



Meeting of the Audit Committee
Tuesday 11 June 2024 – 4pm to 6pm - Main Minutes
Boardroom

Governors	Type	Initials	Attendance	Apologies
Aneela Ali	Interim Chair - Independent Governor	AA	X	
Eamonn Toland	Independent Governor	ET	X	
Maria Craig	Independent Governor	MC	X	
Jennifer Boyle	Co-opted Governor	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 and Innovation	IJ	X	
Vicki Casey	Director of People and OD	VC	X [^]	
David Keetley	Financial Controller	DK	X	
David Hoose	Forvis Mazars LLP – External Auditor	DH	X [^]	
Stephen Pringle	WGB – Internal Auditors	SP	X [^]	

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

A/884 1. Chair’s welcome, apologies, conflicts of interest

The Chair welcomed the attendees.

There were no apologies to report and it was **confirmed** that the meeting was quorate.

All attendees were invited to declare any relevant interests, other than those previously noted. There were no further declarations made. The 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.

It was agreed to take items in a slightly different order, with item 9 and 8 taken after item 3 to allow VC and DH to leave the meeting after the presentation of their items.

A/885 2. Minutes of the Last Meeting – 5 March 2024

- A) The Committee **reviewed** the main minutes from the previous meeting and **agreed** that they were a true and accurate account of the meeting.
- B) The Committee **reviewed** the confidential minutes from the previous meeting and **agreed** that they were a true and accurate account of the meeting.

The minutes were approved.

A/886 3. Matters Arising / Action Log

- A) Action Log

It was noted that 5 actions remained ongoing however 2 would be closed off as part of this meeting. All other actions had been marked as closed / complete or were not yet due.

It was confirmed that closed / completed items would be removed from the log after having been reported to the Committee.

- B) Notifications and Disclosures

There were no notifications or disclosures to report.

The action log and updates were noted.

Item 9 taken at this point.

A/889 4. Audit Committee Key Performance Indicators (KPIs)

JC presented the report noting that the paper followed discussion at the previous meetings where the Committee discussed and considered the initially proposed KPIs. The report no longer set out a proposed KPI relating to risk, as the Strategic Risk Register was taken to each Board and Committee meeting, along with the Audit Committee reviewing and recommending the Risk Management Policy for Board approval on an annual basis.

NT noted that majority of KPIs would be covered with the Audit Committee Annual Report each year (which was also provided to the Board), however the KPIs relating to level of assurance of internal audits and the implementation of audit recommendations would be covered on a meeting-by-meeting basis.

It was noted, following a query at the last meeting, that these KPIs related to areas that were within the Committee's remit rather than measuring the performance of the Committee itself. The KPIs were not to measure committee effectiveness, and instead this was done through the annual Board Self-Assessment and the Audit Committee's annual self-evaluation.

The Chair noted that discussions took place at a recent Chairs Forum around meeting evaluation and that this was being considered further by the Governance Committee.

The Committee sought assurance from the internal auditors that the KPIs were in line with what was being used elsewhere by other colleges in the sector and SP confirmed this, suggesting that the KPIs provided good coverage.

Committee members suggested that from their experience, the KPIs were more comprehensive and in depth than other sectors, suggesting they were a good way to measure organisational performance.

The Committee **approved** the proposed KPIs.

The report was noted.

A/890 5. Rolling Audit Recommendations Tracker

JC presented the report, noting that this provided the latest iteration of the audit tracker.

In terms of the status of actions reported by auditors, there were 19 completed actions, 1 partially completed and 7 ongoing. 3 actions had passed their due date, with one completed however waiting external validation. JC provided an update on the 2 remaining outstanding actions.

The Committee **sought assurance** that the actions due to be completed by July 2024 were on track to be completed, JC noted his confidence of this and confirmed that he would provide an update at the end of the academic year to Audit Committee members on the status of the audit actions.

Action: JC to provide the Audit Committee with an update at the end of the academic year regarding actions to be completed by July 2024.

The report was noted.

A/891 6. Internal Audit Reports

A) Apprenticeship Enrolment Mobile System

SP provided summarised the remit of the review and noted the overall conclusion of the report was 'Strong'. 4 low grade recommendations had been made, and 5 points of good practice highlighted.

The Committee discussed and queried the following:

- The sample size – it was confirmed this was 10 out of the 60 live apprentices at the time of the audit.
- The expected completion of the actions – IJ confirmed that the actions had been completed and this would be confirmed at the next meeting once the internal auditors had a chance to validate this.
- The grading of the recommendations, with committee members querying whether they could potentially lead to financial clawback – it was clarified that the College did not claim for funding until fully compliant to do so, and instead the actions related to timing of events and therefore correct to be of low grade.

The Committee **noted** the improvement in the onboarding of apprentices and **noted their thanks** for the work undertaken.

The Committee **queried** whether any income could be derived from commercialisation of the app. IJ confirmed that the IP belonged to an external organisation, however there was possibility for referral fees.

B) Learner Numbers 16-19

SP provided a summary of the remit of the review and noted the overall conclusion of the report was 'Strong'. 4 low grade recommendations had been made, and 11 points of good practice highlighted.

IJ confirmed that the College were exploring ways to overcome barriers relating to data collection and were looking to work with the same organisation who had created the apprentice onboarding app.

The reports were noted.

A/892 7. Internal Audit Plan 2024/2025

SP presented the proposed Internal Audit Plan for 2024/2025, noting that this had been discussed with members of senior management, alongside consideration of the previous years' plans and the Strategic Risk Register.

The areas of internal audit for 2024/2025 were proposed as:

- Health and Safety
- Risk Management
- Colleges' Financial Handbook
- Human Resources
- Use of Student Support Funds

The plan set out that there was to be an internal audit reported at each meeting of the Audit Committee.

SP also noted the plan included optional training which could be provided by WBG.

The Committee discussed and queried the following:

- The area of Cyber, noting the pace of progression within this area and the last audit being carried out in 2022. SP noted that the last review was within the 2022/2023 academic year with substantial assurance however agreed that it would be sensible to plan this in for future review, perhaps in 2024/2025 or 2025/2026. The internal audit plan was developed over a 3-year cycle, with repetition of audit areas taking place after each cycle, linked to priorities and areas of risk.

It was noted that outside of internal audit, there was also additional assurance regarding cyber, such as the attainment of cyber essentials.

- The area of Sustainability, noting that this had been newly added to the Strategic Risk Register. It was noted that the College were creating a Sustainability Strategy, updates of which had been provided at the Finance & General Purposes Committee, and this was expected to be presented for Board approval at the November 2024 meeting.

- The number of audit days per year, and whether this was sufficient. SP provided assurance that this was considered upon appointment and that 40 days per year (including follow up work) was reasonable coverage and average for colleges in England. SP reassured the Committee that if internal audit reports were graded with weak assurance or if there were any material changes, the number of audit days would be reconsidered.

JC noted that several conversations had taken place internally regarding the proposed plan for 2024/2025 and there had been various iterations considered depending on areas of risk and priority, ahead of proposing a final version.

The Chair provided assurance of the previous years' planning and the process undertaken as part of the original tender exercise when WBG were appointed.

Although indicative at this stage, the Committee **queried** the proposed internal audit scopes, and how they are aligned to the risks included within the Strategic Risk Register. It was confirmed that the internal audit plan was based on a review of the Strategic Risk Register and noted that internal audit scopes would be refined during planning meetings and this feedback would be taken forward.

Action: JC to ensure internal audit scoping continues to link to the college strategic risk register.

As an aside, the Committee **requested** an update relating to data requests under UK GDPR. It was noted that NT had taken over as the lead for GDPR this academic year and a number of subject access requests had been received. A report relating to data protection would be included within the Annual Information Governance report to be presented at the November 2024 meeting. The College had recently bought into an external Data Protection Officer resource and supporting system to help improve internal reporting.

The Committee **recommended** the Internal Audit Plan 2024/2025 for Board approval, subject to refinement of scopes closer aligning to the risks referenced within the Strategic Risk Register.

Action: NT to take the Internal Audit Plan 2024/2025 for Board approval at the July 2024 meeting.

In terms of future planning, the Committee **suggested** the areas of GDPR, Safeguarding, Cyber and Sustainability be considered for the 2025/2026 internal audit plan.

Action: JC to build an indicative plan for 2025/2026 and consider including GDPR, Safeguarding, Cyber and Sustainability.

The report was noted.

A/888 8. External Audit Plan 2024/2025

Taken after Item 9.

DH presented the proposed External Audit Plan 2024/2025 and highlighted the following:

- There had been no material changes from the prior year.
- No new significant risks had been identified.
- The timetable of work had been agreed with JC.
- There had been an inflationary increase of the fee.

DH noted that Mazars had changed their name to Forvis Mazars LLP along with a rebrand however provided reassurance that there were no changes to the audit team members or the systems and processes.

In relation to the ongoing situation with the Gateshead International Stadium, DH declared an interest that Forvis Mazars were also Gateshead Council's auditors however provided assurance that this work was carried out by a separate team. The Committee **noted** this conflict.

The Committee **recommended** the External Audit Plan 2024/2025 for Board approval.

Action: NT to take the External Audit Plan 2024/2025 for Board approval at the July 2024 meeting.

DH left the meeting.

Item 4 taken at this point.

A/887 9. Business Continuity

Taken after Item 3

VC presented the report, providing an update on the work undertaken to review and update the College's approach to business continuity planning and recovery. The draft business continuity plan was shared for information which had been approved by the Executive Team.

The College were currently within Phase 4 of the project; two actions had been completed and two were on track to be completed by the end of the academic year.

It was agreed at the last meeting that as part of the audit follow up work, the training delivered, and documentation would be reviewed to ensure effectiveness.

The Committee discussed and queried the following:

- Any delays within the project – it was noted that there had been a slight delay due to a difference of security activation panels across the different College sites however this was minor with little impact.
- The scope of the follow up working, **suggesting** that this should include testing of the plan to provide assurance to the Committee. It was agreed that on this basis, the follow up work should take place after February 2025.

Action: JC / SP to arrange appropriate follow up work for this area to include testing.

- The timeline of testing to February 2025 – it was noted that the Collee had planned to undertake 3 tabletop exercises ahead of a full simulation and therefore February 2025 was a realistic timeline to allow these to take place.

The Committee **noted** the approach and supported the rationale for it.

The Committee **noted their thanks** to the Health and Safety Manager and team for the level of work undertaken to progress this area.

The report was noted.

VC left the meeting.

Item 8 taken at this point.

A/893 10. Post 16 Audit Code of Practice (ACOP), Regularity Self-Assessment Questionnaire, College Accounts Direction for 2023/2024 and Colleges' Financial Handbook

NT presented the report setting out the updated guidance relating to the Post 16 Audit Code of Practice (ACOP), Regularity Self-Assessment Questionnaire, College Accounts Direction for 2023/2024 and Colleges' Financial Handbook.

The report was noted.

A/894 11. Strategic Risk Register

JC presented the report and highlighted that only minor changes had been made since the version submitted to the Board meeting in April 2024:

- The residual risk scores for two risks, within the remit of the Finance & General Purposes Committee had been reduced.
- Two additional areas had been added to the horizon scanning.

JC noted that work would be undertaken over the summer period with the Executive Team to reset the risk register for the start of 2024/2025, noting that the residual score of some risks may increase due to the uncertainty of a new academic year with learner numbers requiring to be confirmed. The updated risk register would be presented at the November 2024 meeting, along with the Risk Management policy.

DA noted that discussion had taken place regarding greater clarity of risks to be treated, and inclusion of what further mitigation could take place.

Action: JC to create separation between mitigation undertaken and mitigation to take place.

JC provided assurance of the value of the college Operational Risk Management groups, noting that this helped embed risk management across the organisation, and that he continued to be enthused and encouraged by the level of discussion and engagement around operational level risks and horizon scanning.

The Committee discussed and queried the following:

- If any risks were likely to be de-escalated from the risk register – it was suggested that this was unlikely, with the recorded risks remaining as key strategic risks for the College.
- Benchmarking risk appetite against other colleges – it was agreed that the risk appetite would be considered as part of the annual Risk Management Report and Policy.

Action: JC to consider exploring risk appetite benchmarking with other colleges.

- How the Audit Committee gained assurance from committees with oversight of the different areas of horizon scanning – a summary of committee discussion would be included within the risk reporting to the Audit Committee going forward and this would include any discussion.

Action: JC to include a summary of committee risk discussion (including horizon scanning) in future risk reports to the Audit Committee.

- The process of escalation of horizon scanning to the risk register – it was noted that the risk register, and horizon scanning were continually monitored, and a judgement is made by the Executive Team when it was felt necessary to escalate an item from the horizon scanning to the risk register.

DA noted that the horizon scanning area of political uncertainty had changed with a general election being confirmed as 4 July 2024 and therefore there would be potential uncertainty following this.

Action: JC to update horizon scanning relating to political uncertainty.

The report was noted.

A/895 12. Committee Terms of Reference and Meeting Dates 2024/2025

NT presented the proposed Committee Terms of Reference and meeting dates for 2024/2025 for recommendation for Board approval. NT noted that there had been no changes proposed to the Terms of Reference following the re-write for 2023/2024, and that meeting dates and deadlines had been shared with both sets of auditors for their planning.

The Committee **recommended** the Terms of Reference and meeting dates for 2024/2025.

Action: NT to process Terms of Reference and meeting dates for 2024/2025 for Board approval at the 3 July 2024 meeting.

A/896 13. Any Other Business

SP left the meeting.

Internal and External Audit Tenders

JC noted that both the contracts for the internal and external auditors were due to end after 2024/2025 and therefore a tender exercise would take place during 2024/2025. It was suggested that the process would take place in January / February 2025, with the process concluding with Board approval at the April 2025 meeting. A process plan would be provided at the November 2024 meeting.

The Committee **queried** whether the ONS decision to reclassify colleges into central government had an impact on this procurement exercise but it was confirmed this was not the case.

Action: JC to provide process plan for internal and external audit tenders at the November 2024 meeting.

Meeting Evaluation

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

- There was encouraging dialogue relating to the Strategic Risk Register.
- The work around horizon scanning had been powerful with input from all staff.
- There had been a good level of discussion and challenge.
- The Committee had received strong assurance from the Internal Auditors.
- Papers and audit reports were of good quality.
- There was obvious connectivity between the audit reviews, risk register, horizon scanning and continued improvements within risk.

A/896 14. Date of the next meeting

The date of the next meeting was noted as 12 November 2024.