



Audit Committee

Wednesday 14 June 2022 – 4pm to 5.45pm

Main Minutes

Governors	Type	Initials	Attendance	Apologies
Aneela Ali	Independent	AA	X	
Darren Curry	Independent	DC	X	
Carol Davenport	Independent (Co-opted for this meeting)	CD	X [^]	
Jennifer Boyle	Co-opted	JB	X	
Clerk				
Nicola Taylor	Director of Governance & Compliance	NT	X	
Attendees				
David Alexander	CEO / Principal	DA	X	
Jeremy Cook	Deputy Principal: Finance & Resources	JC	X	
Ivan Jepson	Director of Business Development & Planning	IJ	X	
Vicki Casey	Director of People and OD	VC	X [^]	
David Keetley	Financial Controller	DK	X	
David Hoose	Mazars – External Audit	DH	X [^]	
Audrey Cowan	Wylie and Bisset – Internal Audit	AC	X [^]	

*Attended via Teams / ^Attended for part of the meeting.

A/833 0. Appointment of Acting Chair

Electronic approval had been sought in advance to appoint AA as the Acting Chair for this meeting. It was noted the Governance Committee would be considering the role of Chair of Audit Committee for the new academic year once Committee membership had been approved for 23-24.

The Committee ratified the approval of appointment of AA as the Acting Chair for this meeting.

A/834 1. Chair’s welcome, apologies, conflicts of interest

The Acting Chair welcomed the attendees. The Acting Chair made specific welcome to DC who had been appointed to the Corporation Board and Audit Committee as an Independent Governor, and CD, who had been co-opted to the Audit Committee for this meeting. It was **confirmed** that the meeting was quorate.

All attendees were invited to declare any relevant interests, other than those previously noted. It was noted that the Internal and External Auditors had not received the papers

relating to Item 12 and would be asked to leave the meeting for this item. There were no further declarations made.

The Acting Chair noted that should the direction of debate on any item result in any further potential conflict of interest, this should be indicated in the meeting.

A/835 2. Minutes of the last meeting

A) Minutes from the last meeting dated 15 February 2023

The Committee **reviewed** the minutes from the previous meeting and **agreed** that they were a true and accurate account of the meeting.

The minutes were approved.

A/836 3. Matters Arising / Action Log

JC provided an update in relation to the action log as follows:

- There were 2 live actions which were in the process of being addressed, both relating to risk.
- The remaining items were closed / completed.

It was confirmed that actions which were completed / closed were reported to the Committee at the subsequent meeting, and then removed from the log.

CD joined the meeting.

The action log and updates were noted.

A/837 4. Internal Audit Reports

A) Financial Controls

AC presented the report, provided an overview of the scope of the audit, and confirmed this was graded as strong assurance. There were 5 low graded recommendations and 7 areas of good practice, no major weaknesses had been found.

It was noted that this report would now be shared with the Finance & General Purposes Committee for information.

The report was noted.

B) Corporate Governance

AC presented the report, provided an overview of the scope of the audit, and confirmed this was graded as strong assurance. There were 3 low graded recommendations and 8 areas of good practice, no major weaknesses had been found.

AC noted that the audit also included a survey which was issued to Corporation Board members, 12 responses had been received ahead of the report being written.

It was noted that this report would be now be shared with the Governance Committee.

The Committee **queried** the recommendation relating to conflicts of interest, and **questioned** whether this area would be covered under the remit of the Audit Committee. It was confirmed that a Conflict of Interest policy had been drafted and was due to be approved by the Board. The Governance Committee would be asked to review the annual register of conflicts of interest, and as best practice, the

College were looking to externally publish any declared conflicts of interest on their website in the interests of transparency and openness.

It was noted by the DfE/ESFA at the recent annual strategic conversation that the College introduction and implementation at pace of a fully revised in house governance model was an example of effective practice at a national level.

The report was noted.

C) Learner Numbers - Apprenticeships

AC presented the report, provided an overview of the scope of the audit, and confirmed this was graded as strong assurance. There were 4 low graded recommendations and 11 areas of good practice, no major weaknesses had been found.

The Committee **queried** the implications of the low-grade recommendations and it was confirmed that these would not give rise to a funding error, and instead related to administrative areas for review. It was noted that ongoing checks took place to ensure compliance with funding rules.

The Committee were presented with a graphic to evidence the complexities of the apprenticeship process, noting that there were 5 stages which required employer signature ahead of any apprenticeship training commencing.

It was noted that at the recent annual strategic conversation with the College, the DfE/ESFA acknowledged the development of the Apprenticeship Portal and App Track was an example of effective practice at a national level.

The report was noted.

The Committee **queried** the tracking of recommendations within the reports and it was confirmed that all external and internal audit recommendations were logged within the rolling audit recommendations tracker, which was reported at each Audit Committee meeting. It was confirmed that the Internal Auditors were tasked with validating the completion of actions throughout the year to provide further assurance.

The Committee **noted** their positive comments regarding the level of assurance provided by the reports, and the strong management responses showing prior recognition and progress already being made.

The Committee **noted their thanks** to the Internal Auditors and staff involved.

The report was noted.

A/838 5. Rolling Audit Recommendations Tracker

JC presented the report and highlighted the following:

- At the February 2023 meeting, the report contained an appendix of 21 recommendations (dating back to actions with an implementation date of June 2022) which had been flagged as implemented and complete. Wylie & Bisset validated the completion of these; 19 were validated ahead of the report and days after the meeting, the final 2 recommendations were validated as complete. The validated recommendations had then been removed from the tracker.
- There were 17 actions included within the tracker at this point in time, 3 completed and 14 due to be completed. 12 of the actions related to the 3 Internal Audits reported under Item 4.
- The action relating to the Procurement Strategy had gone past the expected completion date however this had been recommended by the Finance &

General Purposes Committee and was awaiting full Board approval at the July 2023 meeting. Once approved, this action would be complete.

- Wylie and Bisset would undertake a follow up review in the Autumn Term, and would be asked to validate any completed actions up to the point of their review. This rolling cycle of validation allowed actions to be removed from the register at an earlier opportunity than the year-end.

The Committee **queried** how the rolling tracker was monitored internally. It was confirmed that the tracker was considered by the Executive Team on a monthly basis to ensure progress and review the target dates for completion.

The report was noted.

A/839 6. Internal Audit Annual Report 2022/2023

AC presented the report and highlighted the following:

- The report provided a summary of all Internal Audit reports completed over the 2022-2023 academic year. Overall, there was 1 medium priority recommendation and 13 low priority recommendations.
- The overall opinion was noted as “*We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the College’s risk management, control and governance processes. In our opinion the College did have adequate and effective risk management, control and governance processes to manage its achievement of the College’s objectives at the time of our audit work. In our opinion, the Gateshead College has proper arrangements to promote and secure value for money. Our fieldwork was carried out between October 2022 and May 2023. We also undertook a review of compliance with the Subcontracting Standard which was outwith the internal audit annual plan*”. AC provided the Committee with the basis of the opinion and considerations taken.
- In terms of the internal auditor Key Performance Indicators (KPIs), 8 KPIs achieved the target of 100% with one target receiving 40% due to 3 reports not receiving the management response by a 15-day deadline, however it was noted that this did not have an impact on reports achieving the deadline for Audit Committee presentation.

It was confirmed that this report would inform the Audit Committee annual report and annual financial statements for 2022/2023.

The Committee **noted** it was useful to have the information as an annual summary.

The report was noted.

A/840 7. Subcontracting Controls Report 2022/2023

AC presented the report and highlighted the following:

- The report was required as part of the new subcontracting standard, with effect from 1st August 2022, which replaced the previous requirement to obtain an external audit report and certificate.
- The report covered compliance with the standard with no compliance issues raised.
- There was one potential improvement highlighted with a supporting recommendation however this did not relate to compliance with the standard.

The Committee **noted their thanks** to the Internal Auditors and staff involved, and **noted** the level of assurance the report provided.

The report was noted.

A/841 8. Internal Audit Plan 2023/2024

AC presented the report and highlighted the following:

- The internal audit plan had been drafted following consideration of the College's risk register, together with conversations with the Principal, Deputy Principal Finance and Resources, and the Director of People and Organisational Development. The plan was then considered by the full Executive team.
- The objectives and scope of each audit would be finalised ahead of each report being started, this would be done via the internal auditors and key member of College staff.
- The internal auditors were also able to offer additional training sessions which could be held during or outside of Committee meetings.
- The Internal Audits planned for 2023/2024 were as follows:
 - Business Continuity Planning
 - Staff Wellbeing
 - Payroll
 - Student Experience
 - Learner Numbers: 16-19

Draft timing for these areas of internal audit review during 2023/24 had been discussed between the auditors and the College Executive Team. It was noted that the initial indicative internal audit plan was set up for a 3-year period and had been followed to date. One change was proposed in the 2023/2024 year, which was to defer to the HR internal audit and bring forward a review of business continuity / disaster recovery which was felt to be more important. Other than this, it was agreed internally by the Executive Team to keep the plan as initially set out.

The Committee **noted** that it was positive to see the plan mapped to the strategic risk register.

The Committee queried the following:

- Risk 8 - *IT Infrastructure - failure to invest in a way which does not capitalise on new ways of learning/working/collaborating* not having a reported or planned assurance in either 2022/2023 or 2023/2024, yet having a medium rated residual risk score of 12 – it was agreed that this was a valid query, however there had been other internal audit reviews undertaken in relation to IT, including cyber security and it was agreed that given this, along with the medium rating of this risk the Executive Team internally agreed to proceed with the areas proposed.
 - The Committee **sought assurance** that this was the best course of action in terms of planning, and it was agreed that it was.
- Risk 6 - *Failure to progress and deliver the new College strategic plan results in reputational damage* and the linked assurance report of Corporate Governance, specifically querying how the internal audit report linked to the risk regarding delivery of the strategic plan – it was suggested that this internal audit report did cover this risk as the work of the Board is focussed around monitoring the implementation and progress of the College Strategic Plan, therefore ensuring appropriate and effective controls are in place provides assurance. It was also noted that as this was the first year of the College Strategy, the ability to audit progress was not yet available. An update on the progress of the College Strategy across the 2022/2023 academic year would be provided to the Board

at the Autumn Strategy Day, and it would be expected to see an internal audit more specific to this area within the 2024/2025 internal audit plan.

It was **requested** that an initial draft of an indicative internal audit plan for the next two-year period be provided at the November 2023 meeting.

Action: JC to provide indicative internal audit plan covering 2024/2025 and 2025/2026 at the November 2023 meeting.

It was also confirmed that if risk ratings changed throughout the year, the internal audit plan could be revised to ensure a focus on key areas.

- The dates of presentation of the Internal Audit reports, noting that, under the draft timing for reviews as presented, the Committee were not expected to receive a report until the March 2024 meeting. It was agreed that dates for audit reviews would be revised to seek closer alignment with the dates of the Audit Committee meetings, and the College would look to bring at least 1 internal audit report forward to the November 2023 meeting if possible, depending on Wylie and Bisset capacity.

Action: JC to revise Internal Audit plan with Wylie and Bisset to align internal audits more closely with the dates of the Committees, and to bring forward 1 internal audit, if possible, to allow presentation at the November 2023 meeting.

The report was recommended for Board approval, noting that operational timings of reports may change.

AC left the meeting.

Item 13 was then covered at this point.

A/842 9. Public Interest Disclosure (Whistleblowing) Policy Update

NT presented the update report, noting that there were two College policies currently in place and relating to whistleblowing concerns; Public Interest Disclosure Policy and Procedure – Raising Concern at Work and the Public Interest Disclosure Student Procedure. A draft policy had been re-written which amalgamated the two policies and included an update to the designated officers and further clarity around processes. The proposed revised policy had also undergone a legal review.

Next steps were for the policy to be reviewed by the Executive Team and then shared with the Audit Committee ahead of seeking Board approval in October 2023.

It was also noted that this policy would be shared with the Trade Unions for information.

Action: Revised Public Interest Disclosure (Whistleblowing) Policy to be shared with Trade Unions ahead of seeking Audit Committee recommendation.

The report was noted.

A/843 10. Post 16 Audit Code of Practice (ACOP), Regularity Self-Assessment Questionnaire and College Accounts Direction for 22-23

NT presented the report, noting that the Post 16 Audit Code of Practice, Regularity Self-Assessment Questionnaire and College Accounts Direction for 22/23 were published in April 2023. Links to the guidance and a summary of changes had been provided for information.

The Committee **queried** if there were any expected concerns complying with the new guidance and it was confirmed not.

The report was noted.

A/844 11. External Audit Plan 2023/2024

DH joined the meeting.

DH presented the report and highlighted the following:

- The report followed a similar format to previous years, with the timetable agreed with the Executive Team.
- The audit approach had been amended to include the changes in the College Accounts Direction and Audit Code of Practice. This included some additional audit work within this area.
- In terms of setting risks, the External Auditors did not identify any Gateshead College specific significant risks, however noted that there could be challenges for colleges regarding the way capital grant funding and the pension scheme are recognised within accounts.
- The proposed fees for the 3rd year of the contract had slightly increased due to changes within the scope.
- It was noted that regulators and banks may be required to consider financial health scores in relation to leases from 2026, however this would be backdated to 2024.
 - The Committee **queried** the potential impact on the College, and it was confirmed that the College didn't have any finance leases of note but did have a small number of operating leases which weren't significant. It was confirmed that the College were ensuring a review of assets.

The report was recommended for Board approval.

DH left the meeting.

A/845 12. Internal and External Audit Contracts

JC presented the report and highlighted the following:

- *Covered under a confidential minute.*

The report was recommended for Board approval.

A/846 13. Business Continuity Update

Item taken ahead of Item 9.

VC presented the report and highlighted the following:

- The report provided a summary of work undertaken since February 2023.
- The College had business continuity plans in place which had previously been reviewed annually, however needed to be reviewed post-pandemic to ensure they remained fit for purpose.
- The College were using a consultancy firm to undertake the review. Feedback suggested that current documents were of a good quality with the right level of information, however there was room for improvement by amalgamating into a single business continuity plan, rather than having specific incident / campus plus, to ensure accessibility of information and to tighten up the responsibilities of different roles.
- A business resilience plan had been drafted and this was being reviewed by the Health & Safety Manager ahead of being presented to the Executive Team.

- An incident response and control structure had been implemented to ensure clarity of approach.
- The next steps were to finalise the plan, and a further update report would be provided at the November 2023 meeting.

Action: VC to provide a business continuity update at the November 2023 meeting.

The Committee queried the following:

- If the October 2023 scheduled Internal Audit relating to business continuity would be too soon – it was agreed that this would be too soon to see any material impact from the work currently undertaken and it was agreed that this would be rescheduled within the Internal Audit Plan for 2023/2024.

Action: Executive Team to reschedule the Business Continuity Internal Audit planned for October 2023.

- If the College were working with other colleges to understand the level of business continuity in place / best practice – It was confirmed that this work could be built into the plan, however it was noted that the external consultancy firm did work with a number of other organisations.

Action: VC to build in benchmarking / best practice within the work relating to business continuity.

The report was noted.

VC left the meeting.

A/847 14. Review of Strategic Risk Register

JC presented the report and highlighted the following:

- There was a well embedded cycle of monitoring risk, updating the register and reporting through to Committees and Board.
- Risk 3 “*Loss of stakeholder confidence as a consequence of failing to secure a 'Good' or better Ofsted judgement*” was fully mitigated and eliminated, however an alternative risk was being considered covering failure to deliver and sustain high quality provision.
- Risk 4 “*Failure to deliver the Post Intervention Monitoring and Support Plan (PIMS) and move to ESFA active support status*” was fully mitigated and eliminated following confirmation of the College coming out of PIMS.
- Risk 7 had been amended to specifically include a reference to Special Educational Needs and Disabilities (SEND) “*Failure to meet statutory requirements relating to Safeguarding, Prevent, Special Educational Needs and Disabilities (SEND) and the protection of young people and vulnerable adults*”.
- *Covered under a confidential minute.*
- The report included a section on horizon scanning where the Executive continued to consider potential risks / opportunities and monitor them closely.
- The report included a summary of Committee discussions regarding the Risk Register.
- The Risk Register would be reviewed by the Executive Team over the summer, and it was noted that due to it being the start of a new academic year, risk scorings may increase relating to learner numbers / funding.
- *Covered under a confidential minute.*

The Committee **suggested** that instead of replacing Risk 3 with a risk relating to overarching quality, that this could be subsumed into R1 (*Inability to deliver planned curriculum provision leads to failure to meet student outcome and progression targets*) and R7 (*Failure to meet statutory requirements relating to Safeguarding, Prevent,*

Commercial in Confidence

Special Educational Needs and Disabilities (SEND) and the protection of young people and vulnerable adults), to ensure tightness of the risk register.

Action: JC to discuss Audit Committee suggestion regarding the removal of Risk 3 with the Executive Team and the Curriculum and Quality Committee as part of the Risk Register review.

The report was noted and the Risk Register was approved for presentation to the Board.

A/848 15. Draft Meeting Dates 2023/2024

NT presented the report for information, setting out the proposed meeting dates for 2023/2024. It was confirmed that diary invites would be issued once the dates were approved by the Board.

The report was noted.

A/849 16. Audit Committee Terms of Reference 2023/2024

NT presented the report and highlighted the following:

- A revised set of Terms of Reference have been created for each committee for 2023/2024.
- The revised documents have been re-written and set out specific areas of delegated authority to help ensure the Board is able to utilise the skillset of each Committee to its advantage, and ensuring clear levels of delegation to prevent the Board from repeating business. This would also create more space at Board level to focus on strategic discussion, whilst continuing to receive updates from each Committee on the areas of business covered.
- A scheme of delegation had then been created to set out the delegation levels to support the Terms of Reference.
- The Audit Committee Terms of Reference covered the areas of; assurance, internal audit, external audit, wider audits, risk and risk management, information governance / data protection (moving from F&GP), and policies.

The Committee **queried** if annual reporting of Information Governance was sufficient. It was noted that if there were concerns, or information to report, this would be highlighted to the Audit Committee through notifications / disclosures.

The Committee **recommended** the Terms of Reference for Board approval.

It was noted that the College had 3 assurance frameworks in place for Health & Safety, Information Governance and Safeguarding, however these items were not the only areas covered on the Strategic Risk Register. It was confirmed that the College were looking to develop an assurance map going forward which would provide an overall assurance landscape.

The report was recommended.

A/850 17. Any Other Business

Meeting Evaluation

The Acting Chair asked the attendees to evaluate the meeting, and the following comments were made:

- Reports were high quality and provided good assurance.

- There had been good chairing of the meeting, with a good amount of time spent on items with a good level of discussion.
- Reports were clear to understand.
- The strong assurance provided by the reports reflected the level of work undertaken.
- The Audit Committee provided a strong and constructive forum for discussion.
- There was a good level of understanding across Committee members with a willingness to understand the context of the reports / working landscape.
- The reports showcased positive cross college working.
- The reports evidenced improvements made over the past couple of years.

A/851 Date of the next meeting

The date of the next meeting was noted as 7th November 2023 at 4pm.