



AUDIT COMMITTEE

MINUTES of the Meeting of the AUDIT Committee held on Wednesday 17 March 2021 at 14.00 via remote participation		
<p>Members present: Gillian Lancaster (GL) Amali de Alwis (AdA) Ben Higgin (BH)</p> <p>In attendance: Joy Watkins (JW) Mark Smith (MS) Jacky Gearey (JG)</p>	<p>External member and Chair External member Co-opted specialist</p> <p>Director of Finance & Operations (FD) CEO Clerk</p>	
Quorum 2 members		
Agenda Item		Action
	<p>Apologies for Absence There were no apologies</p>	
	<p>Declarations of interest There were no declarations of interest.</p>	
2.0	<p>Opening of meeting The Chair opened the meeting at 14.02 and thanked everyone for attending.</p>	
2.1	<p>Minutes of Previous meeting The Board approved the minutes of the meeting held on 18 November 2020 as an accurate record of the meeting. These are to be signed by the Chair. Resolved that: the minutes were an accurate record of the meeting 18 November 2020 and to be signed by the Chair.</p>	
2.2	<p>Open Matters Arising Item 2.2(ii) liaise with Bank of America regarding a possible investment strategy – due to Covid this would not currently be pursued. It was agreed to close this item. Item 3.3(i) - provide an updated Internal Audit Strategy plan to Board, linked into the risk register - covered under item 2.6. Item 3.5 – audit output tracker (HR policies review) – covered item 2.4 Item 1.5 – audit output tracker (staff recruitment policy, promotions and pay rises) – covered under 2.4 All other actions had been closed off</p>	
2.3	<p>Notification of any matters for concern</p> <p>The Clerk advised that at the audit meeting held 18 November 20 under item 1.12, the Chair advised of a whistleblowing complaint sent to the Chair of the Board. An external investigator was instructed to undertake an investigation under the terms of the College Whistleblowing policy reporting to the Chair of Audit. The 'Whistleblowing' complaint referred to five points, in addition to two further allegations made by the whistleblower in an e-mail of 6 November 2020 to the external investigator.</p> <p>The investigation and the report were concluded after the audit meeting held 18 November 2020, and full report submitted to the Chair of Audit and the Board Chair on 3 December 2020. The resultant investigation found that there was no case to answer regarding the allegations. However it did make some summary recommendations for improved working practices going forward. These recommendations were then discussed at a Special Board meeting held 27 November 2020 and the CEO has been fully advised.</p> <p>The auditors had been notified of the report as was the Board at their meeting 14 December 2020.</p>	

	<p>Committee wanted to ensure that all recommendations referred to in the report were being addressed and the CEO confirmed that they were. Going forward any HR working practices would be covered under the Finance & Resources committee and that committee would be advised of the open recommendations and asked to take them forward.</p> <p>Resolved that:</p> <p>(i) the report on the whistleblowing investigation was received by the committee</p> <p>(ii) F&R committee to be advised of the open recommendations and to take them forward</p>	
<p>2.4</p>	<p>Audit Output Tracker</p> <p>The implementation of audit work and findings is monitored by the committee via the audit actions tracker which helps to ensure that action points arising from various audit reports and recommendations are implemented in an effective and timely manner.</p> <p>The FD advised of one new recommendation added since the last update and this arose from the external audit review of the 2019-20 Financial Statements relating to one contract of employment that had not been signed by the employee. This has now been actioned.</p> <p>The Chair asked for an update on the HR Director recruitment which the CEO provided saying that the intention was to invite the preferred candidate the college shortly.</p> <p>Further questions centred around the current state of the tracker and how long items had been registered on it. The CEO went through the tracker and advised that many were closed or in the process of being closed citing e.g. 1b and 1c around recruitment which would be addressed as a priority by the incoming HR Director. The committee felt that in going through the tracker, such items could now be deemed as closed as action was in the process of being taken. FD said that the tracker would be updated and the completed items taken off to ensure clarity for future meetings.</p> <p>Committee members recommended:</p> <ul style="list-style-type: none"> • a simplified table to track the number of high and medium audit actions and to leave off those classified as low • completion dates to be added <p>FD said that this could be provided in the covering report.</p> <p>There were no further questions</p> <p>Resolved that</p> <p>(i) the Audit Actions Tracker was received by the committee</p> <p>(ii) FD to update the tracker removing all the closed actions and to reformat the report to be more user friendly.</p>	<p>FD</p> <p>FD</p>
<p>2.5</p>	<p>Risk Management</p> <p>FD asked the committee to note the outputs of the work on risk appetite saying that a lot of work has been done to update the risk register and better align it to the strategic objectives. A facilitated workshop had been held to help identify and refine the College's risk appetite statements underpinning the strategic objectives and that the workshop provided a clarity of strategy, highlighting the impacts and affording a good framework from which to work from. The CEO wished to express his thanks to BH who had conducted the workshop for the college.</p> <p>Risk Register</p> <p>The current version of the strategic risk register with inherent and residual risk was presented for noting, and a comparison of these provided insight into the effectiveness of the College's risk management practice and their reliance upon internal control.</p> <p>The FD said as many of the residual risks were outside of the College's control, therefore the committee needed to agree on the degree of monitoring required. The committee affirmed that a number of the red and amber items which were being mitigated were subject to external factors which were outside of the college's control. Covered in the following item was the internal audit strategy which would have an impact of the register.</p> <p>The Chair asked if there were any questions on the register. The following were raised:</p> <ul style="list-style-type: none"> • did the College have a mechanism for bringing some of these items to the main board meeting? FD confirmed that the Board sees all the top level risks usually through the governors' committee structure and the ELT monitor all of the risks constantly. The ones that appear to be challenging are the ones that are not moving e.g. year on year volumes linked to finding a secure and suitable home. Ultimately the ELT was responsible to the 	

	<p>governing body for the system of internal control within the College and should therefore ensure that there are adequate checks in place and adequate assurances provided to the governing body.</p> <p>Resolved that the Risk Register was received by the committee</p>	
2.6	<p>Internal Audit The FD advised that the Internal GDPR audit to be provided through TurnITon had been paused since March 2020 due a lack of resources and the impact of Covid-19, however the review was due to take place around the end of April / early May 2021.</p> <p>Internal audit strategy The FD proposed to develop a 3 year internal audit programme to provide an appropriate level of assurance to the audit committee and Board and that the preferred option was to tender for an external provider for the three year period 2021-22 through to 2023-2 with a view to appointing at the beginning of the academic financial year. This option would allow the external provider appointed to gain an understanding of the college's operations, processes and provide continuity by undertaking the bulk of the internal audit work. However there would be provision for further specialist expertise to be brought in if required. Costs for the proposed 3 year internal audit programme will be built into the next three year budget.</p> <p>The committee agreed with this proposal and for the FD to proceed. Further discussion centred on the possible audit programme that could be covered to include e.g. HR; IT; estates/property management, however these will be driven primarily by areas identified in the risk register The Chair was concerned that the GDPR audit was the only audit to be conducted however FD did say that the aim was to have at least one if not two other audits done by the end of December. The Committee felt that HR would be the next most suitable area for audit and that it would provide a good basis for the incoming HR Director.</p> <p>Resolved that: (i) the GDPR review update and Internal Audit Strategy were received by the committee (ii) the committee approved the 3 year internal audit programme and for the FD to go to tender</p>	<p>FD</p> <p>FD</p>
2.7	<p>GDPR Update The CEO confirmed that there had been no Freedom of Information Requests so far for this academic year.</p> <p>Resolved that the verbal GDPR update was received by the committee</p>	
2.8	<p>Terms of Reference Following the previous meeting where some of the changes had been agreed the terms of reference have now been compared with the approved new Finance & Resources (F&R) terms of reference to ensure that there is no overlap.</p> <p>The revised terms of reference were agreed: (i) Clause 7 – remove reference to Financial Regulations this will come under F&R committee (ii) Clause 13 – removal of the following policies which have been assigned to F&R committee (a) Anti-bribery & Corruption (b) Treasury (c) Financial Regulations – as per clause 7 (d) Expenses (Travel and subsistence Policy)</p> <p>However clause 11 – audit committee continue to approve the financial statements had to amended as a committee member referenced the FRC guidance for audit committees which says: <i>“the Finance & Resources Committee recommends the financial statements for approval with the Audit Committee reviewing, and reporting to the board on, significant financial reporting issues and judgements made in connection with the preparation of the financial statements having regard to information provided by the auditor.”</i></p> <p>The committee agreed that this clause is to be amended accordingly.</p> <p>The committee approved the changes and that the Clerk would make the amendment prior to the Board meeting for final approval</p>	<p>Clerk</p>

	Resolved that the Terms of Reference were received by the committee and that subject to the amendments above these were recommended to the Board for approval	
2.9	Any Other business There was no further business.	
2.10	Items to be taken forward to next Board Meeting 1. Terms of reference 2. Risk register	Clerk
2.11	Date of Next meetings 1. Wednesday 16 June 2021 at 13.30	
2.12	Close of Meeting Meeting closed at 14.46	
	MINUTES of the meeting held on Wednesday 17 March 2021 were agreed and accepted as a true and accurate record and signed by the Chair on	