

Minutes of the meeting of the Audit Committee held on Tuesday 6th February 2024 at 17:00

MEMBERS Neil McDonald, Chair
PRESENT: Alison Griffiths

ALSO IN Jon Fearon, Finance Director
ATTENDANCE: Andrew Cropley, Principal and Chief Executive Officer
Roopa Harji-Patel, Validera
Eloise Hopkinson, Clerk to the Corporation

- | ACTION
by whom | DATE
by when |
|---|-----------------|
| <p>1 <u>WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE</u>
The committee members were made aware that Ann Treacy has stepped down as a co-optee. Thanks were extended to her for her service to the committee.</p> <p>Apologies were received from Mazars. Theresa Hodgkinson was also absent from the meeting.</p> <p>The chair indicated that the committee will nominate a vice chair both for succession planning and, if/when required, cover for the chair. The two committee members will be contacted by the clerk outside of the meeting to enquire as to whether they would like to be considered for this role.</p> | |
| <p>2 <u>DECLARATIONS OF INTEREST</u>
The chair reminded everyone present to declare any interests that they may have on agenda items to be discussed. No specific declarations were made and standing declarations were noted.</p> | |
| <p>3 <u>MINUTES OF THE MEETING HELD ON 27TH NOVEMBER 2023</u>
The minutes were reviewed and it was agreed that they were an accurate record of discussions.</p> <p>AGREED: to approve the minutes of the meeting held on 27th November 2023.</p> <p>There were no matters arising.</p> | |

Signed: _____  _____ Chair

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4 **ACTION PROGRESS REPORT**

The committee members were happy to note the content of the update provided.

One governor raised a question and challenge in relation to the data protection officer's report appended to the action progress report, indicating that the college appears to have declined in relation to the targets set. The clerk confirmed that this appears to be the case simply because the data protection officer has driven the college to a level of compliance and now wishes to drive further compliance; therefore, the targets have been increased.

In response to a question from the chair, the finance director confirmed that there is a suite of approved apps which all college staff can access. The college has now introduced a new, strengthened compliance process when staff request new apps to be procured. This process considers how data is stored by the apps and ensures that new apps are not implemented without their compliance with GDPR regulations having been checked.

5 **COMPOSITE COLLEGE RECOMMENDATIONS REPORT**

The finance director informed the committee that there are no actions outstanding.

AGREED: to note the content of the update provided.

6 **RISK REPORT**

The clerk to the corporation presented the report, and key matters highlighted were:

Risk register 2023/24

- No risks are currently outstanding for review. The Executive team continue to stringently monitor and update risks as required, with specific deadlines set. The next round of reviews – of red RAG-rated items – is due on 20th February 2024.
- The Prevent tab has been replaced with a combination of safeguarding and Prevent risks, following the Home Office's updated statutory guidance. This risk register has been developed by the vice principal: communications, engagement and student experience and the safeguarding team, following consultation with the safeguarding steering group. It has been approved by the Standards Committee.
- A large number of the risks have had progress against risk mitigation updated at last review, with some also having had changes to their summary narrative, further action and existing controls. This reflects the detailed scrutiny by the Executive team.

Signed: _____



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- No new risks have been added to the risk register since the previous Audit Committee meeting on 27th November 2023.
- One risk has been removed since the previous committee meeting. This pertains to the subcontractor, White Rose. This subcontractor was previously underdelivering and so was found to be below budget; however, this situation has reversed and the contract has now been increased, rendering the risk redundant.

Red RAG-rated risks

- Eight risks are currently red. Most of these have been red for some time and so were brought to governors' attention in previous meetings.
- One risk is newly red, having been upgraded from amber. This is in relation to the National Minimum Wage increase in April 2024 now having been confirmed as £11.44. The college had allowed for £11 plus 12p, so the actual rate is 32p plus on costs higher. At the point of reviewing the risk, the finance director also amended the wording as the risk narrative referred to previous increases and so was outdated.

The chair raised a question in relation to the amber capital risks trending upwards and whether there is comfort that the mitigating actions are suitable and sufficient. The finance director indicated that a proposal will be taken to the upcoming Corporation Board meeting with a solution to increase capacity and space. If this is approved, this answers the demographic issue quite cost-effectively. If it is not approved, there will still be a challenge in relation to space, based on predicted student numbers for next academic year. Therefore, the answer to this question is subject to that approval.

The principal further informed governors that the situation is complex and endlessly moving. He is confident that the arrows are correctly indicating the current upward trajectory of the risks but the amber RAG-rating is still accurate as the risks are not quite at red at this point. The trend analysis is simply showing the rising concerns. This was agreed by the committee to be a good reflection and explanation of the current position.

AGREED: to note the content of the update provided.

7 COUNTER-FRAUD/ANTI-BRIBERY

The finance director presented the annual fraud risk assessment and anti-fraud checklist. Key matters highlighted were:

- The period for review of this document might need to be updated. The previous update was in April 2023, and it is not yet known when the next update will come out – this could be anywhere between April and September, indicating that a February review date is too early.

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- The general format of the checklist has remained the same, but an indicator has been added to reflect whether the risks are changing or static.
- Item 1 within the checklist indicates an increasing risk. This reflects the fact that senior leaders are aware of the increased risk of fraud due to the high number of ongoing, high-value capital projects.
- The finance director indicated that item 6 of the checklist should also indicate an increase and that fraud risk is present and reflected within the risk register. He will provide an updated copy of the checklist to reflect this update and will make the correlation between the fraud and anti-bribery policy and the risk register explicit when the item is discussed at the board meeting on 8th February 2024.
- Budget holders have to complete annual declarations of interest, and there is now a section within this document that reminds them of what fraud is. It also gives a prompt and asks budget holders to confirm whether they have any concerns or issues to raise. No one has declared anything, but it is important to note that this has been enhanced.
- The finance director further advised the committee that there was no need for an update to the strategy at this time.

FD

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AGREED: to note the content of the update provided.

8 **FRAUD, IRREGULARITY AND WHISTLEBLOWING**

The finance director confirmed that there were no fraud or irregularity disclosures to report.

The clerk provided an update to the committee in relation to a whistleblowing complaint received from a staff member in November 2023, immediately after the previous committee meeting. The Audit Committee chair was kept informed of the situation and the whistleblowing process was followed throughout. Discussions were held to decide the best way to deal with the situation, following which the college brought in an external, independent investigator. The investigation resulted in the clear conclusion that there was no case to answer. Again, the chair of the Audit Committee was kept informed and was content with the outcome. Overall, the committee agreed that the matter was dealt with effectively and efficiently.

AGREED: to note the content of the update provided.

9 **VERBAL UPDATE ON AUDIT WORK IN PROGRESS**

The internal auditor presented the progress report, highlighting the following key matters:

- Validera became part of the DFK UK and Ireland in December 2023. This is one of the world's leading international accounting

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and business advisory associates. The company remains independent but can now provide clients with access to a wider range of resources.

- No amendments have been made to the plan so far in this period.
- A number of sector updates have been posted on Validera's LinkedIn page, and further reference can be found within appendix 1 of the progress report.
- In terms of client satisfaction, the auditor has not finalised any audits at this point but will be reporting overall satisfaction from auditees for each review conducted. Committee members were also welcomed to feed back on the service at any point.
- Section 2 refers to progress against the plan so far – the auditor has started the student records review and, since issuing the progress report, has also started the budgetary controls review.
- Initial meetings have been scheduled for the performance management and HR health check, and the auditor is liaising with managers to schedule the remaining audits on the plan (capital projects, curriculum planning, IT/cyber and business continuity).

One governor raised a question in relation to how the college manages the referenced recommended LinkedIn posts and who reviews these when the information is received from the auditor. The principal explained that the college was already aware of most of the issues raised. For example, the college has made a bid to the ESFA Simplified Funding Pilot, and the gender questioning guidance consultation was presented to the Standards Committee by the vice principal: communications, engagement and student experience on 18th January. However, the matter will be picked up at the Executive team meeting and a thorough process put in place to ensure this information is followed up.

Clerk

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The finance director explained that the capital projects item has been pushed back to take place later in the year and might need to be delayed again. This is due to there not yet having been a substantial start to the Chesterfield Road project due to condition delays which were not on the part of the college. This project needs to be part of the audit and, at this time, not enough has happened to enable this. The finance director indicated that, if progress has still not been made by March, it might be necessary to reflect further on how this audit will take place and whether it is justified for it to commence. An update will be brought to the next committee meeting, but the finance director informed governors that this piece of work is likely to cross academic years.

The chair indicated that a number of project phases need to be covered by the audit, and he suggested that it is vital to ensure the college's policies link in with the management of these projects. The finance director and the auditor agreed to meet to discuss the potential for a

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phase of the audit to start with the remainder to follow as further capital developments are achieved.

The principal asked whether there is scope for the audit to look at how the college approaches planning for these projects and whether there are any lessons that could be learned in relation to internal processes, The auditor indicated that they will consider whether this can be done meaningfully. It was agreed that the auditor and the finance director will meet after the Corporation Board meeting to discuss the matter in more detail, including splitting the audit into two phases: pre-delivery and delivery. The auditor will arrange this meeting, and this matter will be brought to the next Audit Committee meeting (in April 2024) for a further update.

AGREED: to note the content of the update.

Internal
auditor

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10 **AOB**

There were no items of additional business.

11 **DATE AND TIME OF THE NEXT MEETING**

Tuesday 30th April 2024 at 17:00.

It was agreed that confidential items would be noted separately. The auditor left the meeting at 17:45.

Meeting closed at 17:50.

Signed: _____  _____ Chair

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