

Minutes of a virtual meeting held on Monday 7 March 2022 at 12.15

**Present**

Adam Mumford (Chair)  
Ali Kennedy

**In attendance**

Jacqui Canton (Principal)  
Laura Grainger (Clerk)  
Olivier Cognard (Vice Principal)  
Stuart Hay (Head of Finance)  
Mark Lay (Finance Director)  
Yasmeen Mehmood (TIAA Client Manager)

**Apologies**

Nicholas Pages

Governor questions are represented with bullet points, and management responses are in italics.

**1 – Opening comments**

Apologies were received from Nicolas Pages. The chair welcomed Laura Grainger to the meeting. No new declarations of interest were raised and no matters to be added under AOB.

**2 – Minutes of previous meetings**

Members approved the public minutes of the previous meeting held on 24 November 2021 as accurate and appropriate for signature.

**3 – Matters arising, written resolutions and action points**

All action points were completed and the committee noted the paper.

**4 – External Audit Matters**

**4.1 – Performance review of External Auditors and future KPIs**

The Finance Director summarised the report and then took questions.

- The delivery of audit services has been remote the last few years. Is it more likely to be on site this year? Do we see any impact on the quality when it has been off site?  
*Offsite appears to work, so we may continue with this. It hasn't impacted on quality and reduced cost as there are no travel expenses. A small benefit of being on site is they could do some fixed asset verification – but we have been sending photos and this has been adequate.*
- There is a typo in the report when you refer to 19/20 audit.  
*I'll correct it.*
- You talk about extending the MHA work for the July 2022 audit to include preparation of the financial elements of the Financial Statements – are you just reviewing it at the moment?  
*There is a duplication of effort between what the Head of Finance does, and then translating for the auditors. I would ideally like the approval of this committee (for an extra £3k) to see if this is the way to go. We need to understand from them what this additional reporting process would look like and if it provides us with value for money. We will have an audit planning meeting with Macintyre and then I will feed back to the Audit Committee in June.*
- A concern with this - when they do the external audit, won't they be 'marking their own homework' – is there a conflict of interest issue here? I would want assurance from them on this.  
*We will still be providing the working documentation, but they will complete the long, time-consuming template for us.*

The committee support the recommendation to move forward with MHA Macintyre Hudson for another year and recommends to the Board for the year ending 31 July 2022.

Action	By whom	Deadline
Mark to report back to the Committee on discussions with Macintyre	Mark Lay	Next meeting

**4.2 – Macintyre Hudson 6 week audit log review**

The Vice Principal of Funding, Planning and Systems Improvement introduced the report and took questions. The Chair thanked Olivier for the report and found it useful, noting how much work goes into ensuring accuracy.

- If you understand the degree of interventions required, it is a benchmark to understand the quality of the source data. What portion of our records need manual intervention?  
*Every single enrolment is checked and many require amendments. It is part of the lifecycle of data. What we cannot do yet is know how many data interventions there are. But we might want to consider looking at this in the future.*
- Have we had any clawback on this issue before? You say it's 2.5% of the funding relating to the specific error.  
*No, we haven't. Although it has been at least 15 years since our previous audit. Those Assurance Reviews are carried out on behalf of ESFA and are based on risk levels identified through the data return every month (ILR). Every year, some organisations are also selected for Assurance Review randomly.*

The Committee noted the report.

## 5 – Internal Audit matters

### 5.1 – Internal auditors' SICA report

Yasmeen Mehmood (TIAA Client Manager) presented the progress report to the Committee. Yasmeen drew attention to Point 2 of the Summary of Internal Controls Assurance as the risk management review has been completed and dealt with by the Finance Director, where the finding was won of 'substantial assurance'. Yasmeen pointed the committee to paragraph 6 (progress in actioning priority 1 and 2 recommendations) and explained that in term 3 she will go through the recommendations and a number of these will be closed on the tracker, upon receipt of supporting evidence, for those which have been indicated as implemented by the College. At the next Audit Committee there be a refreshed update, as a result of the term 3 follow up. Yasmeen then took questions from the committee.

- For the H&S recommendation you set out that 4 have been implemented and one given a revised implementation date. Which one has been given the revised implementation date?  
*If you look at Appendix C (progress update) C, and look at Health and Safety section, the latest response shows it's work in progress with revised date being December 2022. Although this has not been completed, it is a recommendation of a system review. Risk assessments are reviewed during investigation. The Principal said she would take a full look at the H&S recommendations.*
- There is a potential typo on page 12: performance indicators. Says courses not on offer are not being recorded, should it say they are now being recorded?  
*Not actually in place yet – it should be in place by May 2022. So this isn't a typo and doesn't need correcting.*

The committee approved the report.

Action	By whom	Deadline
Jacqui to look at H&S recommendation in full	Principal	asap

### 5.2 – Progress on outstanding Internal Audit recommendations

The Finance Director introduced the report which sets out the actions not yet completed from internal audits and drew attention to two of them which he believes had been superseded:

- Devising a Value for Money KPI and report termly to SMT and CLT. The Finance Director explained that we do an annual report already, alongside a variety of other data - and wasn't not sure what additional value a termly KPI would generate. The committee agreed.
  - Purchasing 'cut books' for recording minor accidents. The Finance Director felt this would now be covered by the 'near misses'. The committee agreed.
- The discrepancy you mention between what TIAA and the college are showing on implemented recommendations - will this be worked on when Yasmeen does term 3 report?  
*Yes, TIAA cannot say it's been completed until they see the actual evidence on site. So whilst the TIAA show 35 actions not yet implemented, we believe we have implemented 26 of these (which will be signed of in Term 3).*

The committee approved the report.

## 7 – Risk management

### 7.1 – High level risk register review and action plan review

The Finance Director introduced the report and then took questions on all areas.

#### RISK REGISTER:

- Should we have a risk on increase in fuel prices?  
*From a college energy point of view we are tied in for 2 years at a fixed cost until Sept 2024, so there is no immediate risk.*
- Do you think your energy supplier can stay viable on that fixed term contract until 2024? Might they go bust if they have sold a lot of these?  
*Yes, that's a valid risk. But the ones we deal with are covered under a government arrangement so I think we could negotiate our prices with a new provider.*
- Given the current situation in Ukraine, are there any other items in the supply chain (other than fuel) which may cause us issues in terms of pricing? Have you done an end to end review of the supply chain?  
*It is worth us considering it as, for example, the cost of construction materials has increased. Most of our suppliers are service based, but energy is the big risk for us in the future. It was agreed that SMT would consider adding this as a risk.*
- Do we have any Russian and/or Ukrainian student or staff?  
*Yes we do. We are looking at all welfare concerns and doing all we can.*

#### RISK ASSURANCE MAP:

- There is a concern we will be blinded by paperwork. There might be some merit using a risk assurance map on the biggest risks but feel there would be too much detail. I think we should park the use of these for now.  
*Yes, this would be another document to keep up to date.*
- The risk register itself has gone through modification over the last year and I think we should concentrate on this, rather than bringing something new into the environment.  
*We put an implementation date by December – so it's not something TIAA are going to look at now, so this buys us some time. We should review after a few meetings of looking at the new Risk Register.*

The committee recommended the report to Board.

Action	By whom	Deadline
Consider adding energy risk and other supply chain issues at SMT	Mark Lay	30 June 2022

#### 8 – Good practice guide – the scope of work of audit committees

Laura Grainger introduced the report. The Committee noted it was pleasing to see that we are doing a lot of the items already.

- It suggests that with risk management we should draw on sector wide insights. Do we speak to other colleges? Should it come up, please ask.  
*We don't specifically talk to other colleges about risk registers. We have a half termly meeting of Finance Directors for the South East, which does tend to focus on funding more than anything else. We have one on Friday –and I will raise this issue then.*
- It recommends putting external audit out to tender at least every 5 years. How long have we been using ours? These are guidelines, but we should make a note that (when the market calms down) we would be wise to revisit.  
*We have been with our current provider for over ten years. We did go out to tender in 2016 but stayed with current provider. We should look at tender and benchmarking next year.*

The committee noted the report.

Action	By whom	Deadline
Discuss sharing risk management best practice with the South East Finance Directors meeting	Mark Lay	Next Finance Director meeting
Review tender process (and benchmarking) of external auditors next year.	Mark Lay	2023

#### 9 – Update on use of college seal and high value contracts

The committee noted the report.

#### 6 – Internal and External Auditor appointment

The Committee had agreed to move this item to the end of the meeting. Yasmeen Mehmood left the meeting at 13.13.

The Committee noted the report and agreed that they would like to recommend another year's contract. Whilst this isn't a specific item on the Board agenda, the Chair agreed to cover as part of his update.

Action	By whom	Deadline
Recommend another year appointment (as part of Audit Committee Chair update)	Chair	Board meeting

**10 – Any other Business**

The committee discussed co-opted committee members and how to arrange this for the Audit Committee. Whilst applications to become a co-opted member may have to follow a formal application process (Laura to confirm), members (and staff) were encouraged to informally talk to prospective applicants.

Action	By whom	Deadline
Confirm application process for co-opted committee members	Clerk	By next meeting
Have informal discussions with prospective co-opted members	All	asap

**11 – Future business and reflection**

The Committee agreed that online meetings were preferable.

**12 - Date of next meeting – 15 June 2022**

The meeting closed at 13.25

Approved for signature.....

Signature.....

Date.....