion, based on the reviews completed in 2021/22, was that the College had reasonable and effective risk management, control and governance processes in place.	Report Item 4
vii	<b>Corporation report:</b> The Committee is required to report to the Corporation on the internal auditor's performance against agreed service standards. In 2021/22, the internal audit service provider TIAA met or exceeded all performance targets set.	Report Item 5
viii	<b>Corporation report:</b> The Committee is required to report on the internal auditor's adherence to professional standards. TIAA advise that they adhere to all relevant professional standards and are externally validated against the Public Sector Internal Audit Standards. In addition, their quality systems were re-assessed and re-approved for the ISO 9001:2015 management system standard on 23 June 2022 and they have provided a copy of the certificate. There are no concerns to report in this regard.	Report Item 6
8	<b>2022-23 INTERNAL AUDIT STRATEGY AND PLAN</b>	
i	To support audit planning, RM had put together a list of recommended areas for review. She said, as Members would expect, this reflected the College risk profile, focusing on the areas where additional assurance was most needed, and emerging risks in the external environment. She said, as usual, TIAA's audit work would be supported by a mock funding audit, an external quality review (estimate 5 days) and the annual subcontracting controls audit.	

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ii	Referring to the sustainability agenda, RM said this would likely form part of the 2023/24 internal audit plan, as an internal audit review would not represent good value for money until the College was further along on its sustainability journey.	
iii	AM presented TIAA's indicative 2022/25 Audit Strategy and annual plan 2022-23 (the "Plan"). There was discussion about some key risks for the sector which had been considered during the planning process. AM drew attention to the proposed items in the Plan and said TIAA had provided a high-level scope for those pieces of work.	
iv	In 2021/22, TIAA had looked at English and Maths, while FE Associates had carried out an external quality review. RM said, this year, a further external quality review was proposed, while TIAA planned to look at student progression and destinations and student personal development.	
v	The Plan proposed specific performance targets for TIAA. These were agreed to be appropriate. It was noted that TIAA was unaware of any conflicts of interests or other issues which might affect its independence.	
vi	<p><b><u>RESOLVED:</u></b></p> <p><b>(i) To recommend the Internal Audit Strategy for approval.</b></p> <p><b>(ii) To recommend the Internal Audit Plan 2022-23 for approval.</b></p> <p><b>(iii) To provide a copy of the Internal Audit Service Strategy and Annual Plan 2022-23 to all Governors and draw particular attention to the proposed performance measures for TIAA.</b></p> <p><b>(iv) To advise the Corporation as follows:</b></p>	
vii	<p><b>Corporation report:</b> Having discussed the Internal Audit Strategy and Internal Audit Plan 2022-23 with management and the internal auditor TIAA, the Committee considers that:</p> <ol style="list-style-type: none"> <li>1. the Internal Audit Strategy and 2022/23 Plan will facilitate effective monitoring of the College's risk profile and provide assurance against the key strategic risks;</li> <li>2. the number of audit days proposed are sufficient to meet the Corporation's requirements and the planned audit coverage for 2022-23 is appropriate; and</li> <li>3. the performance targets proposed by TIAA for the monitoring of their performance in the provision of audit services are appropriate.</li> </ol>	Report Item 7
viii	<p><b>Corporation report:</b> The Committee recommends the Internal Audit Strategy and Internal Audit Plan 2022/23 for Corporation approval.</p>	Report Item 8
ix	<p><b>Corporation report:</b> The internal auditor TIAA advised the Committee that it was not aware of any conflicts of interest or other issues which might affect its independence. The Committee has considered TIAA's arrangements for ensuring the independence of internal audit and has no concerns to report in that regard.</p>	Report Item 9
<b>9</b>	<b>REGULARITY SELF-ASSESSMENT</b>	
i	<p><b>Corporation report:</b> The Committee has reviewed the Regularity Self-Assessment questionnaire and, being satisfied that the College can evidence the statements it makes within it, recommends that Corporation authorise the Chair of the Corporation 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 10

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10	<b>STRATEGIC RISK MANAGEMENT</b>	
i	<p>The risk report was received. RM highlighted some changes she had made to the risk register. Since the previous meeting, three of the risks had been further decomposed:</p> <ul style="list-style-type: none"> <li>➤ Risk #3 “Failure to align students with a programme of study that meets their needs”: this had been split between activities pre and post enrolment;</li> <li>➤ Risk #13 “Failure to protect the health, safety and wellbeing of all students”: this had been split into the ‘health and safety’ and ‘wellbeing’ elements, as the wellbeing element of the risk was becoming heightened while the health and safety element of the risk had decreased;</li> <li>➤ Risk #14 “Failure to protect college physical and digital resources and data”: this had been split between physical and digital resources”; and</li> <li>➤ Risk #21 “Failure to retain students on programme to achieve” would restrict its scope to financial barriers to remaining on programme, as retention problems caused by poor quality teaching and learning, or inadequate support, were addressed by other existing risks.</li> </ul>	
ii	<p><b>Action:</b> Consider whether Risk #21 may need to be articulated in a slightly different way to reflect the change of focus.</p>	RM/PD
iii	<p>Risk #1 had been rearticulated: it would no longer focus on the Covid pandemic exclusively but would monitor the likelihood and impact of failures in the College’s preparedness for, or response to, any kind of local or national emergency.</p>	
iv	<p>A new risk had been added to the Risk Register: Risk #26 “Failure to maintain effective governance”.</p>	
v	<p>There was discussion about the various upward and downward risk exposure movements. RM drew attention to particularly key risks, saying:</p> <ul style="list-style-type: none"> <li>➤ Risk #8 <i>Failure to improve outcomes and learner experience on English and maths</i> was stable but it remained a key risk due to ongoing pressures in sourcing quality staff. It was too early to assess whether changes in management were having any impact.</li> <li>➤ Risk #11 <i>Failure to identify resources necessary to meet curriculum reforms and industry standards</i> was increasing due to budgetary pressures from pay demands and energy cost inflation.</li> <li>➤ Risk #12 <i>Failure to complete estates development and disposal strategy</i> was increasing, as the ESFA grant the College had applied for for capital expenditure at Taylor Hill had been granted but not at the level the College had hoped for – and in the time since the application, construction inflation had added a further £200k to the projected cost. The management view was that the College should make up the shortfall and do the works and a paper would go to Corporation outlining a proposed budget variation to fund this.</li> <li>➤ Risk #16 <i>Failure to meet obligations to government and awarding bodies</i> was increasing due to a request being received from the ESFA for an assessment of restructuring fund clawback going back to 2018/19. The College was also in scope for an ESFA funding audit, which would test the resilience of its funding records.</li> </ul>	
vi	<p>The Committee noted the status of the other strategic risks and agreed that the movements in the scores accorded with their expectations based on recent reporting to sub-committees and Corporation.</p>	
vii	<p><b>Corporation report:</b> The Committee received a report on strategic risk management</p>	Report

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viii	<p>and discussed risk score movements. The overall average score had increased (to 10.3 from 9.9). Members were satisfied that the risk function was operating well, with risk scores reflecting the reports received at Corporation and Committees.</p> <p><u>ESFA Funding Audit</u></p> <p>The meeting discussed the impending ESFA funding audit.</p>	Item 11
ix	<p><b>Corporation report:</b> An ESFA funding audit is due to commence on 21 November and conclusion of the audit may delay (the external auditor) RSM's sign-off of the 2021/22 financial statements audit. As advised by RSM, the College has written to the ESFA requesting an extension to the reporting deadline to 31 January 2023. The financial statements will go to the December board meeting as usual but the Corporation may need to meet in January for final approval.</p> <p><u>ESFA request for assessment of restructuring fund clawback</u></p>	Report Item 12
x	<p><b>Corporation report:</b> The Corporation is alerted to a potential risk of clawback of ESFA restructuring funding. The Committee understands that, while the ESFA could clawback up to 50% of any overperformance, there are various factors to consider in calculating overperformance and the College will seek to minimise the amount that is in scope. The ESFA has asked it to provide a report covering financial years up to July 2021.</p> <p><u>Adequacy of the Corporation's Risk Oversight</u></p>	Report Item 13
xi	<p>During the external review of governance, a consultant had remarked on how quickly the strategic risk item had been dispensed with at the observed Corporation meeting. The consultant had recommended that Governors reflect on whether risk discussions were sufficiently thorough and consider allocating risks to committees for monitoring.</p>	
xii	<p>A Member said this was considered at the recent People, Culture and Governance Committee, which took the view that the combination of comprehensive reporting by the management team and detailed advice from the Audit Committee meant that, at Corporation, it was generally a simple matter of agreeing that the scores and movements reflected what was expected, which was usually the case.</p>	
xiii	<p>Agreeing with the general view that there was adequate discussion of risk, a Member suggested that the real question was whether Governors could have confidence that the strategic risks were scored appropriately; the Member said, if anything, this was the part of the process that the Corporation did not currently have full visibility of.</p>	
xiv	<p><b>Action:</b> To brief the Committee on the College approach to risk scoring, to give assurance in respect of the risk scores.</p>	PD
xv	<p><b>Corporation report:</b> During the external review of governance, a consultant noted that the risk discussion observed at the Corporation's November 2021 meeting seemed quite cursory and recommended that the Corporation reflect on the adequacy of its risk oversight arrangements. It is notable that the consultant had only seen the end of the process and did not observe an Audit Committee meeting, which is where detailed discussion takes place. A recent internal audit provided 'Substantial Assurance' that the overall risk management process was effective, which perhaps is another reason why a lot of Governor input is not needed by the time the risk report gets to board.</p>	Report Item 14
<p>16.34 A comfort break was taken. When the meeting resumed, all re-joined the meeting.</p>		

Item		Action/ Report Item
11	<b>WHISTLEBLOWING REPORT 2021-22 AND REVIEW OF CODE</b>	
i	The Clerk presented the annual report. She said, as anticipated, the staff grievance had been classified as a whistleblowing disclosure. The matter was at an early stage; if it progressed, details would be brought to the next meeting. During the comfort break, the Clerk had received a further whistleblowing disclosure by email. She said she had not had time to digest it but it provided some further assurance that staff were aware of the whistleblowing function and how to access it.	
ii	The Clerk said, although the further whistleblowing disclosures could be added to the positive indicators, it would make little difference to the overall picture; a key negative indicator was the staff survey responses deteriorating across the board. This could of course be partially attributed to the financial crisis and the continuing pandemic – but of particular concern were the questions of whether (A) senior leaders create a culture where it is safe to challenge decisions (only 55% agreed that they did) and (B) staff felt comfortable voicing concerns about health and safety (10% said they did not).	
iii	The Clerk said these numbers were concerning on the face of it and Members and managers might feel that outsourcing the reporting function, or subscribing to an external advice helpline, could encourage more staff to report concerns and potentially this could be used as a ‘you said, we did’ good news story.	
iv	The Clerk was not proposing any amendments to the Whistleblowing Policy and Procedure for the time being; the next review was due in December 2023. She said, if the helpline were outsourced, the College would change its policy framework to reflect that. There could also be learning points from the new disclosures.	
v	<b>Corporation report:</b> The Committee received a report on the effectiveness of the whistleblowing policy and procedure. As Governors may recall, the procedure worked well previously and we understand it is well publicised in College. There have been two recent unrelated disclosures from members of staff, which supports this. However, the Committee was concerned by some recent staff survey feedback, which suggests that there may have been a deterioration in staff willingness to come forward with concerns. The staff survey results were reported to the People, Culture and Governance Committee, which will oversee management’s efforts to restore confidence. In the meantime, the Clerk will look at ways to mitigate the risk of staff not reporting; she will look into outsourcing reporting and/or an external advice/helpline.	Report Item 15
vi	<b>Action:</b> To trial using QR code technology to encourage reporting.	JS/CC
vii	<b>Action:</b> To look into outsourcing part of the whistleblowing framework.	JG
<b>COMPLIANCE REPORTS AND OTHER BUSINESS</b>		
12	<b>DATA PROTECTION COMPLIANCE REPORT</b>	
i	The Data Protection Officer Ms J Green (“JG”) presented her report.  <u>Accountability Tracker – progress report</u>	
ii	While the proportion of expectations that were ‘fully met’ had increased since June, the improvement was not dramatic. JG said some gaps would take substantial work to close and it could potentially be a five-year project to get everything in place, if indeed everything was adopted. Controversial proposed changes to UK data protection legislation could intervene during that timeframe.	
iii	To help the Committee better understand what each element of the tracker was concerned with and where the meaningful gaps were, an appendix to the paper provided more detailed commentary on each section. ‘Transparency’ and ‘Record of	



Item	Action/ Report Item	
<p>iv</p> <p>v</p> <p>vi</p>	<p>Processing and Lawful Bases' were noted to be the areas requiring the most work.</p> <p><u>Data Subject Rights Report</u></p> <p>JG said, since her report was circulated, there had been two further minor breaches, both instances of old learner records being overtyped with new learner details. The mistakes were swiftly remedied. At the Information Oversight Group meeting, the inclination had been to tolerate this risk and two more instances would not make a difference, as the error rate was still very low relative to the number of records being processed and the impact on data subjects was still very low.</p> <p>The paper referred to a recent complaint that the College had withheld some information in response to a data subject access request. The College disputed this and an Assistant Principal was trying to resolve the concern, which was closely related to a customer complaint the data subject had made.</p> <p><b>Corporation report:</b> A report to the meeting provided assurance that no significant data breaches had occurred since the previous meeting. The Committee was pleased to hear that there had been an increase in the number of reported breaches and that some progress had been made on the GDPR Accountability Tracker (which the College uses as an assurance tool to measure data protection compliance).</p>	<p>Report Item 16</p>
<p>16.55 Head of Health &amp; Safety Mr R Harwood joined the meeting.</p>		
<p>13</p> <p>i</p> <p>ii</p> <p>iii</p> <p>iv</p>	<p><b>HEALTH &amp; SAFETY COMPLIANCE REPORT</b></p> <p>The Head of Health &amp; Safety, Mr R Harwood ("RH") presented his report. Despite a slight dip in timely compliance, nothing had been escalated beyond line managers. All maintenance and servicing had been completed in line with external expectations.</p> <p>A Member asked about the frequency of internal audits. RH said this depended on risk exposures. Low-risk areas were audited annually, medium-risk areas bi-annually, and high-risk areas more frequently.</p> <p>In response to a further question, RH said the main area of focus currently was the management of external contractors. The Committee revisited some of the previous key areas of focus and Members were particularly pleased to hear that the Brunel campus was operating safely and had had positive feedback following a recent Health &amp; Safety Executive visit, giving confidence that things were under control.</p> <p><b>Corporation report:</b> A report to the meeting provided assurance that target levels of Health &amp; Safety compliance continued to be maintained across the business and the Health &amp; Safety team continues to make progress in strengthening the safety culture.</p>	<p>Report Item 17</p>
<p>17.10 Mr R Harwood left the meeting.</p>		
<p>14</p> <p>i</p> <p>ii</p>	<p><b>COMMITTEE REMIT</b></p> <p>When the Committee agreed to monitor data protection and health and safety compliance, it had resolved to periodically review the arrangement. The Clerk had obtained some benchmarking information on how other colleges approached the work. She said, in most colleges, the finance or finance and resources committee monitored health and safety while the audit committee monitored data protection.</p> <p>The Clerk said RH had commented positively on his experience of presenting to the People, Culture and Governance Committee and if the Corporation should decide to relocate the health and safety compliance monitoring, this could be the place - but there was no urgency; the new committee needed to bed in and see what capacity it had.</p>	

Item		Action/ Report Item
15	<b>FRAUD REGISTER</b>	Report Item 18
i	RM shared an entry on the College Fraud Register which related to a failure to follow financial procedures for the purchase of some materials. She said there had been a full investigation, which identified no intent to defraud the College but highlighted a need for improvements in the process, which had since been put in place. Having made diligent enquiries, she was not aware of any other actual, attempted or alleged acts of fraud or other irregularities.	
ii	<b>Corporation Report:</b> Having made enquiries in line with its terms of reference, the Committee reports that there has been one reported concern of potential fraud. A thorough investigation determined that there was no intent to defraud the College.	
16	<b>DECLARATIONS OF INTERESTS</b>	JG
i	The Clerk said she was still waiting for responses from six Governors. Everyone on the Audit Committee had completed their form. She would chase up the stragglers.	
ii	<b>Action:</b> Report further on completion of Declarations of Interests forms for 2022/23.	
<b>MATTERS TO NOTE AND ADMINISTRATION</b>		
17	<b>DATE OF NEXT MEETING</b>	
i	Monday 28 Nov 2022 at 3pm.	
18	<b>PUBLICATION OF AGENDA PAPERS</b>	
i	It was agreed that all documents marked * on the agenda should remain confidential.	
<b>CLOSED SESSION WITHOUT THE AUDITORS</b>		
<i>17.20 Mr A Bramley and Mr A McColloch left the meeting.</i>		
19	<b>AUDITOR PERFORMANCE MONITORING</b>	
i	There was discussion about the TIAA performance appraisal process, which would be carried out before the November meeting.	
ii	There being no other business, the meeting closed at 17.25.	

<b>Items of Report for Corporation</b>		
<b>#</b>	<b>Details</b>	<b>Min</b>
1.	The Committee received a copy of the Subcontracting Controls audit and discussed the findings 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.	5v
2.	The Committee received a progress report on the implementation of previous internal audit recommendations. One 'Important' recommendation from a previous audit is overdue; this is due to a failure to build into the timescale adequate time for the new controls to embed. Other than this, good progress is being made on implementing the audit recommendations.	6iv
3	The Committee received a report from the internal audit service provider TIAA, which revisited previously audited areas to see if their recommendations had been implemented. This provided an external verification of the implementation status report presented by management. The Committee was satisfied that the assurance TIAA provided reflects the management report. It has no concerns to report.	7ii
4.	The Head of Internal Audit Opinion, based on the reviews completed in 2021/22, was that the College had reasonable and effective risk management, control and governance processes in place.	7vi
5.	The Committee is required to report to the Corporation on the internal auditor's performance against agreed service standards. In 2021/22, the internal audit service provider TIAA met or exceeded all performance targets set.	7vii
6.	The Committee is required to report on the internal auditor's adherence to professional standards. TIAA advise that they adhere to all relevant professional standards and are externally validated against the Public Sector Internal Audit Standards. In addition, their quality systems were re-assessed and re-approved for the ISO 9001:2015 management system standard on 23 June 2022 and they have provided a copy of the certificate. There are no concerns to report in this regard.	7viii
7.	Having discussed the Internal Audit Strategy and Internal Audit Plan 2022-23 with management and the internal auditor TIAA, the Committee considers that: <ul style="list-style-type: none"> <li>4. the Internal Audit Strategy and 2022/23 Plan will facilitate effective monitoring of the College's risk profile and provide assurance against the key strategic risks;</li> <li>5. the number of audit days proposed are sufficient to meet the Corporation's requirements and the planned audit coverage for 2022-23 is appropriate; and</li> <li>6. the performance targets proposed by TIAA for the monitoring of their performance in the provision of audit services are appropriate.</li> </ul>	8vii
8.	The Committee recommends the Internal Audit Strategy and Internal Audit Plan 2022/23 for Corporation approval.	8viii
9.	The internal auditor TIAA advised the Committee that it was not aware of any conflicts of interest or other issues which might affect its independence. The Committee has considered TIAA's arrangements for ensuring the independence of internal audit and has no concerns to report in that regard.	8ix
10.	The Committee has reviewed the Regularity Self-Assessment questionnaire and, being satisfied that the College can evidence the statements it makes within it, recommends that Corporation authorise the Chair of the Corporation and the Accounting Officer to sign them, so that they may be provided to the external auditor as required by conditions of funding.	9i
11.	The Committee received a report on strategic risk management and discussed risk score movements. The overall average score had increased (to 10.3 from 9.9). Members were satisfied that the risk function was operating well, with risk scores reflecting the reports received at Corporation and Committees.	10vii
12.	An ESFA funding audit is due to commence on 21 November and conclusion of the audit may delay (the external auditor) RSM's sign-off of the 2021/22 financial statements audit. As advised by RSM, the College has notified the ESFA of the potential delay. The financial	10ix

	statements will go to the December board meeting as usual but the Corporation may need to meet in January for final approval.	
13.	The Corporation is alerted to a potential risk of clawback of ESFA restructuring funding. The Committee understands that, while the ESFA could clawback up to 50% of any overperformance in 2018/19, 2019/20 and 2020/21, there are various factors to consider in calculating overperformance and the College will seek to minimise the amount that is in scope. The ESFA review will look at financial years up to but not including 2021/22.	10x
14.	During the external review of governance, a consultant noted that the risk discussion observed at the Corporation's November 2021 meeting seemed quite cursory and recommended that the Corporation reflect on the adequacy of its risk oversight arrangements. It is notable that the consultant had only seen the end of the process and did not observe an Audit Committee meeting, which is where detailed discussion takes place. A recent internal audit provided 'Substantial Assurance' that the overall risk management process was effective, which perhaps is another reason why a lot of Governor input is not needed by the time the risk report gets to board.	10xv
15.	The Committee received a report on the effectiveness of the whistleblowing policy and procedure. As Governors may recall, the procedure worked well previously and we understand it is well publicised in College. There have been two recent unrelated disclosures from members of staff, which supports this. However, the Committee was concerned by some recent staff survey feedback, which suggests that there may have been a deterioration in staff willingness to come forward with concerns. The staff survey results were reported to the People, Culture and Governance Committee, which will oversee management's efforts to restore confidence. In the meantime, the Clerk will look at ways to mitigate the risk of staff not reporting; she will look into outsourcing reporting and/or an external advice/helpline.	11v
16.	A report to the meeting provided assurance that no significant data breaches had occurred since the previous meeting. The Committee was pleased to hear that there had been an increase in the number of reported breaches and that some progress had been made on the GDPR Accountability Tracker ((which the College uses as an assurance tool to measure data protection compliance).	12vi
17.	A report to the meeting provided assurance that target levels of Health & Safety compliance continued to be maintained across the business and the Health & Safety team continues to make progress in strengthening the safety culture.	13iv
18.	Having made enquiries in line with its terms of reference, the Committee reports that there has been one reported concern of potential fraud. A thorough investigation determined that there was no intent to defraud the College.	15ii