

# Minutes

## AUDIT MEETING

Date:	20 <sup>th</sup> February 2023	Time:	4PM
Chairperson:	Martin Hamer	Location:	UCN Room 284

Present	Name	Role
<b>Membership</b>	Martin Hamer (MH)	External Member - Chair
	Tim Major (TM)	External Member
	Tom Rossiter (TR)	External Member
	Stuart Compton (SC)	External Member
<b>Apologies</b>	Javaid Iqbal (JI)	External Member
	Lee Hunt (LH)	Vice Principal
<b>In Attendance</b>	Cathy Wright (CW)	Director of HR & Support Services
	Don Everitt (DE)	Interim Finance Director
	Jo Houghton (JH)	Director of Business & Partnerships
	Iain Wolloff (IW)	Principal & Chief Executive
<b>Quorum</b>	Three members required	Meeting quorate, five members present

### AGENDA ITEMS

Item No.		Reports
1.	<b>APOLOGIES FOR ABSENCE</b> Apologies for absence were received from JI and LH.	Verbal
2.	<b>DECLARATION OF INTERESTS</b> No declarations of interests were made.	Verbal
3.	<b>MINUTES OF THE PREVIOUS MEETING</b> To approve: 3.1 Minutes of the meeting held on 28th November 2022 <b>The Committee accepted the minutes as an accurate record.</b>  3.2 Minutes of the meeting held on 8th December 2022 <b>The Committee accepted the minutes as an accurate record.</b>	Paper p.2          Paper p.7
4.	<b>MATTERS ARISING FROM THE MINUTES</b> IW noted no specific actions were outstanding. MH asked if there were any updates on the timeline for the Mayfield Point planning application. IW responded that the	Verbal

	<p>appeal is scheduled for early May. The College has been asked to contribute a statement to the appeal; other representations have been substantially positive. MH asked if the appeal has speeded up the planning process. IW affirmed this was correct, noting the appointment of a dedicated planning officer.</p> <p>MH asked for an update on the appointment of a replacement Finance Director (FD). IW noted an interim FD has been appointed; 2 candidates for the permanent role have been interviewed but neither were appointed. IW noted the Finance and Resources position had previously been partitioned into resources managed by JH and CW and finance. IW noted that, as the salary offer for the College FD would be comparatively low for the sector, it would attract less experienced finance managers looking to gain a financial director position. IW noted that either a relatively inexperienced full time appointment, or an experienced part time appointment to take on a strategic finance role, would be sought; the latter being the preferred option. TM asked if experience in colleges is essential. IW responded this would be beneficial as college finances require a set of specific skills, but was not a requisite. TM asked what the part time hours would be. IW responded 3 days per week. TR asked about the College finance team. IW responded a new FM has been appointed from March, which should enable the FD to focus on strategic finance. TM cautioned that 3 days per week might feel more like full time rather than part time work. IW responded that this is a model that is in operation in the commercial world. MH asked if the difficulty of recruiting and retaining financial officers should be considered a risk and highlighted to the FGB. IW affirmed it is a risk. SC asked if an exit interview was conducted with DA. IW affirmed there was and a key issue raised was the learning curve associated with College specific finances. MH asked if the delay in appointing an FD would impact the cash flow internal audit. IW responded that the interim FD could complete this action.</p>	
<p><b>5.</b></p>	<p><b>TERMS OF REFERENCE</b></p> <p>IW asked the Committee to review the updated Terms of Reference. SC asked if the review date will change. IW responded the review date will be changed to 2 years after the date on which it is approved. MH noted the final sentence of item 6 ‘the audit committee must not adopt an executive role’ was unnecessary.</p> <p>MH asked if the Committee approved the TORs.  <b>The Committee unanimously approved the TORs.</b></p>	<p>Paper p.11</p>
<p><b>6.</b></p>	<p><b>OUTSTANDING RECOMMENDATIONS (INTERNAL AND EXTERNAL AUDIT) (SI)</b></p> <p>IW updated the Committee on progress with outstanding recommendations. IW noted that minimal action is required; the cash flow internal audit will be implemented within the outlined timeframe. Budget management and invoicing is progressing but may not be implemented on the 1<sup>st</sup> of April; data migration from the previous financial system to the current system has been delayed by technical issues. MH asked if there is a date for full switch to the new financial system. DE responded that it would likely be the 1st of August. MH asked if there will be a full switch to the new system at this date or if both financial systems will run in parallel. DE noted the systems will not be run in parallel. SC asked if this was the system for which funding was approved over summer. IW affirmed it was but noted delays mean the old system will continue to run for a longer period than was anticipated. TM asked if the new provider would assist with data migration. DE responded they will, but additional assistance is sought.</p> <p>IW noted that the risk management policy has been updated.</p>	<p>Paper p.16</p>

<p><b>6.</b></p>	<p><b>RISK MANAGEMENT POLICY</b></p> <p>IW asked the Committee to approve the updated Risk Management Policy. The Risk Management Policy has been reviewed and updated. Specific changes include:</p> <ul style="list-style-type: none"> <li>• Additional detail on the responsibilities of risk owners suggested by the auditors.</li> <li>• Clarification of the role of the Audit Committee and how they monitor changes in risk; specifically showing this process in the policy.</li> <li>• Addition of a section on College Risk Appetite. IW noted Colleges are normally cautious or open in relation to appetite for risk. MH noted the incorporation of the college in the public sector would likely see a more cautious approach to risk management.</li> </ul> <p>MH asked if the assignment of risk to individuals would place responsibility for a risk on the assigned individuals. IW responded that the assigned individuals mostly managed the assignment of risk for other employees. SC asked where the decision is made for grading risks. IW responded that the policy is broad in relation to risk appetite but notes that the Board and SLT should define the levels of risk the College wants to undertake on any given project. SC noted that risk appetite provides a discussion matrix. MH noted that the Risk Management Policy documented the evaluation of risks.</p> <p><b>The Risk Management Policy was unanimously approved by the Board.</b></p>	<p>Paper p.19</p>
<p><b>7.</b></p>	<p><b>RISK MANAGEMENT &amp; RISK REGISTER (SI)</b></p> <p>IW asked the Committee to receive and review the latest update to the Risk Register. The College maintains a risk register that is subject to regular review. Risks identified are scored on both their potential impact and probability, to give an overall score and to enable a ranking of risks. The Register has been further reviewed in January 2023 and various actions have been taken, and others which have been updated. The highest ranked residual risks remain safeguarding and those risks related to income and cashflow.</p> <p>MH asked for an update on lobbying ESFA for FE colleges to retain capital receipts. IW responded that no answer has been received partly because other colleges have taken priority; the FE commissioner and ESFA officials have both indicated retention of capital receipts should be permissible. MH noted this risk should be monitored. MH asked if there was a date for colleges to be taken back into the public sector. IW noted this has already been done and that the decision has been backdated to 1993, so technically the PFI started when the college was part of the public sector.</p>	<p>Paper p.30</p>
<p><b>9.</b></p>	<p><b>HEALTH &amp; SAFETY REPORT</b></p> <p>CW asked the Committee to receive an update on College H&amp;S matters. CW reported that an insurers' visit had been successfully conducted. MH asked if the insurance visit was charged or part of the premium. IW affirmed it was part of the premium and noted that UMAL - a university insurer - had been highly beneficial for the College, for example covering pandemic losses.</p> <p>CW noted training is up-to-date. The College has been working with facilities on developments.</p>	<p>Verbal</p>
<p><b>10.</b></p>	<p><b>SIGNIFICANT INCIDENT REPORT (SI)</b></p> <p>IW reported to the Committee that the SIR is a standing item, but that no significant incidents were recorded since the last meeting.</p>	<p>Verbal</p>

<p><b>11.</b></p>	<p><b>INTERNAL AUDIT PLAN</b></p> <p>IW asked the Audit Committee to note the plan for internal audits in 2022/23; the internal audits will be conducted by Mazars. MH asked if the audit dates were flexible. IW responded that some dates have changed, but some dates are time critical. JH noted the apprenticeship audit might be conducted with the sub-contracting audit on the new date of the 17<sup>th</sup> of April to ensure the report has time to go to the Audit Committee and then the FGB.</p> <p>IW noted two concerns related to the internal audit; audit timings are problematic, as audits are not conducted systematically throughout the year. Additionally, the internal audit contract is due to be retendered. MH asked how long Mazars have been used. IW responded that this would need to be checked, but that for best practice auditors should not be used continuously. MH asked if Mazars provide any advice outside of the internal audit. IW responded that this has not been a strong feature. TR asked which audit company would potentially be used. IW responded that no potential replacement auditors have been identified. IW noted the retendering process should start now. MH asked if he could liaise with IW on the tendering process. TR affirmed he could. SC suggested identifying the extras that would be expected from a potential auditor. TM asked if Mazars are employed by hours or by a project. IW responded charges relates to the minimum numbers of days required for a project. TM noted that additional services cost additional money.</p>	<p>Paper p.38</p>
<p><b>12.</b></p>	<p><b>AOB</b> None</p>	<p>Verbal</p>