

Minutes of a Meeting of the AUDIT COMMITTEE held on Wednesday 12 June 2024 at 3.00pm College Business Centre

22/24 APOLOGIES AND WELCOME

Apologies were received from Ms Melanie Weston of Southern Internal Audit Partnership.

23/24 DECLARATIONS OF INTEREST

There were no declarations of interest.

24/24 APPROVAL OF THE NON-CONFIDENTIAL MINUTES OF THE MEETING OF 28 FEBRUARY 2024

The non-confidential minutes of the meeting of 28 February 2024 were approved as a true record.

25/24 APPROVAL OF THE CONFIDENTIAL MINUTES OF THE MEETING OF 28 FEBRUARY 2024

The confidential minutes of the meeting of 28 February 2024 were approved as a true record.

26/24 MATTERS ARISING FROM THE MEETING OF 28 FEBRUARY 2024

The Director of Governance reported on Matters Arising. Confirmation of the outcome of the Education and Skills Funding Agency (ESFA) judgment on subcontracting has been received and circulated to Corporation and would be reported at the July meeting of Corporation. The Risk Register has been amended to include potential change of government and impact on capital projects at 4.33. Asset checks have been assigned to a new member of the Finance team. Following a query raised on the cost of the external audit service contract this has been confirmed as £57k for financial statements and regularity, and £2,640 for the annual teachers' pension scheme. A number of actions have been impacted by the absence of the Director of Finance and Resources; the Chief Operating Officer and Deputy CEO is aware of these. All actions whether completed, in progress or outstanding are detailed in the written report circulated in the board pack.

A Member reminded the Committee of Mrs Garbett's offer to meet with the Director of Finance and Resources regarding Delamite Ltd. The Chief Operating Officer and Deputy CEO responded that this would be picked up by the new Director of Finance and Resources.

A Member enquired regarding the completion and submission of leavers' checklist and whether there had been any issues. The Chief Operating Officer and Deputy CEO responded that this is checked by managers and reported into senior leadership team (SLT) meetings. The action would now be marked as complete.

A Member referring to the outstanding action on Delamite Ltd noted the importance of including expertise in this area in the recruitment profile for Governor and Co-opted Member vacancies.

27/24 GDPR DATA BREACHES REPORT

The Chief Operating Officer and Deputy CEO reported on General Data Protection Regulation (GDPR) data breaches. There have been no data breaches reported for the period February – May 2024. There were no punitive measures for staff when reporting breaches in order to encourage staff to declare breaches and learn from these incidents.

A Member enquired regarding storage and retention and in particular what processes were in place to ensure that data was not being retained unnecessarily. The Chief Operating Officer and Deputy CEO responded that archive rooms were currently being reviewed ahead of demolition with appropriate disposal planned. Digital solutions were being explored for those records which needed to be retained. A register of information has been accepted as a management action following an information management audit.

The Committee NOTED the report.

With the agreement of the Chair the agenda was taken out of order.

28/24 COLLEGE RISK REGISTER (CONFIDENTIAL)

The Committee NOTED the updated Risk Register.

29/24 EXTERNAL AUDIT PLANNING MEMORANDUM 2023/24

Ms Frances Millar, RSM UK Audit LLP, presented the External Audit Planning Memorandum 2023/24. There was no change in scope. All regularity was under new rules for this year. Materiality was based on total expenditure for the year and whilst final figures were not yet available it was expected to be in-line with the previous year. She outlined key risks which were unchanged on previous years. Procedures were in-line with previous years for individual learner record (ILR) data and testing had been undertaken to ensure that this was in-line with funding guidance. She noted that there was a nil record on the balance sheet in relation to the defined benefit pension scheme and that should this tend towards liability it would be recorded as such. She noted that going concern remains a risk for all organisations, particularly those that are government funded. She also highlighted reclassification as a risk. In relation to this there had been discussions with the Principal and Chief Operating Officer and Deputy CEO regarding transactions requiring consent. There were not any expected but monitoring would be maintained on this during the course of audit work. Finally, risk regarding capital projects was reviewed. Impairments in existing buildings needed to be considered and whilst it was unlikely that there would be additional impairments in buildings that were out of use this would be followed up in the course of audit work. Ms Millar drew the Committee's attention to fees, key audit dates, and the statement of independence.

The Chair thanked Ms Millar for her report. She considered that this highlighted the importance of the role of Governors in assessing going concern.

The Committee APPROVED the External Audit Planning Memorandum 2023/24.

30/24 STRATEGIC INTERNAL AUDIT PLAN/ ANNUAL INTERIM AUDIT PLAN (DEFERRED)

The Chief Operating Officer and Deputy CEO reported that the Internal Audit Plan has been deferred. The Director of Governance has connected the Chief Operating Officer and Deputy CEO with the newly appointed internal auditors, Scrutton Bland. Mr Paul Goddard of Scrutton Bland has offered training for the Committee and SLT on planning should it wish to take up the opportunity. The Committee agreed that a refresher in this area would be helpful and asked the Chief Operating Officer and Deputy CEO to liaise with the Director of Governance to identify a suitable date and make arrangements accordingly.

The Committee NOTED the deferral of the Internal Audit Plan.

31/24 INTERNAL AUDIT 2023/24 VISIT 2 REPORT

Ms Karen Shaw, Southern Internal Audit Partnership presented the Internal Audit Report for visit 2. Health and Safety; and Additional Learning Support have received substantial assurance. Capital Planning; and Information Management have received reasonable assurance. The visit 1 report on Cybersecurity was now available and had also received reasonable assurance. Ms Shaw reported positive management actions in all areas. She drew the Committee's attention to two points raised. The first was the information asset register referred to earlier in the meeting by the Chief Operating Officer and Deputy CEO. This would give rigour

around annual checks and areas needing thorough review. The second was around ensuring staff confirm acceptance of the Acceptable Use Policy.

A Member enquired why Capital Planning was assessed as reasonable when there was only one low risk concern identified. Ms Shaw responded that she considered financial reporting to the Capital Committee to be key and the management action detailed to append a copy of invoices submitted to the Department for Education on a monthly basis to reports on capital updates would give greater assurance.

A Member enquired regarding testing for assurance on copyright. Ms Shaw responded that staff awareness was critical. The Library and Resources Centre Manager was undertaking regular checks using Office365 to identify information sharing. She concluded that managing awareness and having strategic oversight in this area was key and that the human element was the weakest link. Responding to an enquiry regarding the website, the Chief Operating Officer and Deputy CEO confirmed that there were a limited number of staff to approve publication and that digital images were purchased for use. This area was tightly controlled, she reported.

The Committee NOTED the report.

32/24 INTERNAL AUDIT 2023/24 – VISIT 3 REPORT

Ms Karen Shaw, Southern Internal Audit Partnership presented the Internal Audit Report for visit 3. Fundamental Financial Accounting received substantial assurance. The Single Central Record received reasonable assurance. The report on staff utilisation was yet to be issued due to a delay in provision of information by College leads. Ms Shaw reported on Fundamental Financial Accounting noting that there had been good progress in implementing actions agreed in the previous year. There had been a few delays around asset management due to resourcing issues and revised timelines had been agreed. Business continuity planning was an ongoing issue though Ms Shaw noted that it was on the agenda of this meeting.

The Chair thanked the Senior Management Accountant for her contribution in achieving substantial assurance for Fundamental Financial Accounting.

The Chair thanked Ms Shaw for her report and noted the superb support given by Southern Internal Audit Partnership during their contracted period as internal auditors. Ms Shaw confirmed that the annual report would be provided in due course but she did not anticipate that there would be any surprises. She noted the value of fresh eyes in terms of internal audit and wished the College well with its new internal auditors.

The Committee NOTED the report.

Ms Shaw left the meeting.

33/24 ACCOUNTING POLICIES

Mrs Beatrix Kiss, Senior Management Accountant presented the Accounting Policies. These are reviewed and approved annually by Corporation and used in the preparation of the accounts and Annual Financial Statements. There were no changes recommended.

The Committee CONSIDERED the report and RECOMMENDED the Accounting Policies to Corporation for APPROVAL.

34/24 FINANCIAL REGULATIONS/PROCEDURES – ANNUAL REVIEW

Mrs Beatrix Kiss, Senior Management Accountant presented the Financial Regulations and Procedures. A full list of amendments was provided.

The Committee CONSIDERED the report and RECOMMENDED the Financial Regulations and Procedures to Corporation for APPROVAL.

35/24 PUBLIC INTEREST DISCLOSURE/WHISTLEBLOWING: ANNUAL REPORT

The Head of HR (human resources), People and Culture joined the meeting and presented the Public Interest Disclosure Report. In 2023/24 there were no concerns raised to the College under this policy. The Whistleblowing (Public Interest Disclosure) Policy and Procedure has been amended to bring it in-line with other policies in terms of consistency in terminology and aligning with the new policy template. The change in job title of the Head of HR, People and Culture, and legislative updates reflecting new definitions and guidance from ACAS (Advisory, Conciliation, and Arbitration Service) were also included.

A Member enquired whether staff knew what to do if they wanted to whistle blow. The Head of HR, People and Culture responded that this was included in staff training and staff were directed to the Policy. It was also confirmed that there were posters displayed in College regarding this, and staff were informed of any policy changes via the staff newsletter. The Member noted that the routes for whistleblowing were internal. The Head of HR, People and Culture agreed but added that there was also an external contact.

The Committee NOTED the Public Interest Disclosure Report and revised Whistleblowing (Public Interest Disclosure) Policy and Procedure.

36/24 AUDIT ISSUES LOG

Mrs Beatrix Kiss, Senior Management Accountant presented the Audit Issues Log. It was noted that actions detailed in the internal audit report on staff utilisation would be included in the Log on receipt, and that there had been capacity issues in the Finance department due to staff departures and changes.

The Chair thanked Mrs Kiss for her report, expressing her appreciation for those actions that had been completed, and understanding regarding issues outstanding and awareness of these.

The Committee NOTED the report.

37/24 DELAMITE LTD: FUTURE OPTIONS AND RECOMMENDATIONS, AND ANNUAL VAT REPORT (DEFERRED)

The Chief Operating Officer and Deputy CEO reported that the Delamite Ltd: Future Options and Recommendations, and Annual VAT Report has been deferred. This would be a priority for the appointment to the vacancy for Director of Finance and Resources. She was aware that this was an issue to be resolved for the future.

The Committee NOTED the deferral of the Delamite Ltd: Future Options and Recommendations, and Annual VAT Report.

38/24 REVIEW AUDIT COMMITTEE TERMS OF REFERENCE AND EVALUATION OF COMMITTEE EFFECTIVENESS

The Director of Governance presented the Evaluation of Committee Effectiveness. This comprised a self-assessment against the Committee's Terms of Reference (ToR) as approved in July 2023. A correction was noted in the cover paper to the period of review. The ToR would be reviewed in-line with the recommendations of the External Governance Review.

It was agreed that it would be helpful to draw out specific examples of evidence with links to the relevant minutes. The Director of Governance would draw up an improved self-assessment template to incorporate this in-line with the reviewed Terms of Reference.

The Committee CONSIDERED the Evaluation of Committee Effectiveness and RECOMMENDED it for APPROVAL by Corporation.

The Committee NOTED that the Terms of Reference would be reviewed in-line with the recommendations of the External Governance Review for APPROVAL by Corporation.

39/24 BUSINESS CONTINUITY PLAN

The Chief Operating Officer and Deputy CEO provided an update on the College's Business Continuity Plan presenting a revised Plan for 2024/25. She had liaised with the Director of Governance on redactions and the reasons for these. These were chiefly concerned with personal data. References to Covid had been removed and replaced with general pandemic information. Aramark had been included as previously requested. The Business Continuity Plan had received reasonable assurance as part of Internal Audit Plan 2022/23. This was also included in the follow up audit for 2023/24. From this follow up, three of the management actions had been implemented, one superseded, and one partially completed regarding testing which will be completed in the next academic year. There had been liaison with the Isle of Wight Council regarding its template for schools, and with the Resilience Planning Coordinator regarding emergency planning for the Island. The College has sought review of its Plan by the Coordinator and advice on desktop exercises. A global mobile phone text test has been conducted and door access controls introduced with blocks C and D being installed in the coming weeks. A lockdown alarm system has been installed with drills implemented in phases across site. She noted two incidents of note during 2023/24: severe flooding in October 2023, and an extended power cut in March 2024. She also drew Governors' attention to the Department for Education (DfE) document, *Protective security and preparedness for education settings*, published in April 2024, a link to which was included in the Plan.

The Chair welcomed the update, testing, and liaison with the Council. She asked whether there was a day-to-day rota for incident management. The Principal responded that there was a duty manager rota. The Chief Operating Officer and Deputy CEO would add reference to this in the Plan.

The Chair enquired regarding mobile phone communication in the event that networks are down. The Chief Operating Officer and Deputy CEO responded that there was a lockdown alarm system across the site.

The Committee CONSIDERED the report and RECOMMENDED the Business Continuity Plan for APPROVAL by Corporation.

40/24 COMMITTEE COMPOSITION AND ROLES FOR 2024/25

The Director of Governance reported that confirmation of Committee composition would be delayed pending approval of the revised governance structure as recommended by the External Governance Review.

The Committee NOTED the verbal report.

41/24 AUDIT COMMITTEE MEETING SCHEDULE FOR 2024/25

The meeting schedule for 2024/25 was to be confirmed (TBC) pending approval of the revised governance structure as recommended by the External Governance Review.

The Committee NOTED the verbal report.

42/24 DISCUSSION WITH AUDITORS WITHOUT MANAGEMENT PRESENT

Not required.

43/24 GOVERNOR SELF-REVIEW OF MEETING

The Chair led a self-review of the meeting. External audit planning was considered as an example of how the Committee had met its ToR effectively.

44/24 ANY OTHER BUSINESS

The Chair thanked two Governors attending the meeting in difficult personal circumstances.

On behalf of the Committee, the Chair formally recorded thanks to Mrs Tracy Bull, who was leaving the College as its Director of Finance and Resources. She noted the phenomenal support that Mrs Bull had given the Committee in terms of assurance, knowledge, guidance and advice. She would be greatly missed.

45/24 DATE OF NEXT MEETING

TBC