

**Minutes of the Audit Committee Meeting held in the Innovation Centre on  
Tuesday 21<sup>st</sup> May 2024 at 3.30pm**

**Present:** Mo Kundi (Independent Member and Committee Chair)  
 Laura Bell (Independent Member)  
 Diane Hutchinson (Independent Member)  
 Carla Kennaugh (Associate Member of the Audit Committee)

**In Attendance:** Paris Bonwick (AP MIS and Apprenticeships)  
 Jane Butterfield (TIAA) (from item 4)  
 Claire Dalrymple\* (Wylie and Bisset) (from item 4 up to and including item 12)  
 Lisa Farnhill (Clerk to the Corporation)  
 Paula Smith (Dir. Finance)

**Apologies:** Alex Barton (Independent Member)  
 David Mutori (Independent Member)

**Absent:** **None**

\*Indicates attending through videoconferencing facilities

Minute No.	Minutes	Action
A.24.50	<p><b>ITEM 1: WELCOME AND APOLOGIES FOR ABSENCE</b></p> <p>The Chair opened the meeting by welcoming everyone and thanking them for their time. It was confirmed that those attending online could hear and be heard. Apologies were detailed and accepted.</p> <p><b><u>Item 1 – Accepted</u></b></p>	
A.24.51	<p><b>ITEM 2: DECLARATIONS OF INTEREST</b></p> <p>The Clerk declared an interest in relation to her role as the Data Protection Officer.</p> <p><b><u>Item 2 - Noted: The Committee noted the declaration.</u></b></p>	
A.24.52	<p><b>ITEM 3: REVIEW OF THE PERFORMANCE OF THE INTERNAL AUDIT SERVICE</b></p> <p><b>REDACTED</b></p> <p><b><u>Item 3 - Resolved:</u></b></p> <p><b>REDACTED</b></p>	
A.24.53	<p><b>ITEM 4: APPROVAL OF THE MINUTES OF THE AUDIT COMMITTEE HELD ON 28<sup>th</sup> FEBRUARY 2024</b></p> <p>Members reviewed the minutes as circulated and agreed that they were an accurate reflection of the meeting held on 28<sup>th</sup> February 2024.</p>	

***Item 4: Approved: The Committee resolved to approve the minutes of the Audit Committee meeting held on 28<sup>th</sup> February 2024.***

**A.24.54 ITEM 5: REVIEW OF PREVIOUS MEETING: ACTIONS AND IMPACT**

The Committee received a summary of the actions and matters arising, noting where agenda items would provide additional detail. Members asked about the reaction from the Resources Committee to the need for an estates budget, noting this had been incorporated into the budget and supported by the Resources Committee. Members were advised of progress with a drone roof survey, as a high risk, potentially high-cost area of concern, completed alongside a review of the ten year estates plan, with the previous having drafted to target grant applications, with a need for a less aggressive more risk based plan, with an internal plan drafted, to be supported by an external review to ensure its accuracy of risks and priorities. Members confirmed no further information was necessary and approved the impact statements.

***Item 5 – Resolved: The Committee resolved to approve the impact statements and accepted assurances in relation to matters arising and actions taken since the last meeting of the Committee.***

**A.24.55 ITEM 6: CONFIDENTIAL ITEMS**

Members noted, as indicated on the agenda, the review of the performance of the auditors had been held without the presence of the auditors.

When reviewing the minutes of the February meeting, members agreed to maintain the minutes relating to the review of the external auditors as confidential.

***Item 6 – Resolved: The Committee resolved to redact minute A.24.47 from the public copy of the minutes.***

**A.24.56 ITEM 7: KPI SCORECARD**

The Vice Principal Business Services summarised the data, and in responding to a question, confirmed additional detail around the health and safety data would be provided under item 15.

Members asked if the document was useful at an operational level, with it confirmed it was, particularly now it had been in place for over a year, allowing for trend data to be analysed. Members were assured it was highlighting issues, for example, in relation to consistently low reporting of health and safety ‘near misses’.

***Item 7 – Resolved: The Committee resolved to accept the information, using it to direct and support discussions throughout the meeting.***

**A.24.57 ITEM 8: INTERNAL AUDIT REPORTS**

**Item 8.1: Exams**

Members noted a verbal update had been provided in February, however the report had not yet been finalised, with this now circulated for information.

An overview of the scope and outcomes was provided by TIAA, with members asking if

the findings were considered to be serious and what the impact and implications were. Members were advised of the staff changes in the department, with explanations given of the process for entering and withdrawing students, including costs, and impact on outcomes, retention, and funding.

The auditors advised they had never come across centres handwriting entrants on the entry form on the day of the exam, with the VP Business services explaining the circumstances surrounding this, including where a student had withdrawn from their main course, therefore been withdrawn from exams, however, had then attended their GCSE, or moved rooms due to unexpected anxiety, or changed campus due to safeguarding concerns. Members were assured this was permitted by the exam boards, with extra papers always provided. A member suggested if permissible, however, not seen in audits at other colleges, there may be an alternative way of dealing with late entrants or those who turn up having asked to withdraw.

Members asked if there was data to suggest late entries and those withdrawing and then sitting the exam were achieving, with an explanation given of the different measures of achievement, and their impact on funding and achievement rates, with members surprised the college had to incur the fee for late entries, noting this was offset against the improved funding for completion and achievement, however, with EPA (end point assessments), where assessments were missed, these were charged back to the employer as the costs were significantly higher, with this built into the training agreement.

#### **Item 8.2: Critical Incident Management and Business Continuity**

The committee noted this had already been reviewed with the Committee Chair as Link Governor for Health and Safety, with a summary of the scope and outcomes provided by TIAA, which had highlighted a lack of testing for areas outside of health and safety, as well as absence of training for those responsible for overseeing the initiation of the plan.

Members were advised awareness training had previously been in place, conducted with those responsible for oversight of the plan annually, however, as staff had changed, this had not continued. Members noted this had been raised by the Board, perhaps two years earlier, highlighting at the time, there had been plans to fully review and streamline the plan, with the resolution provided to the Governors that there would be a full review and revision of the plan ahead of more training being provided, however, further staffing changes meant the streamlining had not concluded and as a result, the training requirement had been overlooked.

Members were informed of the intention to utilise the service offered by the insurers, to conduct desk-based testing of the plan, with the Committee reflecting on previous discussions relating to the risks around live testing. Members noted that the outcome of the testing would then inform revisions and improvements to the plan, with training then provided to staff on the updated and improved plan. Members enquired about the cost and impact, endorsing this approach.

**VP. Bus. Serv.**

Members highlighted how they felt assured by the areas of good practice identified in the report.

**Item 8 – Resolved: The Committee resolved to accept the updates.**

**A.24.58 ITEM 9: IMPLEMENTATION OF AUDIT RECOMMENDATIONS**

The Dir. of Finance summarised the report, including the recommendations completed, not yet due and overdue. With no questions or comments, the report was accepted.

**Item 9 - Resolved: The Committee resolved to note the update.**

**A.24.59 ITEM 10: INTERNAL AUDIT PLAN 2024/2025**

The Committee received an overview of the plan, with members asked if they considered the proposed reviews fitted with the risk register and strategic plan. Members asked how closely linked the plan was to the colleges risk register and discussed at length the priority areas. Members agreed Governance, having just been reviewed by an independent expert as part of the external review of Governance, could be moved to the following year, asking for apprenticeships and attendance, as indicated as areas for improvement in the inspection, to be prioritised. Members asked to what extent audit and minutes would be reviewed by Ofsted as evidence of improvements, with the Clerk explaining what evidence had been gathered and presented to support the leadership and management judgment, as well as evidence relating to apprenticeships and attendance, spanning all committees.

When reflecting on timing, members considered if enough time had passed since the inspection for improvements to be evident, highlighting the need for the review to demonstrate progress, not just reiterate areas for improvement as already found by the inspection. Members reflected on their responsibility to hold leaders and managers to account, with a need to triangulate internal data and evidence to ensure improvements were in progress, needing assurance ahead of the next inspection, as well as time to act and respond if areas remained a concern. With it highlighted that the initial inspection was in November 2023, therefore by the time the review commences, it would be likely at least a year since the inspection, with members asking if the Dir. Apprenticeships had been appointed. The Committee agreed that both apprenticeships and attendance should be incorporated into the plan, with the exact timing to be agreed with area leads to take into account timing of data and time pressures for staff.

Members considered the need for assurances around the financial controls and systems, however, agreed these would be more beneficial after the implementation of the new system.

In discussing the cyber security review, and any crossover and duplication of areas considered within the Business Continuity review, which had just concluded and incorporated aspects of recovery from a cyber-attack, members were advised this would be more in depth, conducted as a deep dive in to some of the ten cyber security protection measures, and was a different focus to the recovery aspects covered in the recent review.

Members then discussed AI at length. They considered the impact on staff and students, and risks in relation to both using it, and not maintaining pace with new technology if not using it, and whether this needed incorporating into the review schedule.

**TIAA/ Dir  
Finance**

Members were informed there could not be a specific policy for AI, as it spanned so many areas, and with technology developing at such a pace, it would be out of date before it could reach approved status. Members were instead assured that as relevant policies were reviewed, relevant elements were being included, using the exams and academic conduct policies as examples. Members suggested it was as much about use than misuse, and the benefits it could have in teaching and learning, and whether there was a risk to not supporting, and promoting its use, acknowledging that some staff may be more reluctant, whilst others may be ready to embed it in their teaching, yet need educating on safe use.

Members were informed a digital transformation strategy was in development, that focused on all elements of technology advancement, supporting, and educating staff, which would incorporate the expectations around, and use of, new and emerging technology, including, but not limited to, AI.

Members and attendees outlined their own experiences, including availability of the technology in the workplace, suggesting a principles based approach to using AI. Members quantified their concerns as being those around their lack of understanding preventing effective oversight, with a need for assurance that the college was managing the risks relating to AI, with training and information essential for the Board on understanding the specific use, benefits and risks relating to teaching and learning in order to question effectively and be adequately assured they were meeting their obligations. In concluding, the Committee asked for this to be raised at SLT, with relevant training and assurance provided to the Board, reiterating it was the strategic oversight and risks they were concerned with, not the specific programmes and use, with consideration to be given to incorporation into the Risk Register.

**VP. Bus Serv.****Dir. Finance**

***Item 10 - Resolved:*** *The Committee resolved to recommend the plan is approved by the Corporation subject to the updates as outlined above. .*

**A.24.60 ITEM 11: EXTERNAL AUDIT PLAN FOR 2023/24 FINANCIAL STATEMENTS**

Wylie and Bisset apologised for being unable to attend in person, providing a comprehensive overview of the Audit Plan via video link.

Members were informed the plan was in line with previous years, with the fee as per the approved tender and contract. Members were reminded of the audit approach, as substantive and not control based, with areas of focus and key risks highlighted, with it confirmed there had been no change to these, or how they would be audited.

Key personnel were detailed, with contact information highlighted, confirming the timeframe had been agreed, however, some meeting dates were yet to be confirmed, with there not expected to be any issues or concerns.

***Item 11 - Resolved:*** *The Committee resolved to recommend the Corporation approve the plan for the external audit work.*

**A.24.61 ITEM 12: AUDIT ENGAGEMENT LETTER (EXTERNAL AUDIT)**

Members approved the deferment of the presentation and signing of the audit engagement letter, noting this was due to absence and unavailability of staff in the lead up to the meeting. The Committee was informed that there were minimal changes beyond dates, with most sectors only requiring one letter every three years, however, in education it was an annual requirement. Wylie and Bisset advised it needed approving ahead of signing off the accounts, therefore this could be reviewed and approved at the next meeting, then approved by Corporation at the Autumn meeting.

**Item 12 - Deferred:**

**A.24.62 ITEM 13: RISK MANAGEMENT**

**Item 13.1: Review of High Risks**

The Dir. finance provided an overview, including the increased risk rating relating to meeting financial targets for apprenticeships, with budget adjustments outlined.

Members highlighted the industrial action risk was aligned to the Remuneration Committee, and needed to be linked to Resources.

**Dir. Finance**

**Item 13.2: Review of the Risk Assurance Framework**

The Dir. Finance provided details of the review process and outlined the recommended updates to the Risk Register, including the apprenticeship and estates risk. Members noted the mitigations as outlined in the assurance mapping and agreed to recommend this to the Corporation as essential information.

**Item 13.3: Risk Management Policy**

The Dir. Finance summarised the updated wording and process for consultation on risks, as opposed to a wider risk management forum. The Committee accepted the recommended updates, agreeing to recommend the policy to the Corporation for approval, with members highlighting the importance of consulting with the wider management team to ensure awareness and ownership of the risks.

**Item 13 - Resolved:** *The Committee resolved to recommend the Corporation approve the updated risk management policy and receive as essential information the latest full risk register, inclusive of the risk assurance mapping and high-risk profile.*

**A.24.63 ITEM 14: CRITICAL INCIDENT TESTING AND INCIDENT UPDATE**

Members noted the assurances provided by the internal audit, and were provided with details of incidents, noting no testing had taken place within the review period.

**REDACTED**

Members highlighted the risks and impact of cyber-attacks, with a member highlighting a recent incident in a school, thanking the Clerk for arranging the training for members after the meeting.

**Item 14 - Resolved:** *The Committee resolved to note the reassurances provided by the report.*

**A.24.64 ITEM 15: HEALTH AND SAFETY**

The Vice Principal Business Services summarised the report, which included an outline of

training and improved rota system and allocation of first aid trained staff in key areas.

The outcome of recent tests were summarised, with the fire drill at KGV highlighting the number of fire marshals was insufficient, with the test at the Southport Campus deferred due to a live evacuation having taken place.

Members discussed the accident statistics, including trends, causes, and how the data is used. Members were assured by the improved reporting mechanisms to increase the number of reported near misses, to help to reduce risks relating to actual accidents and injuries, with regular reminders to staff relating to this.

***Item 15 - Resolved:*** *The Committee resolved to note the reassurances provided by the report.*

**A.24.65 ITEM 16: WEBSITE COMPLIANCE UPDATE**

Members were given an overview of progress since the last meeting, noting full compliance in twenty five out of twenty seven areas, being assured this was done without warning to ensure it was an accurate reflection of the current position, with full compliance expected by the next review.

***Item 16 - Resolved:*** *The Committee resolved to note the reassurances provided by the report.*

**A.24.66 ITEM 17: UPDATED STATUTORY GUIDANCE**

Members were given a summary of the ESFA updates, receiving assurances that these had been taken into consideration when reviewing the College's Financial Regulations, as to be recommended for approval by the Resources Committee.

The Vice Principal Business Services advised the Committee that there had been an audit by the OfS with the report having only come through that day, which although highlighted areas for improvement, was much improved from the previous year. The Committee were informed that there was no guidance available for colleges on the OfS calculation process, however, they had said that the College had applied incorrect calculations, with ILR updates now required, with this to be summarised in a report to the Committee at the next meeting.

**VP Bus. Serv.**

Members were informed of recently released guidance that week which indicated there would be a change to courses that fell within the remit of the OfS, extending to courses and qualifications accessed via the Lifelong Learning Entitlement, therefore withdrawal may now not be going ahead, reminding members that the college had expected to withdraw this year as the only course still running was the HND graphics course, with students now in their final year.

***Item 17 - Resolved:*** *The Committee resolved to ensure the guidance is used to support the work of the Committee in ensuring compliance.*

**A.24.67 ITEM 18: AUDIT COMMITTEE PLANNING FOR 2024/2025**

Members considered the recommended updates, agreeing to the split of work for the two autumn term meetings. Members agreed to continue with the 3.30 start time, with a preference for meetings to be held on a Tuesday where possible, or, if Wednesday's were to be used, this would need to be at the later start of 4pm, noting the dates would be agreed at the final Corporation meeting of the year.

Members reviewed and agreed to the recommended updates to the Terms of Reference, resolving to recommend these to the Corporation for approval.

***Item 18 - Resolved:*** *The Committee resolved to approve the work plan and to ask the Corporation to approve the recommended updates to the Terms of Reference.*

**A.24.68 ITEM 19: ITEMS TO BE REPORTED TO THE CORPORATION**

Members noted the need to seek approval for their recommendations relating to:

- 10 Internal Audit Plan (for approval)
- 12 External Audit Plan For 2023/24 Financial Statements (for approval)
- 13 Risk Management Policy (for approval) and the assurance framework and high risk action plan as essential information
- 18 Committee Terms of Reference (for approval)

In reflecting on key discussions and the new format for reporting to the Corporation the Committee's 'top three things', it was proposed this should focus on their review of the risk register, with a need to consider AI as a risk, with a secondary point about the need to better understand AI from a strategic level, and the detailed discussions around the priorities in planning the internal audits for 2024/2025, to include assurances relating to the performance of the auditors.

***Item 19 - Resolved:*** *The Committee resolved to update the Corporation as outlined above.*

**A.24.69 ITEM 20: DATE OF NEXT MEETING AND CLOSE**

Members thanked staff for their reports and noted the next meeting date would be circulated once the Corporation approved the full planner for the year. On behalf of the Committee, the Chair thanked the auditors for their time and contributions.

***Item 20 - Noted:***

**The meeting closed at 5.10pm**