

Minutes of the meeting of the Audit Committee held via Teams on Tuesday 28 November 2023

Present:

Iain Springate	Chair of Committee
Andrew Champion	External Governor
Neil Sherman	External Governor

In attendance:

Sean Mackney	Principal and CEO
Bill Blythe	Vice Principal Finance, Resources and Regional Affairs
Claire Isaac	Head of Finance
Alex Farmery	Executive Officer (minutes)
Adam George	Auditors – RSM
Jon Marchant	Auditors – Mazars

1. Apologies for Absence

Apologies were received from Rob Nicholls and Mark Tibbert.

The Chair welcomed the Auditors to the meeting and also Neil Sherman to his first Audit Committee meeting.

2. Declaration of Interests

No declarations of pecuniary or non-pecuniary interests were made in respect of the items on the agenda.

3. Confidential Items

Item 8 on the agenda was declared confidential.

4. Matters Arising

No matters arising.

5. Matters brought forward by the Chair

No matters brought forward by the Chair.

6. Minutes Approval

23AC01

The minutes for the Audit Committee meeting of 13 July 2023 and relevant confidential minutes were approved.

7. 2022/23

7.1 Audit Completion Report

23AC02

Mazars reported that the Audit process has been completed and that the report presented concludes the Audit. The Auditors had completed the audit as planned and scheduled.

Mazars briefly ran through the report and highlighted Section 2 with the audit opinion as "Subject to management's final going concern assessment".

The different risk areas in section 3 were highlighted, noting that Pensions were always identified as a risk due to significant assumptions being used when calculating the value of the Local Government Pension Fund.

Other risks such as the funding for the college being generated based on learner numbers and those numbers being correctly reported and covenants compliance were also noted.

A question was raised regarding a disagreement between management and auditors on relocation costs for Brannams and how those costs should be treated on the accounts. Management expensed those costs through the balance sheet however, Auditors had suggested to show these costs through the profit/loss account.

Congratulations were given to Claire Isaac and the Finance team for all their hard work and a clean audit outcome.

The committee accepted the report and agreed that there was nothing in the report to suggest that the accounts did not reflect a true and fair view.

7.2 Annual Internal Audit Report

23AC03

RSM presented their internal audit opinion based on the audits performed throughout the year.

The college was given a second level opinion as adequate with further enhancements needed which shows the same as last year. It was noted that benchmarking information will be presented at the next Audit committee meeting. In the meantime, it was reported that 87% of educational clients for RSM received this opinion with 11% receiving a first level opinion.

It was reported that the decision to give a second level opinion was borderline with third level due to the college not having made enough progress with the management actions. It was acknowledged that the college had asked to audit areas where there could be potential issues and hence areas of improvements were expected to be found and reported.

The committee received and noted the report.

7.3 Report any additional work undertaken by IAS/FSA – Subcontracting internal Audit (Validera) – as reported in July 2023

This work had been reported at the last Audit committee meeting and the college was given assurance that there were no issues with subcontractors.

7.4 Annual Report of the Audit Committee

23AC04

It was noted that the report is reflective of the work of the Audit committee and that the committee was aware of the borderline decision by the internal auditors. A third level audit opinion would potentially have instigated a letter from the DfE and the committee agreed that Management would need to look at completing the Audit Action list in order to avoid this occurring in future years.

2023/24

7.5 IAS progress report

23AC05

The report was noted, and RSM reported that the first audit (Estates Management Framework) for 23/24 had been completed as per schedule and the next one is on track to start in week commencing 4 December 2023. Scopes for the next two audits had been completed and sent to the appropriate staff at the college. The committee were assured that all Audits will be completed as per the schedule throughout the year. The report also included the Further Education Emerging issues.

7.6 Internal Audit reports

23AC06

▪ Estates Management

The Auditors reported that the Estates Management Framework Audit had been completed with a partial assurance. The Audit reflected that the Parago System had not been fully developed and embedded which meant that reporting on compliance could be compromised. Ten Management actions had been reported with different levels of priority.

The committee asked for assurance on fixing and testing the lift in E block and how quickly this could be resolved. The VP F,R&RA responded that this had been an oversight and Allianz had now tested and certified the lift. There was however a residual issue with water in the lift shaft and the college was looking at a solution for this.

It was queried if the college PAT testing policy was in line with regulations and why. The VP F,R&RA confirmed that this had been an oversight and will be rectified to ensure all PAT testing is up to date. It was confirmed that a Health and Safety/Estates meeting had been reinstated on a regular basis and the College will ensure audit actions are followed up.

The committee requested a compliance report for the next meeting with explanations and assurance that everything is in place and Parago has been fully implemented. It also requested that the Follow up Audit scheduled for March 2024 will include the Estates Management Framework Audit Actions.

There was a brief discussion on whether the risk score for Health & Safety would need to be raised, however, it was agreed that measures are in place and some items had already been resolved, hence no need to raise the risk score.

7.7 College Audit Monitoring Report

23AC07

The report was discussed, and the committee agreed that the number of outstanding actions is far too high with recommendations being overdue. It was decided to bring a brief mitigation report to the Board in December as way of update for all overdue items. The VP Finance noted that the report is presented to CLT monthly to ensure progress on outstanding actions is made.

It was recommended to adjust the report for the next meeting to make high priority actions stand out more, possibly by:

- pointing them out in the cover paper
- adding a graph to the cover papers that shows the actions by age and by priority

The committee agreed that going forward the team need to ensure the actions are realistic, have realistic timescales and mitigations added as to why they are still outstanding if overdue, and linked to the risks.

7.8 Strategic Risk Monitoring and Board Assurance

23AC08

The paper was noted by the Committee and it was reported that the college is currently seeking, but not relying on external support for its finances through conversations with the DfE and the FE commissioner. It was noted that the inadvertent breach of bank covenants last year had taken the risk score up but that had now been brought down again.

Primary and contingency risks were briefly discussed and it was confirmed that the college had a strong Business Continuity Plan, though it was requested by the committee that this is regularly tested.

7.9 Risk Policy update

23AC09

The committee noted the minor changes made to the policy and approved the policy.

7.10 Key Performance Indicator Update

23AC10

The Principal introduced the paper and noted that it was important to be consistent with the aim to becoming an outstanding college. However, it was reported that currently the college is only achieving its targets partially and requires more consistent performance.

The committee queried if the Principal was using the KPIs regularly to ensure the college is on track and whether there is a project plan for any KPIs that are not on track; and if what was actions were being taken?

It was confirmed that all KPIs were tracked back to operational activities through the teams and regularly reported on in committee meetings. The College Leadership Team were also actively looking at their KPIs (Tier 2 and Tier 3, available to the committee if required) during team meetings and the Deputy Principal was rewriting the strategic operation plans this year.

The committee acknowledged that the college was moving in the right direction.

7.11 Business Continuity Plan Update

23AC11

It was reported the Executive Office had updated the Business Continuity Plan with some changes made as described in the paper. It was confirmed that there will be a scenario test during the next term (spring).

The committee approved the Business Continuity Plan.

The meeting concluded at 17.10

The next meeting of the Audit Committee is 27 February 2024

Action Plan

Action No	Action	Completion Date	Owner	Status
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PETROC

1	Cyber Security monitoring plan to Chair for approval	01/05/2023	S-MC	Completed - approved by Chair 13/06/23
2	Recommend to Board that all committees now have action plans on the agenda	19/04/2023	JBo	Completed – approved
3	Executive to take more accountability on audit actions monitoring through approval of plans and regular monitoring in College Leadership Team	31/05/23	SM	Completed - Now added as standing monthly item on CLT meetings