



AUDIT COMMITTEE

MINUTES of the Meeting of the AUDIT Committee held on Monday 3 July 2023 at 12.30 via remote participation		
<p>Members present: Gillian Lancaster Amali de Alwis Imran Razzaq Gurpreet Kaur</p> <p>In attendance: Shachi Blakemore Irene Mortimer Sophie Clifton Mark Smith Joy Watkins Jacky Gearey</p>	<p>External member and Chair External member External member Co-opted specialist</p> <p>Partner, Buzzacott LLP for item 4.3 Haines Watts (now called Validera) for item 4.7 Director of Operations (DoO) for item 4.6 CEO Director of Finance & Data (FD) for items 4.3, 4.4, 4.5 and 4.9 Clerk</p>	
Quorum 3 members		
Agenda Item		Action by
	<p>Opening of meeting The Chair opened the meeting at 12.30 and thanked everyone for attending</p>	
	<p>Apologies for Absence 1. Margot Hooley There were no other apologies.</p>	
	<p>Declarations of interest There were no declarations of interest.</p>	
4.1	<p>Minutes of Previous meeting The committee approved the following as an accurate record of the meeting held: (i) minutes of the meeting held on 9 March 2023</p> <p>Resolved that the minutes were an accurate record of the meeting held 9 March 2023</p>	
4.2	<p>Open Matters Arising Item 2.9 - a Health & Safety statement to be updated – to be advised when this is present for new building in Victoria and Manchester. FD to confirm Item 3.5 - set up call with Chair and NW to discuss risk appetite statement (draft for June meeting and finalised version for November meeting) – DoO to bring draft wording of statement to November meeting.</p> <p>All other actions had been closed and there were no other matters arising.</p>	<p>FD DoO</p>
4.3	<p>Buzzacott – 23/24 External audit planning & costs The external audit strategy presented by Buzzacott for 22-23 was presented for information which follows in the main the same format as in previous years but will have</p>	

	<p>a wider scope due to the recent ONS reclassification and additional work in relation to the revised ISA 315. Buzzacott advised on:</p> <ol style="list-style-type: none"> 1. Risks covering the material uncertainty related to going concern. The Group has incurred a deficit during the year and is forecasting a further budget deficit for next year, therefore consideration to be given as to whether there remains a material uncertainty for the year ending 31 July 2023; 2. Lease commitments for Broad Lane and Valance Road i.e. if the lease agreements signed, record a term commencement date which is earlier than 1 August 2023 then the treatment of these buildings will need to be considered. DoO confirmed that for both Victoria and Blossom Street the leases will be around 1 August 2023 and a pepper corn rent. 3. Income recognition, any risk of clawback and possible disclosure of a contingent liability; and 4. Assurance required on policies to be updated due to ONS reclassification <p>Discussion and questions then centred on the fee estimates with the Buzzacott explaining that the substantial increase from the prior year included an inflationary increase, availability of audit staff, and additional costs in relation to the revised ISA 315 i.e. the nature and scope of work and risks arising from the use of IT (a questionnaire will be issued to include MIS) as well as a reflection of the increased accounting complexity.</p> <p>The committee then discussed when the last cyber IT audit was completed with DoO and CEO both confirming that the College was currently going through Cyber Essential Plus provided by JISC and that this was far more rigorous than the previous Cyber Essentials accreditation. Buzzacott confirmed that despite this, they would still have to check the controls and would focus on the finance systems/records and that the scope of the work would detail what would be covered.</p> <p>Resolved that Buzzacott – 23/24 External audit planning & costs were received and noted by the committee</p> <p>Shachi Blakemore left meeting at 13.07</p>	
4.4	<p>Notification of any matters for concern (e.g. fraud, whistleblowing) The FD confirmed that there had been no matters of concern to report.</p>	
4.5	<p>Audit Output Tracker The tracker had been updated following on from the recommendations from the internal and external audit work. The committee reviewed the tracker noting the following audit activity:</p> <p>Internal audit Student Records 16-19 – this was now complete Apprentice on-boarding – including follow up of findings from previous work – also completed Financial processes – key financial controls – this was now being strengthened due to additional resource in the team. The month end timetable has been set up to ensure all tasks reviewed and completed is now implemented and the Financial regulations are being redrafted. For reassurance the FD confirmed that bank reconciliations had been tightened up and would be completed by end of July 23. Risk Management - Residual risk impact and likelihood scores were now included in risk register. Movement indicator has been introduced in the latest version of the register. Risk Appetite to be discussed with Audit Committee at the next meeting. Agreed that a draft statement be provided at that time. Corporate Governance - covered in the internal audit report.</p>	

	<p>Financial Controls review - recommendations will be added once the report has been finalised.</p> <p>External Audit Audit of 2021-22 financial statements – update on establishing a fixed asset register was discussed with FD advising that this is very time consuming, and that the College was looking at getting bespoke software. With the move to Victoria it was agreed that this should be used as an opportunity to establish the register and ensure it is up to date. DoO advised that this could be undertaken for a cost of £7k. IoT – an audit on the capital spend to be undertaken but no dates provided as yet.</p> <p>There were no further questions.</p> <p>The Chair wanted to thank the FD and her team for all their effort in working through the actions most of which were now completed.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the audit output tracker had been received and noted by the committee (ii) DoO to provide an update on the fixed asset register for Victoria for next committee meeting <p>Irene Mortimer joined the meeting at 13.03</p>	<p>DoO</p>
<p>4.6</p>	<p>Risk Management Strategic Risk Register</p> <p>There have been no new risks added since the March meeting and no risks that have been closed. Of 23 strategic risks, two have moved in a positive direction and the remainder had not changed.</p> <p>The two that have moved positively were:</p> <ul style="list-style-type: none"> (i) risk of failure to secure a suitable permanent home for the College in Manchester to timelines and quality standards required - Board approval in April to continue with the project. (ii) risk of insufficient resource and cashflow to successfully deliver two capital/relocation projects - mitigated the cashflow risk with 60 day payment terms from the contractor, DfE claims process is well within this timeframe, the additional capital spend budgeted for Blossom Street. <p>The Chair thanked the DoO for the update.</p> <p>Resolved that the Risk Management update was received and noted by the committee</p>	
<p>4.7</p>	<p>Internal Audit Report</p> <p>Irene Mortimer from Validera which provides the internal audit services to the College, advised on the progress to date on the recent internal audit reviews covering Corporate Governance (scope to ensure there was an adequate framework of controls with regard to the Corporation, and the way it discharges its responsibilities, committees, delegated authorities, planning, and accountability). The full report provided substantial assurance on two of the four action items which had been completed and adequate assurance for the other two elements on governor training and policies. The Clerk notified the committee that a personal development/training log for each governor had now been provided and sent to governors who will be advised going forward of courses/webinars/conferences that are available and directed to register for these if interested/appropriate and to inform the Clerk. Governors will be asked to keep their own log. The Chair asked that the Board be reminded about the training log at the next board meeting under AoB. Clerk to action. Regarding college policies, these are currently all being reviewed using a new template for consistency of format, this includes the whistleblowing and anti-bribery</p>	<p>Clerk</p>

	<p>policies referred to in the report. The committee discussed the master schedule of polices and asked for it to be brought to the committee at its next meeting with the ELT to look at the priority of the policies to be reviewed. CEO confirmed that the incoming FD would provide this.</p> <p>The report on Financial controls was currently being finalised. There were no further questions and the Chair thanked Irene Mortimer for the work undertaken.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) Internal Audit Progress Report was received and noted by the committee (ii) Clerk to raise board training under Board AOB – 5 July 23 (iii) the priority and status of policies to be reviewed and this to be advised to the committee in November 	ELT/ new FD
4.8	<p>Policy approval: The Conflicts of Interest policy is intended to help ensure that when actual or potential conflicts of interest arise, the College has a process in place under which the affected individual will advise the governing body about all the relevant facts concerning the situation. It creates clear expectations for everyone, including board members, employees, contractors, vendors, etc and also defines key terms to ensure nothing is left to interpretation. The committee discussed what would constitute a conflict of interest in relation to any third party contracts and who would know, and the Chair asked the FD and Clerk for a one page brief to be provided to cover this off to ensure all members of the Board were fully cognisant of this. The committee approved the policy.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Conflicts of Interest policy was received and recommended to the Board for approval by the committee (ii) Clerk and FD to provide a one page brief on what constitutes conflicts of interests 	FD/Clerk
4.9	<p>GDPR Update FD confirmed that there had been no Freedom of Information requests.</p> <p>Resolved that the GDPR updated was received and noted by the committee</p>	
4.10	<p>Annual Review & approval of Cycle of Business and Terms of Reference Cycle of Business – on each agenda - Policies for review/approval as required</p> <p>Terms of Reference Following the internal audit review the terms of reference had been further expanded to include the number for a quorum, tenure of the Chair, meetings to include ad hoc meetings, status and review by the Board. Additionally under clause 12(a), Conflicts of Interest Policy had been added.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Cycle of Business and Terms of Reference were received and approved by the committee (ii) The Terms of Reference to be recommended to the Board for approval 	
4.11	<p>Committee self-assessment The Clerk asked that all members return the self-assessment form by end of July.</p>	
4.12	<p>Any Other business The Chair wanted to thank Joy Watkins in her role as FD, the papers she had provided were clear and transparent and her assistance to the Board had been excellent. The</p>	

	committee wished her the best going forward as she was shortly to be leaving the college. There was no further business.	
4.13	Items to be taken forward to next Board Meeting 1. Risk Register 2. Conflicts of Interests Policy 3. Committee Terms of Reference	Clerk
4.14	Date of Next meetings 1. Monday, 15 November 2023 at 11.00	
	Close of Meeting Meeting closed at 13.53	