

Minutes of a Meeting of the AUDIT COMMITTEE held on Wednesday 18 October 2023 at 12.00 pm at College Business Centre

41/23 APOLOGIES AND WELCOME

The Chair welcomed Members to the meeting including Mr Graham Cooper who has re-joined the Committee. Members noted the resignation of Mr Trevor Nicholas as co-opted Member. Apologies were received from Mrs Jessica Garbett, and from the internal and external auditors.

42/23 DECLARATIONS OF INTEREST

There were no declarations of interest.

43/23 APPROVAL OF THE NON-CONFIDENTIAL MINUTES OF THE MEETING OF 21 JUNE 2023

The non-confidential minutes of the meeting of 21 June 2023 were APPROVED as a true record.

44/23 MATTERS ARISING FROM THE MEETING OF 21 JUNE 2023

The Director of Governance reported on Matters Arising from the meeting of 21 June 2023. She drew attention to the updated Risk Register paper which now included a summary of the highest risks and their respective movement. The schedule of amendments to the Annual Review of Risk Management Policy will be included when due for next reporting in February 2024. All other items had been actioned.

45/23 GDPR DATA BREACHES

Ms Dawn Smart, Head of Curriculum Planning and Performance, presented the General Data Protection Regulation (GDPR) data breaches report. There were no breaches to report. Ms Smart confirmed that any reports to the Information Commissioner's Office (ICO) would be included in her report going forward.

A Member expressed concern at the nil report. There was a discussion as to how many breaches one might expect to record in a three month period. A Member shared their experience of low level internal breaches, a cybersecurity attack, and significant increase in more sophisticated phishing emails. The Member discussed the importance of a 'no blame culture'. It was considered that there were the following categories: accidents, near misses, and incidents and that one would wish to see a number of the latter in order to avoid the former. In response to this discussion and a query on staff training, Ms Smart confirmed that a cybersecurity exercise had recently been carried out at the College, and that all are required to complete mandatory GDPR training. A central email address was planned for reporting GDPR breaches. A Member asked that the report include the level of potential GDPR fine be stated in pounds sterling. Ms Smart confirmed that she would include this.

The Committee NOTED the report.

46/23 COLLEGE BOARD ASSURANCE FRAMEWORK: RISK MANAGEMENT ANNUAL REPORT

The Director of Finance presented the Risk Management Annual Report. The report noted significant risks added to the Register during 2022/23: estates and infrastructure; Department for Education (DfE) Transformation Project change in specification; and Office for National Statistics (ONS) reclassification. Priorities for 2023/24 were outlined: realignment of risks to new owners; training and support for new owners of risks within the Register; a review of risk scores that have remained static; moderating scoring to ensure consistency; and independent meetings with 'risk owners' to review each risk.

A Member asked why the risk related to reinforced autoclaved aerated concrete (RAAC) remained static. It was confirmed that the risk was static because it was not possible to definitively confirm whether RAAC is present without further investigation. Following the initial report to the DfE, the DfE has asked the College to commission further investigation. A company has been approached and it will be assessed when the investigatory work can be carried out.

Following a query from a Member regarding accessing the document linked to in the report: *Board Assurance: Toolkit for Further Education Colleges*, it was agreed that this would be circulated to Members.

The Committee NOTED the report.

47/23 UPDATED COLLEGE RISK REGISTER

The Director of Finance presented the updated College Risk Register. She reminded Members that this is brought to the Committee three times per academic year. Several score adjustments had been made to the updated Register. She highlighted the following risk score changes: Risk 1.9 – score adjusted from 10 to 5 as access controls had been implemented; and Risk 4.25 – score adjusted from 25 to 20 regarding rising utility and non-pay costs as LED lights had been fitted and electricity consumption was lower. A new risk had been added: 4.32 Delamite Ltd – potential financial liabilities. No risks were identified for removal.

A Member noted that it was still possible to access the former reception. The Director of Finance confirmed that this was the case and that as the building was due for demolition door access controls had not been implemented for this building.

The Chair noted the inclusion of a summary of the highest risks and asked Members if this included the highest risks they would expect to see. The Committee confirmed that they were assured that the highest risks had been highlighted appropriately. The Committee noted the value of interrogating the Risk Register three times per year. Frustration was expressed at the static nature of Risk 1.6 Students fail to achieve sufficient progress in maths and/ or English to secure their best options for progression.

The Committee NOTED the report.

48/23 AUDIT CODE OF PRACTICE

The Director of Finance reported on the Post-16 Audit Code of Practice (ACOP) 2022 to 2023. The revised ACOP had been published in April 2023 and a number of changes had been introduced, primarily related to ONS reclassification. The Director of Finance outlined these in her report.

The Chair encouraged Members to access the ACOP and *Bite size guides to aid colleges in meeting new requirements following reclassification* at the links given in the report. She particularly noted the requirements of the 'Dear Accounting Officer' letter issued in November 2023 and the duties this placed on the Corporation.

The Committee NOTED the report.

49/23 AUDIT ISSUES LOG

The Director of Finance presented the Audit Issues Log. She reminded Members that this is brought to the Committee three times per academic year. The Log tracks actions arising from internal audit reports and all internal audit visit reports for 2022/23 were included. It was noted that Hair and Beauty targets remained outstanding but were expected to be completed later in the year. The Director of Finance had initiated a learning conversation regarding the setting of deadlines. In response to a query from a Member she confirmed that she had no concerns regarding Hair and Beauty and that the delay related to building works and the setting of inappropriate target dates in light of this.

A Member noted that staff responsibilities required updating following the recent staff departures and changes. The Director of Finance confirmed that she would action this.

The Director of Finance reported that Inventory Maintenance was recorded as partially completed as she wished to include this on a future Staff Development Day. In response to a query from the Chair, the Director of Finance responded that the issue related to inconsistency in information in terms of low value items.

The Committee NOTED the report.

50/23 ANNUAL FRAUD REPORT

The Director of Finance presented the Annual Fraud Report. There was one incidence of potential fraud reported. A former employee (who was renting a room from the College via his limited company), had failed to declare income generated through use of the College's electric charging station. Income was subsequently identified and generated. The fraud was low cost. In response to a query from the Chair regarding how the fraud was identified, the Director of Finance stated that a member of Facilities staff had noted vehicles entering the College site, an investigation was carried out, and a list of income and charges requested with the person being billed by the College for the electricity used.

A Member asked if there were any 'repeat offenders'. The Director of Finance responded that securing goods and services without logging an order request first was an example. An Accounts Payable staff member was logging all occasions and staff members who did not meet requirements. She estimated that this related to 5-10 members of staff. A Member shared his experience of twice per year taking all employee bank account details and matching against all suppliers. The Director of Finance responded that she could look into that. The Chair asked if there was any risk of stock control falling into a fraud type issue. The Director of Finance responded that a random inventory check was planned.

The Committee NOTED the report.

51/23 REVIEW OF REGISTER OF INTERESTS/DECLARATION OF ELIGIBILITY

The Director of Governance presented the report on the Register of Interests/ Declaration of Eligibility. At the time of writing the report one Member's annual register of interest/ declaration of eligibility submission was outstanding but had now been received. There were no material conflicts of interest.

The Committee NOTED the report.

52/23 SUBCONTRACTING STANDARD AUDIT

The Director of Finance presented the internal audit report for visit 3, 2022/23 for subcontracting standards. It was noted that this was an Education and Skills Funding Agency (ESFA) requirement and a grade was not required.

The Committee NOTED the report.

53/23 ANY OTHER BUSINESS

The Chair suggested that the Committee self-assess at each meeting. She highlighted the Committee's terms of reference (TOR) and it was considered that there were good examples of the Committee meeting these during the meeting. She asked Members whether they felt they had received assurance as a Committee. Following discussion, it was agreed that the TOR had been met and assurance received. It was agreed that going forward the first meeting of the academic year would include a 'deep dive'. It was noted that the next meeting in November would be observed as part of the External Governance Review (EGR).

54/23 DISCUSSION WITH AUDITORS WITHOUT MANAGEMENT PRESENT (IF REQUIRED)

Not required.

