



**AUDIT COMMITTEE**

**MINUTES of the Meeting of the AUDIT Committee  
held on Monday 11 July 2022 at 11.30 via remote participation**

<p><b>Members present:</b> Gillian Lancaster Amali de Alwis Gurpreet Kaur</p> <p><b>In attendance:</b> Shachi Blakemore Mark Smith Joy Watkins Irene Mortimer Jacky Gearey</p>	<p>External member and Chair External member Co-opted</p> <p>Engagement Buzzacott CEO Director of Finance &amp; Operations (FD) Haines Watts Clerk</p>
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**Quorum 2 members**

Agenda Item		Action by
	<p><b>Apologies for Absence</b> 1. Imran Razzaq</p> <p>There were no other apologies.</p> <p><b>Declarations of interest</b> Amali de Alwis advised that she would be joining the Board of Aberdeen Standard Life Foundation. There were no other declarations of interest.</p>	
3.0	<p><b>Opening of meeting</b> The Chair opened the meeting at 11.34 and thanked everyone for attending and welcomed Gurpreet Kaur who was replacing Ben Higgins as the specialist advisor.</p>	
3.1	<p><b>Minutes of Previous meeting</b> The committee approved the minutes of the meeting held on 14 February 2022 as an accurate record. <b>Resolved that the minutes were an accurate record of the meeting held 14 February 2022</b></p>	
3.2	<p><b>Open Matters Arising</b></p> <p><b>Item 2.4</b> (i) BCP refresh being performed by Bank of America – this is to be arranged. (ii) full update on actions outstanding from the safeguarding audit – covered at Education committee but included in output tracker – closed - see item 3.5</p> <p><b>Item 2.6</b> - a trend analysis on the risk register to enable the audit committee to compare prior periods – closed - see item 3.6</p> <p><b>Item 2.7</b> (i) GDPR trustee appointment on the Board – closed - this was not a mandated requirement. (ii) provide GDPR report to committee once completed – see item 3.7.</p>	

	All other actions had been closed and there were no other matters arising.	
3.3	<p><b>Buzzacott – 22/23 External Audit Planning</b></p> <p>The audit strategy prepared by Buzzacott for both Ada National College for Digital Skills Limited and National College for Digital Skills Limited (NCDS Ltd) covered the financial statements audit 21/22, regularity assurance for the College's income and expenditure 21/22 and the teachers' pension scheme with the timelines for the external audit process outlined. The strategy highlighted that the College is currently predicting a deficit for the financial year and is higher than previous predictions due to income to date and fundraising being lower than previously anticipated. There are also uncertainties in forward looking budgets due to the planned relocation of the College and the absence of visibility of what aspects of the Victoria project the DfE shall fund. Additionally the current level of inflation means that premises and staff costs are likely to increase significantly in the coming year and therefore a deficit budget is planned for 2022/23. The options on Going concern were covered in particular the option on material uncertainty as of December 2022. The Chair asked for further clarification on this with Buzzacott confirming that this would need to be well articulated in the financial statements' narrative with consideration of what is said.</p> <p>For the regularity assurance the auditors will review the reports prepared by internal auditors and other consultants during the year and review the College's completed regularity self-assessment questionnaire. The findings will inform the risk assessment of the control environment at the College as well as feed into the overall regularity assurance opinion. Reference was made and discussion followed on the low assurance level issued by RSM in the prior year and the associated risk of claw back of funds if data records are not sufficiently updated. The FD reassured the committee that there would be reference to contingent liabilities and this would be checked by the internal auditors.</p> <p>Sector development information provided covered the issues that many colleges are reporting adverse budgets in particular due to increase wage and utilities' costs. Additionally following the Skills for Jobs White Paper published in January 2021 the Office for National Statistics will carry out a major review of the sector classification of Further Education Colleges, Sixth Form College Corporations, and designated institutions and whether these should be brought back into the public sector with the outcome to be announced in September. Discussion followed on the net financial gains, other benefits and disadvantages of this action should it transpire. However to be noted, that should this happen, this would be outside of the College's control.</p> <p>The Chair asked for any further comments. There were none.</p> <p><b>Resolved that the 22/23 External Audit Planning from Buzzacott was received and noted by the committee</b></p>	
3.4	<p><b>Notification of any matters for concern (e.g. fraud, whistleblowing)</b></p> <p>The FD advised that there were no matters of concern.</p>	
3.5	<p><b>Audit Output Tracker</b></p> <p>The committee was asked to note the current position on the audit output tracker, with the FD providing an update on current progress and actions reassuring the committee that there was currently nothing of significance to report except the outstanding BCP, a couple of issues on safeguarding audit which were being addressed and the master policies schedule.</p> <p>There were no comments from the committee.</p> <p><b>Resolved that the Audit Actions Tracker was received and noted by the committee</b></p>	

<p>3.6</p>	<p><b>Risk Management</b> The risk register had been updated and now included a RAG column to show a trend analysis. Since the last update in February 2022, one new risk had been added covering OU standards for institutional re-approval which was graded as low as the degree programme had been recently re-validated. Risks 6 (industry involvement) and 10 (organisational capacity) had improved, however as discussed at previous meetings and at the Board meeting 4 July, risk 22 concerning staff recruitment was still critical.</p> <p>As much of this had been discussed at the Board meeting, there were no questions, and the Chair commented that the additional RAG rated column had been very helpful.</p> <p><b>Resolved that the Risk Register was received and noted by the committee.</b></p>	
<p>3.7</p>	<p><b>Internal Audit Updates</b> The FD said that Haines Watts (HW), the new internal auditors were conducting 3 Internal Audit reviews on: Student Records-apprenticeship; key financial controls and risk management. These would be substantially completed before the end of this academic year.</p> <p>Irene Mortimer from HW joined the meeting at 12.00 and provided the following verbal update:</p> <p><b>Student Records – Apprenticeships</b> This review follows up on the issues identified by RSM in Autumn 2021 concerning apprenticeship paperwork and associated processes. The objective is to ensure that the on-boarding process for new apprenticeships meets the needs of learners, employers and supports the College’s funding claim. Work was still to be carried out on this with additional information to be provided by the College. A reference was made to a RSM recommendation for information around price negotiation which had not been actioned yet. The CEO clarified that there was little room for negotiations with employers and none of the employers had raised any issues about costs, however it was appreciated that a basic mechanism needed to be put in place for compliance. The FD asked if there were any templates that could be provided to help with the issues raised. Whilst a template for the apprenticeship agreements was not standard within the education sector, HW said that this would be beneficial for stability and support and would do their best to help. Referring again to the RSM audit and price negotiations, Buzzacott confirmed that reliance would be placed on this area and asked the internal auditors if 2021-22 data was being carried out for assurance. HW advised that currently they were not looking at retrospective records.</p> <p><b>Key Financial Controls</b> The College’s systems of financial controls were adequate to ensure that management information is accurate, reliable, timely and appropriate to the structure and operations of the College. Fieldwork had been completed and feedback would be provided next week. The indicative findings were that the financial regulations need updating and that a trail on income donated via use of a website button could not be found. CEO confirmed that no donations had ever been as yet, received via this method.</p> <p><b>Risk Management</b> The College has appropriate systems in place to capture, escalate, mitigate, monitor and manage the risks which could impact upon the achievement of its strategic objectives.</p> <p>When reports are finalised, an update on recommendations and actions resulting from these reviews will be provided to the next committee meeting.</p> <p><b>Audit needs assessment and planning 2022-23</b></p>	

	<p>HW are currently pulling together a plan of audit activity for 2022-23 and will provide information on progress and key areas for review at the next meeting. The Chair asked for a meeting offline line to discuss this with the FD and that an additional meeting in September to be arranged to agree the internal audit plan and findings.</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li>(i) <b>the Internal Audit verbal update was received and noted by the committee</b></li> <li>(ii) <b>FD to speak to the Chair re audit needs assessment for 2022-23</b></li> <li>(iii) <b>An additional meeting to be arranged for September – Clerk to action</b></li> </ul> <p>Both Shachi Blakemore and Irene Mortimer left the meeting at 12.14.</p>	
3.8	<p><b>GDPR Update</b></p> <p>The FD advised that there had been no DSARs for the year and that there had been some Freedom of Information requests from journalists and companies covering IT provision and pay. An approach from the Henry Jackson Society regarding an antisemitic survey had also been made. The College had replied to all these requests within 20 days. For reassurance the FD confirmed that information regarding pricing was protected.</p> <p><b>Resolved that the GDPR Update was received and noted by the committee</b></p>	
3.9	<p><b>Annual Review and approval of Cycle of Business and Terms of Reference</b></p> <p><b>Cycle of Business</b></p> <p>The format of the cycle of business has been changed to show those items that needed to be noted and/or approved by the Board taking into account that there was now a firmly established Finance &amp; Resources committee. There has been one change to the cycle as follows:</p> <p>1. GDPR update to be provided at each meeting as opposed to once in the summer term. This is in light of the increase in cyber-attacks across the FE sector. The CEO suggested and it was agreed that a reference to GDPR would be made in his regular CEO's report at each Board meeting.</p> <p><b>Terms of Reference</b></p> <p>Changes are as follows:          Quorum - no longer 40% but a minimum of 3 members          Clause 11 - removed as this function is now covered by the Finance &amp; Resources committee.          The committee approved both the revised cycle of business and the terms of reference.</p> <p><b>Resolved that:</b></p> <ul style="list-style-type: none"> <li>(i) <b>the Cycle of Business was received and approved by the committee</b></li> <li>(ii) <b>CEO to include GDPR updates in his reports to the Board going forward</b></li> <li>(iii) <b>the Terms of Reference were received and recommended to the Board for approval.</b></li> </ul>	
3.10	<p><b>Committee's annual self-evaluation</b></p> <p>The Clerk asked that the committee self-evaluation form be return by 22 July. The committee asked that this be put into Google Forms. The CEO's EA to action.</p>	
3.11	<p><b>Any Other business</b></p> <p>There was no further business.</p>	

3.12	<b>Items to be taken forward to next Board Meeting</b> 1. Going Concern assessment 2. Committee Terms of Reference	
3.13	<b>Date of Next meeting:</b> 1. 14 November 2022 at 11.00	
	<b>Close of Meeting</b> Meeting closed at 12.27.	