

**AUDIT COMMITTEE**
**Minutes of a meeting held at 15:00 on 12 June 2023  
in HA.05.009, Waterfront, Huddersfield Centre**

Present:	Mrs J Walters Dr A Conn Mr I Wainwright Mr M Pearmain	Independent Member (Chair) Independent Member Independent Member Co-opted Member
Attendance:	4/4 = 100%	KPI 80%      Quorum: 3
In attendance:	Ms J Arechiga Ms J Flatley Ms R Swallow Ms H Rose Ms S Rawson  Mr P Doherty Ms P Hughes Mr P Sugden Mr R Harwood Mr N Spaxman Mr R Lewis Mr A McCulloch Mr D Rayneau Mr P Singh Ms S Brook Mr S Pringle	Vice Principal Curriculum & Innovation Work Placement Manager (Item 7(i) only) Interim Head of Student Services (item 7(i) only) Director of External Relations (item 7(ii) only) Head of Recruitment Careers & Customer Services (Item 7(ii) only) Vice Principal Finance and Resources Assistant Principal Quality, Study Programmes & HE Director of Estates and Facilities (item 9(ii) and 10 only) Head of Health & Safety (Item 9 (ii) and 10 only) Head of IT & System Development (item 12(ii) only) RSM (external audit) representative (by video link) TIAA (internal audit) representative (by video link) Exec Director Business Systems Principal, Chief Executive Officer Wylie & Bissett (internal audit) Wylie & Bissett (internal audit)

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<b>CLOSE SESSION</b>		
<b>0</b>	<b>WELCOME AND INTRODUCTIONS</b>	
i	The Chair welcomed everyone. Introductions were conducted as Ms S Brook (SB) and Mr S Pringle (SP) from Wylie & Bissett attended for the first time.	
ii	<b><u>RESOLVED:</u></b> <b>(i) To appoint Assistant Principal Ms P Hughes (“PH”) as clerk for the meeting.</b>	
<b>1.1</b>	<b>NOTICE AND QUORUM</b>	
i	PH 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>1.2</b>	<b>APOLOGIES FOR ABSENCE</b>	
i	Apologies were received from the Director of Governance Ms J Green (“JG”) and Mr A Bramley (RSM).	
<b>1.3</b>	<b>DECLARATIONS OF INTEREST</b>	
i	All confirmed they had no direct or indirect interest in the business to be transacted at	

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	the meeting which they were required by the Instrument of Government to disclose, other than those matters previously disclosed.
<b>2</b>	<b>MATTERS RELATING TO THE COMMITTEE'S REMIT AND ANY ISSUES ARISING FROM THE AUDITS</b>
i	Mr Lewis of RSM ("RL") had nothing to report.
ii	The Chair thanked Mr A McCulloch ("AM") for the internal audit work undertaken this year. AM highlighted that the IT Cyber Security review was still outstanding.
<b>PRELIMINARY ITEMS</b>	
<i>Ms J Arechiga, Mr P Doherty, Mr P Singh, and Mr D Rayneau joined the meeting.</i>	
<b>0</b>	<b>WELCOME AND INTRODUCTIONS</b>
i	The Chair welcomed the management team to the meeting.
<b>1</b>	<b>APPROVAL OF MINUTES OF THE PREVIOUS MEETINGS</b>
i	<b><u>RESOLVED:</u></b>  <b>(i) To approve the minutes of 6 March 2023 and 13 April 2023 as an accurate record.</b>
<b>2</b>	<b>MATTERS ARISING NOT ON THE AGENDA</b>
i	There were no matters arising that were not on the agenda.
<b>3</b>	<b>UPDATE ON AGREED ACTIONS</b>
i	All actions not yet due, deferred or on the agenda.
<b>INTERNAL AND EXTERNAL AUDIT</b>	
<b>4</b>	<b>ROLLING AUDIT ACTION REVIEW</b>
i	The Chair asked for feedback on the data protection item and the requested extensions for the two payroll actions to the completion dates (from July 2023 to October 2023). The Principal Mr Palvinder Singh ("PS") said the college was working on this agenda with external consultant contribution.
ii	Progress was being made but not in line with expected timelines; this was due to the widening complexity. There was good assurance on data and cyber security but more work was required on how data was processed. A Member commented that staff in College had mentioned the phishing e-mails and were clearly conscious of the implications of these, demonstrating an improving culture. The Member referred to item 04.2 in the later section of the audit action review report and queried the reference to replacing GDPR Sentry. Mr Peter Doherty ("PD") said JG was exploring other options due to limitations of the GDPR Sentry system and some concerning changes within the company that seemed to be affecting the levels of service that could be provided. The Member asked if this would create further delays. The Chair recommended as follows:
iii	<b>Action:</b> Report to the Vice Principal Finance & Resources on the possible retendering of the data protection compliance software package and consider whether to pause or continue management onboarding and consultation in the meantime.
iv	A Member said the efforts to move the agenda forward were appreciated. The Member
	JG

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v	reflected that it had been an exceptionally busy academic year that had included the Ofsted Inspection and challenging external audits.	Report Item 1
vi	PD directed members to item 4: the key financial controls review including the two payroll recommendations with the request to extend due to other priorities. The Committee agreed this extension from July to October 2023.	
vii	<p><b><u>RESOLVED:</u></b></p> <p><b>(i) Approved: the proposed extensions to action deadlines.</b></p> <p><b>Corporation report:</b> A progress report was received on the implementation of previous internal audit recommendations. Progress has been made on the actions from the June 2022 data protection/GDPR audit but there remains much to do in this area. The Committee agreed some extensions to implementation deadlines.</p>	
5	<b>WYCA AND ESFA FUNDING ASSURANCE REVIEW</b>	Report Item 2
i	Mr D Rayneau (“DR”) presented his report on the funding audits over the last 12 months. Outcomes and recommendations were highlighted where there was an overclaim of 124K and a 10K underclaim; this was predominately clawback of Additional Learning Support (“ALS”). DR presented an overview of the audit action plan highlighting the restructure and consultancy contract extension to October and the challenges presented at audit of Apprenticeship provision leading to a purchase of a new sign up system. DR said the system would go live in September to improve the process and address some of the recommendations on the action plan.	
ii	A Member queried the information/findings relating to the College’s DSAT (Data Self-Assessment Template) reports. DR explained that the present practice (monitoring from January and then monthly) would be changing to far earlier to reduce the backlog and have a positive impact on income earlier in the year.	
iii	A Member detailed the work undertaken and praised the positive outcomes reported. Another Member suggested a checklist provided by RSM could be used as a benchmarking tool and reported back to the Committee. DR agreed with the recommendation, saying this was already built into the action plan for moving forward.	
iv	PD said the College had discussed with the new internal auditors Wylie & Bisset the inclusion of assurance on funding compliance within the internal audit plan.	
v	<p><b>Corporation report:</b> As Governors may recall, the College recently completed (in April 2023) an Education &amp; Skills Funding Agency and a West Yorkshire Combined Authority funding audit. The Committee received a report on the audit findings and related action plan. It will keep this under review as part of its monitoring of past audit actions.</p>	
6	<b>MIS STAFF RESTRUCTURE</b>	DR
i	DR provided an overview, explaining that, as a result of the audit, a restructure had been developed to support improvement moving forward. DR explained that the approach was to ensure the right skills were in the right place, not to drive efficiencies. The restructure was progressing well and included a new Director of MIS and Exams post that was at the recruitment stage. PS expressed to the Committee the extensive role DR has played to support the gaps in the present structure over the last year.	
ii	<p><b>Action: Provide an MIS project progress update at the next meeting.</b></p>	
<i>Interim Head of Student Support Ms R Swallow, Work Placement Manager Ms J Flatley and Ms S Rawson joined the meeting.</i>		

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<p><b>7</b></p> <p>i</p> <p>ii</p> <p>iii</p> <p>iv</p> <p>v</p> <p>vi</p>	<p><b>INTERNAL AUDIT SERVICE REPORTS</b></p> <p>AM presented an overview of the two reports TIAA had undertaken.</p> <p><u>Assurance Review of the Arrangements for Student Personal Development</u></p> <p>The internal audit review of the arrangements for student personal development had yielded a ‘Reasonable’ assurance opinion, with two ‘Important’ and one ‘Routine’ control issues identified. The actions in response to the identified issues were discussed. The auditors had found that some development opportunities were difficult to access for students outside of the 16-19 cohort. Also, while data showed increases in participation in enrichment activities, the audit had identified a need for some items to be improved. Understanding of the Navigate tool needed to be improved, to ensure the College could benefit fully from its functionality.</p> <p>A Member commented on the recommendation for further training and queried if this was a compliance issue. Ms R Swallow (“RS”) responded that compliance was built into the performance management processes. Ms J Flatley (“JF”) confirmed training was planned for over the summer period. A Member asked if the College compared usage of the system with other colleges and JF said the College had been identified by Navigate as a best practice user compared to other colleges. PS explained that the driver for changing behaviours and ensuring compliance was the PMR (Performance Management Review) process.</p> <p><u>Assurance Review of the Arrangements for Student Progression and Destination</u></p> <p>AM outlined the scope of the audit; it had looked at the collection and use of data for performance indicators; how the data informed future planning and College offering; the consistency and effectiveness of delivery; and how progression and destination was promoted. The review had considered 16-18, Adults and Apprentices.</p> <p>The audit had yielded a ‘Reasonable’ assurance opinion, with one ‘Important’ control issue identified: the lack of a policy or strategy directing the process for student progression and destination. Some elements of good practice in identifying students at risk of not progressing were also highlighted. PS shared an example of this from the recent Ofsted inspection where a tutor was asked “what happens when a student doesn’t achieve”, the tutor said, “we don’t leave any student behind”.</p> <p><b>Corporation report:</b> The internal audits of the College’s arrangements for student personal development and for student progression and destination both yielded a ‘Reasonable’ assurance opinion (the second level of assurance). The Committee has no concerns to report. It will monitor the implementation of the agreed actions.</p>
<p><i>Ms R Swallow, Ms J Flatley and Ms S Rawson left the meeting.</i></p>	
<p><b>8</b></p> <p>i</p> <p>ii</p> <p>iii</p> <p>iv</p>	<p><b>EXTENAL AUDIT SERVICE REPORTS</b></p> <p><u>External Audit Plan 2022/23</u></p> <p>RL presented RSM’s annual plan for the financial statements audit 2022-23 (the “Plan”). There had been changes since the previous year, particularly due to the ONS reclassification of colleges as part of the public sector. RL said the College should consider carefully its response, for example reviewing affected policies and procedures.</p> <p>PD and PS confirmed they had considered the significant risks identified in the Plan.</p> <p>RL highlighted the risk of a further funding assurance review impacting on the Plan,</p> <p>PD referred to RSM’s proposed fees: a 16% increase compared to the initial audit</p>

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	service tender for the reasons outlined within the Plan. PD said feedback from other colleges was that they were looking at similar increases.
v	The RSM FE sector 'Emerging Issues' report was received and discussed. The ONS reclassification was a key issue, as well as fraud (specifically recruitment and CV fraud).
vi	PS commented on the risk of a change to colleges' financial year-end date, to bring them in line with other public sector organisations. He said the Association of Colleges was lobbying against this due to concerns about the time and cost it would entail.
vii	PD referred to the FE Commissioner's <a href="#">Curriculum Efficiency and Financial Sustainability</a> report, informing the Committee that the College had approached the FE Commissioner's team to access the support (which was available to any college not subject to FE Commissioner intervention). This was noted.
viii	Following discussion, the Committee agreed to report to the Corporation as follows:
ix	<b>Corporation report:</b> Our external auditor RSM attended the Committee's June 2023 meeting to share a draft audit plan (the "Plan"), which sets out the proposed approach to the review of the College's accounting records for 2022-23. The Committee discussed the Plan and agreed that it should be circulated to all Governors and recommended for approval. The Vice Principal Finance & Resources will also circulate an RSM guidance document which explores the key risks for the FE sector.
x	<b>Action:</b> To share the external audit plan with Corporation for approval. Also, to share, for Governors' information, the 'Sector Issues' document RSM had circulated.
xi	<b>Corporation report:</b> The Committee must ensure effective co-ordination between the internal and external auditors. Proper coordination can lead to efficient and effective audits by avoiding unnecessary duplication of efforts. In the Plan, RSM state their intention to review the work of internal audit for the year and identify any significant matters that may inform their assessment of risks of material misstatement; and to make enquiries to determine whether the internal auditor has knowledge of any actual, suspected or alleged frauds and their views about risks of frauds.
xii	<b>Corporation report:</b> The Committee is required to inform the Corporation of any additional services provided by the external auditor and explain how their independence and objectivity are maintained. We discussed with RSM a section from their Plan entitled "Personal Independence" and "Auditor Independence", which provide good assurance in this regard. In addition to the College audit, RSM will perform an annual report of factual findings on the college's Teachers' Pension End of Year Certificate. RSM UK Risk Assurance Services LLP have also been engaged to provide Insight4grc software 4risk for an annual licence fee. The Committee is satisfied that the provision of such services does not pose a threat to auditor independence.
xiii	<b>Corporation report:</b> The Committee is required to establish that its assurance providers adhere to relevant professional standards. RSM will conduct the audit of the College's financial statements in accordance with the International Standards on Auditing (UK) issued by the Financial Reporting Council. This was recently updated and RSM have assured us that they remain compliant.
xiv	<b>Corporation report:</b> The Committee is required to establish, in conjunction with College management, relevant annual performance measures and indicators to monitor the effectiveness of the external auditor. In this regard, the Committee discussed with RSM key milestones for delivery of the audit.

STRATEGIC RISK MANAGEMENT		
<i>Director of Estates &amp; Facilities Mr P Sugden and Head of Health &amp; Safety Mr R Harwood joined the meeting</i>		
<b>9 (i)</b>	<b>STRATEGIC RISK REGISTER</b>	
i	PD provided an update on the strategic risk register. The exposure scores of ten risks had reduced on account of the assurance provided by the positive outcome of the Ofsted Inspection and the conclusion of two funding assurance reviews for 2021/22. PD directed members to the second part of the report and remaining risk areas, requesting a note of error in the date of February 23 that should be May 23. Also, to note section 3 of the report, a number of the Residual Risk (RR) scores continued to exceed the target risk score. Section 4 of the report related to the introduction of risk management software to replace the existing model. A Member asked about plans for training and PD explained this would be undertaken by himself initially to then inform training plans for the wider team, SLT and Governors.	
ii	A Member enquired about risk #2 (page 4, April 23): the attendance and retention performance. JA updated the committee on why this is the case due to robust in year data cleansing and the predicted achievement position reporting an increase. PS added the attendance to the GCSE exam series has increased from the previous year. Vice Principal Curriculum Ms J Arechiga ("JA") shared that this practice needs to be the culture of working each year not a response to an Ofsted inspection and this has been actioned in the College's PMR processes.	
iii	<b>Corporation report:</b> The Committee received a report on strategic risk and discussed movements in the risk scores and possible emerging risks. The residual exposure scores had reduced for ten College risks, 19 remained the same and none had increased. The average residual exposure score had decreased from 11.24 to 9.59.	Report Item 9
<b>9 (ii)</b>	<b>MAJOR INCIDENT &amp; BUSINESS CONTINUITY PLAN</b>	
i	Head of Health & Safety Mr R Harwood ("RH") updated the Committee on the business continuity plan, which was under review and would go to Corporation for approval in July 23, following which there would be a further review to test and provide assurance.	
ii	There was discussion about a recent incident which had tested the College plan and the learning from it.	
iii	A Member remarked on the size of the document and there was discussion about how it might be adapted to develop a shorter version easy for staff to access.	
iv	<b>Corporation report:</b> The Committee reviewed a draft version of a new Business Continuity Plan, which is recommended for approval, subject to any changes proposed by the senior leadership team.	Report Item 10
<b>10</b>	<b>HEALTH &amp; SAFETY ASSURANCE REPORT</b>	
i	RH presented the Health and Safety report, saying the outstanding actions would be closed down in a timely manner; there were no concerns. RH explained that certificates (for service and maintenance) were showing as overdue due to a delay in uploading to the system, not in completion. Mr P Sugden, Director of Estates and Facilities ("PSu"), said there had been a process failure in this instance and a new procedure had already been developed. All actions would be up to date by the end of the term.	
ii	PSu updated the Committee on the successful recruitment of a Contracts Manager.	
iii	RH shared the Smartlog performance position and progress to date, for example in Engineering the fire door inspections had been completed. Dr A Conn, the Link	

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iv	<p>Governor Health &amp; Safety, interjected to clarify that a fire door inspection only measured the completion of checks and not the quality of fire doors themselves. He said some did not always meet the required standards.</p> <p><b>Corporation report:</b> A report from the Head of Health &amp; Safety provided good assurance on compliance.</p>	Report Item 11
<p><i>Mr P Sugden and Mr R Harwood left the meeting; Head of IT Mr N Spaxman joined the meeting.</i></p> <p><b>12 DATA PROTECTION ASSURANCE REPORT</b></p> <p>i Mr N Spaxman (“NS) presented an overview of the <a href="#">JISC 16 questions</a> assessment of the College’s cyber security posture. The College had made an extensive investment over the last 12 months to improve its position. NS updated the committee on the improved JISC service from 9-5 to 24 hours of coverage reporting any issues. Examples of actions taken included the installation of next generation fire walls, immutable (encrypted) backup, and Office 365 two factor authentication. Further examples to reduce the threat of the end user included training and phishing exercises. Actions to complete included further work to track those moving posts in college and review their access privileges.</p> <p>ii PS praised the speed of change to improve the colleges position over the last 12 months and the Chair agreed the report increased the Committee’s confidence.</p> <p>iii <b>Corporation report:</b> A report from the Head of IT provided good assurance on cyber protection and data protection compliance.</p>		Report Item 12
13	<p><b>FRAUD REGISTER</b></p> <p>i PD directed Members to item 13 of a new potential fraud risk due to 6 days of strike action and the possibility that some of the staff members who had self-declared as sick on strike day were not sick. Work was being undertaken between Human Resources and managers to ensure all processes were followed for absent staff during strike days. A Member asked if staff understood clearly that taking time off sick when they were not sick amounted to fraud and the implications of this. PD felt this had not been fully highlighted, although guidance on the procedure had been shared. PD urged caution and reiterated this was only a potential risk; there was no evidence at this stage of fraud. The Committee agreed that sensitivity and caution was needed at this stage.</p> <p>ii <b>Corporation report:</b> The Committee discussed a potential fraud risk: staff members self-declaring as sick on strike days. There is no evidence of actual fraud currently; managers are taking staff through return to work interviews and will ensure all are aware that false claims of sickness to avoid strike pay deductions would amount to fraud. Having made enquiries in line with its terms of reference, the Committee has no other concerns to report in respect of fraud or other irregularities.</p>	Report Item 13
MATTERS TO NOTE AND ADMINISTRATION		
14	<p><b>DATE OF NEXT MEETING</b></p> <p>i 2 October 2023.</p>	
15	<p><b>PUBLICATION OF AGENDA PAPERS</b></p> <p>i It was agreed that all documents marked confidential on the meeting agenda should remain confidential.</p>	



COMMITTEE SELF ASSESSMENT		
16	<b>COMMITTEE REVIEW</b>  <u>Terms of Reference and Business Schedule 2023-24</u>  <p>i A new version of the Post 16 Audit Code of Practice had been published and the Director of Governance had reviewed this to see if any changes should be made to the Terms of Reference. The Committee considered the recommendations outlined in the paper 'Terms of Reference Review'. In particular, the Committee discussed the Corporation's policy on the admission of Staff Governors to the Committee's membership and agreed to recommend to the Corporation that it should continue to prohibit Staff Governors from serving on the Committee.</p> <p>ii <b>Corporation report:</b> The Committee has reviewed the proposed 2023/24 meeting dates. It recommends the Schedule of Business for approval, together with a slightly amended version of its Terms of Reference.</p>	Report Item 14

Items of Report for Corporation		
#	Details	Min
1.	A progress report was received on the implementation of previous internal audit recommendations. Progress has been made on the actions from the June 2022 data protection/GDPR audit but there remains much to do in this area. The Committee agreed some extensions to implementation deadlines.	4vii
2.	As Governors may recall, the College recently completed (in April 2023) an Education & Skills Funding Agency and a West Yorkshire Combined Authority funding audit. The Committee received a report on the audit findings and related action plan. It will keep this under review as part of its monitoring of past audit actions.	5v
3	The internal audits of the College's arrangements for student personal development and for student progression and destination both yielded a 'Reasonable' assurance opinion (the second level of assurance). The Committee has no concerns to report. It will monitor the implementation of the agreed actions.	7vi
4.	Our external auditor RSM attended the Committee's June 2023 meeting to share a draft audit plan (the "Plan"), which sets out the proposed approach to the review of the College's accounting records for 2022-23. The Committee discussed the Plan and agreed that it should be circulated to all Governors and recommended for approval. The Vice Principal Finance & Resources will also circulate an RSM guidance document which explores the key risks for the FE sector.	8ix
5.	The Committee must ensure effective co-ordination between the internal and external auditors. Proper coordination can lead to efficient and effective audits by avoiding unnecessary duplication of efforts. In the Plan, RSM state their intention to review the work of internal audit for the year and identify any significant matters that may inform their assessment of risks of material misstatement; and to make enquiries to determine whether the internal auditor has knowledge of any actual, suspected or alleged frauds and their views about risks of frauds.	8xi
6.	The Committee is required to inform the Corporation of any additional services provided by the external auditor and explain how their independence and objectivity are maintained. We discussed with RSM a section from their Plan entitled "Personal Independence" and "Auditor Independence", which provide good assurance in this regard. In addition to the College audit, RSM will perform an annual report of factual findings on the college's Teachers' Pension End of Year Certificate. RSM UK Risk Assurance Services LLP have also been engaged to provide Insight4grc software 4risk for an annual licence fee. The Committee is satisfied that the provision of such services does not pose a threat to auditor independence.	8xii



7.	The Committee is required to establish that its assurance providers adhere to relevant professional standards. RSM will conduct the audit of the College's financial statements in accordance with the International Standards on Auditing (UK) issued by the Financial Reporting Council. This was recently updated and RSM have assured us that they remain compliant.	8xiii
8.	The Committee is required to establish, in conjunction with College management, relevant annual performance measures and indicators to monitor the effectiveness of the external auditor. In this regard, the Committee discussed with RSM key milestones for delivery of the audit.	8xiv
9.	The Committee received a report on strategic risk and discussed movements in the risk scores and possible emerging risks. The residual exposure scores had reduced for ten College risks, 19 remained the same and none had increased. The average residual exposure score had decreased from 11.24 to 9.59.	9.1iii
10.	The Committee reviewed a draft version of a new Business Continuity Plan, which is recommended for approval, subject to any changes proposed by the senior leadership team.	9.2iv
11.	A report from the Head of Health & Safety provided good assurance on compliance.	10iv
12.	A report from the Head of IT provided good assurance on cyber protection and data protection compliance.	12iii
13.	The Committee discussed a potential fraud risk: staff members self-declaring as sick on strike days. There is no evidence of actual fraud currently; managers are taking staff through return to work interviews and will ensure all are aware that false claims of sickness to avoid strike pay deductions would amount to fraud. Having made enquiries in line with its terms of reference, the Committee has no other concerns to report in respect of fraud or other irregularities.	13ii
14.	The Committee has reviewed the proposed 2023/24 meeting dates. It recommends the Schedule of Business for approval, together with a slightly amended version of its Terms of Reference.	16ii