



AUDIT COMMITTEE

WEDNESDAY 15 JUNE 2022

Report: Minutes of the meeting held on Wednesday 16 February 2022
Author: Clerk
Action: Approve
Status: Open

Present: Michael Wood-Williams (MWW – Chair)
David Alexander (DA – Principal / CEO)
Aneela Ali (AA)
Neil Weddle (NW – co-optee)

In attendance: Jeremy Cook (JC – Deputy Principal: Finance & Resources)
Ivan Jepson (IJ – Director of Business Development & Planning)
David Keetley (DK – Financial Controller)
David Hoose (DH – Mazars – External Audit)
Stephen Pringle (SP – Wylie and Bisset – Internal Audit)
Sally Cooper (SC – WBD, Clerk)

A/785 Welcome to new Internal Auditors / Apologies / Conflicts of interest

The Chair welcomed everyone to the meeting. Apologies were received from Nadine Hudspeth (Director of Marketing & Communications, Estates and Health & Safety).

Members were invited to declare any interests on any item on the agenda. No interests were declared at this stage in the meeting; however, members noted that should the direction of debate on any item result in a potential conflict of interest, this should be indicated in the meeting.

A/786 Minutes of the last Audit Committee meeting dated 20 October 2021 and the joint meeting with the Finance and General Purposes Committee on 1 December 2021

The minutes of the Audit Committee meeting held on Wednesday 20 October 2021 and the joint meeting with the Finance and General Purposes Committee on Wednesday 1 December 2021 were agreed as a correct record.

A/787 Matters Arising

NW requested a brief update on the signing of the accounts and the covenants. **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION.** The financial statements were therefore signed as scheduled on 15 December 2021 and subsequently submitted to the ESFA in advance of their 31 December 2021 deadline.

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The action log was noted.

A/788 Health and Safety Policy

The report was presented by JC, in the absence of the Director of Marketing & Communications, Estates and Health & Safety.

No comments were received.

The Health and Safety Policy was approved and recommended for formal sign-off by the Chair of the Board and the Principal / CEO.

A/789 Rolling Audit Action Log

The report was presented by JC.

JC noted the intention for the current Internal Auditors to undertake follow-up validation work in relation to these actions where they were stated as being complete, to validate the College's assurances.

In relation to the off the job training action, IJ advised the Committee that whilst the three audit actions have been undertaken and the actions are complete, the College nevertheless continues to review all of the apprentice records throughout the year on a rolling basis due to the ongoing nature of this action.

In response to a question from the Chair, IJ confirmed that the College is now providing ongoing oversight to ensure that apprenticeship records are checked regularly, so that any issues are picked up in a timely manner.

In respect to a question from a committee member relating to the pre-enrolment checks, IJ confirmed that the College provides oversight, and is looking to bring online a digitised online enrolment process which will be in place by March 2022. It is anticipated this will strengthen oversight and governance and support information flow in a visible and transparent way. IJ advised that, rather than sampling, the College is undertaking a 100% review on a regular basis.

In relation to student admissions, JC advised that there has been a small amount of slippage in timescales due to the complexities of the work involved, but there is work ongoing on all of these areas.

The Chair noted that, where actions were not complete, there was a high level of assurance given in the document in relation to those actions and that they had a stated date of completion.

DA noted that, by the next Audit Committee meeting in June, the internal auditors would have undertaken validation work to review those actions the college believed to be complete, so the Committee would receive additional assurance in that regard.

The report was noted.

A/790 Internal Audit Report – Risk Management

The report was presented by SP (Wylie & Bisset) as internal auditor.

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The Chair noted the assurance provided separately by JC and DA in relation to these findings.

NW stated that he felt the report to be very thorough and covered a number of areas which he had not previously seen formally considered by the Audit Committee on an annual basis, such as risk appetite. NW noted that the recommendations seem to have been taken forward in a timely way, due to the high-risk action items arising from the internal audit report being covered under A/791 on the agenda.

The Chair noted the value of this report in being so comprehensive in its scope and looking at this area in more depth and breadth than previous internal audit review of risk. The Chair commented he felt it was a great starting point to improving the College's position.

DA noted he welcomed the report and agreed this provided a deep dive in relation to risk, and that it was the intention all internal audit reviews undertaken by Wylie and Bisset would have detailed scopes which enabled assurance to be provided on outcomes.

DA stated that it was important to ensure this strength of review by the Internal Auditors, in order to support the College's improvement. The College will be addressing the high-risk recommendations arising from the risk review quickly, and then when the Internal Auditors complete their follow-up work, this will provide additional assurance to the Committee that the required follow up actions have been undertaken across all areas.

The Internal Auditor provided the Committee with assurance that management are aware of the issues in this area and have provided assurance that they are being addressed. JC confirmed that the Risk Management Policy the Committee would be asked to approve later at this meeting assisted in addressing the high-level recommendations raised by Wylie and Bisset. The Internal Auditors confirmed that they will follow up on the implementation of these high-grade areas arising from the risk review prior to the year end, in order to be able to report on the implementation of recommendations in-year.

The Chair noted the value of having these matters highlighted at this stage, and the college commitment to addressing the high-level recommendations.

The Chair noted his thanks to the Internal Auditors for this useful report.

The report was noted.

A/791 Draft Risk Management Policy

The report was presented by JC.

JC noted that governors had been provided with risk training at the December 2021 Board of Management meeting and there was now an intention to run a further risk appetite training session with the Board in due course. Pending this, the appetite categories summarised in the report were proposed. SP would be invited to run the risk appetite session with the Board.

JC noted that there were no areas where the College was identified as 'willing' in its risk appetite. Some areas were recommended to be 'averse', with a number of others being 'cautious'. The proposal then suggested a number of areas as 'open'.

AA queried whether, in relation to the risk categories, an annual review was sufficiently frequent. DA advised that the nature of the risk at Board level is strategic, so annual would generally be appropriate given the nature of the matters. However, if there was an in-year event that identified a change, this would be reviewed. Risk is also considered at

more detail at an operational level on a regular basis, which reviews and considers potential escalation and de-escalation more of risks more regularly.

JC noted that the full risk register was presented to each Board and Committee meeting for review.

The Chair noted he felt that the policy would help ensure those responsible for particular areas understood their responsibilities and approval of the Policy would address one of the high-level recommendations in the internal audit review of risk that had led to an overall assurance rating of 'weak'.

In response to a question from NW, the Internal Auditor confirmed that they had provided example documentation and felt that the key areas were covered in the draft college Risk policy.

The Principal noted that a date was not yet identified for the Board risk appetite training, but it was hoped that this would be confirmed shortly, in order to support its effective implementation and embedding.

The report was recommended to the Board for approval.

A/792 Risk Register

The report was presented by JC.

JC noted that further work would be undertaken in relation to the Risk Register, to take account of the Internal Auditor's recommendations in their report.

The Chair noted he was encouraged by the work being undertaken in this space.

The report was noted.

A/793 Evaluation of External Auditor Performance

The presentation of the report was re-ordered to this point in the meeting to enable DH to leave the meeting for this item.

The report was presented by JC.

In response to a question from the Chair, JC confirmed there was consensus in the comments raised, with the main issue relating to timing of the 2020-21 year end audit review, which the External Auditors have now taken on board so this should not be an issue in future years.

In response to a question from NW, the Internal Auditor confirmed that they had a good working relationship with the External Auditors as they worked with the External Auditors with a number of clients. If any issues arose, the Internal Auditors felt comfortable that the External Auditors would raise this with them, alongside the Executive Team and Governors. The Internal Auditors would also be able to provide relevant documentation to the External Auditors if required.

The report was noted.

A/794 Any Other Business

The Chair noted that this meeting was Neil Weddle's last meeting as a co-optee member of the Committee, as he would be retiring from this role after nine years of service. The Chair thanked NW for his service and commitment to the College over the course of his appointment.

The Chair asked attendees to rate the meeting, between 1(highest score)-5(lowest score). Attendees noted the constructive and positive outcomes of the risk report provided by the Internal Auditors, and the resulting discussions from that, representing the audit committee functioning as it should. There was also a lot of discussion and engagement. Attendees scored the meeting as a 2, with one attendee rating it as a one.

The Committee noted the value of assessing the quality of the meeting and the Committee agreed to continue this practice going forward.

A/795 Date of the next meeting

The date of the next meeting was confirmed as Wednesday 15 June 2022 at 4.00pm.