



MINUTES
of the Audit Committee
held on Monday 27 March 2023

Present: - Tony Ford (Chair) (Teams)
Tony Bramley (Vice Chair and Chair of the meeting)
Liz Quinn
Kevin Tong (Co-opted Member)

In attendance: - Edward Gwillim (Director of Finance)
Clare Perez (Head of Finance)
Linda Watkins (Clerk to the Corporation)
Jonathan Maddock (TIAA)
Melanie Alflatt (TIAA) (joined by Teams for item 8 which was taken first on the agenda)

The Audit Committee was quorate as four members were present. The Vice Chair chaired the meeting as the Chair had joined by Teams.

	Action
<p>1. Apologies for Absence Cllr Bowen did not attend.</p>	
<p>2. Declarations of Interest There were no declarations of interest.</p>	
<p>3. Approval of the Minutes of the Meeting The Vice Chair signed the minutes of the meeting held on 28 November 2022 as a true and accurate record.</p> <p>I. It was confirmed that all actions relating to the financial statements audit had been completed.</p> <p>II. It had been clarified by email that the whistleblowing incident had been reported specifically to the F&E Committee and that Governors had received a copy of the report at the time.</p> <p>III. Sub-contracting will be discussed on the agenda.</p> <p>IV. The Clerk confirmed that she had thanked Louise Tweedie for the excellent internal audit service they had provided to the College.</p> <p><u>The Committee agreed:</u> -</p> <ul style="list-style-type: none">To approve the minutes	

4. **Internal Auditor's reports**

Jonathan Maddock, TIAA, presented the reports explaining that audit reports are given one of four levels of assurance. All recommendations are graded using three levels of priority. Reports include suggestions outlining best practice which officers can choose if these should be actioned.

A Governor asked if TIAA gave substantial assurance to an audit with a subsequent issue identified what would the next step be. Colleges appoint Auditors for their experience and challenge with appropriately skilled and experienced auditors assigned to audits. The auditors can only undertake sample testing meaning that some elements of processes may not be identified which would be the College's responsibility. Colleges work transparently with auditors and the audit plan is set to identify areas for improvement in the College. TIAA's quality control procedure challenges audit reports; particularly if they had all been given substantial assurance.

- I. The performance management report was issued in draft; subsequently it had been confirmed that there were no changes.

There was a question if documentation was required to set KPIs as currently there is no document setting out precisely how KPIs are calculated despite individual KPIs being well established. Documentation was not required as KPIs are embedded and effective which are monitored regularly.

- II. Progress report and briefings were noted; the subcontracting audit will replace the HR audit. Summaries and changes to the plan will be presented at each meeting including recommendations as opposed to reporting these in the follow-up audit.

Briefings were provided covering anti-crime, security measures and increases in fraud. Management was encouraged to provide updates on mechanisms in place to address these.

The Committee agreed: -

- To note the performance management report which had been given substantial assurance with no recommendations.
- To note the briefings which predominantly related to fraud agreeing that the Director of Finance would ascertain how to respond to the alerts; either as a management response or in a separate summary.

E Gwillim

5. **Audit Recommendation Tracking Report**

This showed recommendations which have been completed and those which remain ongoing. There were some low priority recommendations which were overdue against their date. TIAA

proposed adding an additional column to report new revised dates.

The Committee will discuss all the individual outstanding recommendations graded medium or high at the next meeting. If necessary, recommendations relevant to another Committee would be flagged with the Committee Chair. TIAA will follow up recommendations to ascertain if these can be signed off as part of the follow up audit.

The Committee agreed: -

- The Director of Finance would add a revised date column and test if any actions had been completed.
- The Committee will discuss progress of medium and high-level recommendations at the next meeting.

E Gwillim

Committee

6. **Subcontracting Provision**

The Director of Finance reported that the College subcontracts some of its Adult Education Budget (AEB) to The Skills Network who provide distance learning, predominantly in health and social care. This is estimated to be c£750k of the AEB with a fee of £572k payable to The Skills Network this year.

ESFA has issued a new subcontracting standard which increases due diligence in the procurement process. The College's subcontracting policy will be amended to reflect the standard which will be presented to the F&E Committee in June 2023 for approval by the Board.

The Board had agreed to tender for subcontracted provision at the recommendation of the Audit Committee. The College will go to tender for 2023/24 which will need to commence in the summer to award in new contract for September 2023.

The Committee agreed: -

- The Director of Finance would prepare a tender document, timescale and identify any risks if this is not achievable due to the tight timescale. An update will be provided at the next meeting and to the Board.

E Gwillim

7. **Risk Management Register and Board Assurance Framework (BAF)**

The Director of Finance reported that the residual scores had not changed. There was discussion about the implications of Children's Services at Herefordshire Council being placed in special measures. The College had experienced some challenges to obtain information from Herefordshire Council regarding SEND students with EHCPs. A new risk was proposed in addition to the risk on safeguarding regarding Herefordshire Council's Children's Services being in special measures.

E Gwillim

The risk regarding student recruitment continues to be high based on its likelihood. There are actions to mitigate the risk, however, it is driven by student recruitment. Several risks remain due to external circumstances or are inherent in the setting and will remain high risk.

Discussion progressed to developing a BAF which would be a high-level document based on the strategic plan, identifying risks and how these are being managed with sources of assurance provided. The BAF will not duplicate the risk register. The BAF and risk register will be reported to the Audit Committee regularly with the BAF also reported to the Board identifying strategic risks.

The Committee agreed: -

- To note the risk register.
- The Director of Finance will liaise with TIAA and the Vice Chair to develop a BAF aiming to implement in September 2023.

E Gwillim

8. Fraud Awareness

Melanie Alflatt, TIAA, gave a presentation which would be circulated to Governors and CMT. In summary there has been an increase in cyber-crime activity committed by sophisticated organised crime.

L Watkins

9. Role of the Committee

The Clerk explained that this item was on the agenda following the Strategy Board Meeting. The Chair would continue to ensure that key issues discussed by the Committee would be reported to the Board as appropriate.

The following key issues were identified to report to the Board: -

- TIAA internal auditors have given substantial assurance for the performance management audit with no recommendations for action.
- Agreed to commence process to tender for subcontracted provision whilst acknowledging timescale is tight to achieve for 2023/24 contract.
- Useful fraud awareness presentation which was emailed to Governors and CMT.
- A BAF will be developed and presented to the Audit Committee and Board for comments.

10. Any Other Business and comments

No items.

11. Date and time of next meeting

The next meeting of the Audit Committee was arranged for Monday 12 June 2023 commencing at 4.00 pm.

Signed as a true record of proceedings

Chair: **Date:**