

**MINUTES OF MEETING OF
THE AUDIT COMMITTEE
HELD VIA TEAMS AT 4PM ON WEDNESDAY 1 DECEMBER 2021**

Present: Mr M Stone (Chair)
Mr A Brown
Professor J Craig
Mr A Gold

In Attendance: Mr G Dixon (Vice-Principal Finance and Resources)
Mrs J Matthews (Director of Governance)
Ms K Rae (Armstrong Watson)
Ms J Butterfield (TIAA)

		ACTION
	PRIVATE MEETING WITH AUDITORS	
M21/01	The Committee met privately with the auditors without College management present.	
	APOLOGIES FOR ABSENCE	
M21/02	There were apologies for absence from Ms Peters-Day. The Chair welcomed Professor Craig to his first meeting as a member of the Committee.	
	DECLARATIONS OF INTEREST	
M21/03	There was a declaration of interest from Mr Brown in relation to Craven District Council.	
	RISK MANAGEMENT	
	Risk Register	
M21/04	The Vice-Principal (Finance and Resources) presented the latest risk register and it was reported that four risks had been highlighted as red RAG rating. Members noted that student recruitment had been 12% below the internal target and slightly below the funding target and that there were risks in relation to AEB delivery and Institute of Technology recruitment. Concern was expressed at the cumulative effect of these issues and it was confirmed that the under-recruitment was likely to slow ambitions for future years' growth whilst the AEB presented a concern around clawback in 2022-23. It was highlighted that there should be a line of sight in relation to Year 1 students and the implications for future numbers and funding and it was agreed to discuss that further with the SMT.	
M21/05	A Governor commented that there was no evidence of a risk relating to Equine Unit over-run and the Vice-Principal (Finance and Resources) reported that the build was progressing well and may even be ready earlier than anticipated. It was, however, agreed to include it as a project risk.	VP F&R
M21/06	A Governor questioned the issues behind the low student numbers and whether it was due to forecasting or lower recruitment. The Vice-Principal (Finance and Resources) reported that recruitment had been buoyant in September 2020 and work was ongoing to determine whether it was a trend or due to forecasting issues. Inconsistency between the paper and the appendices was highlighted in relation to the risk around underperformance and the Vice-Principal (Finance and Resources) agreed to clarify that with the Vice-Principal (Curriculum and Quality).	VP F&R
M21/07	In response to a question about whether there were issues with staff recruitment, the Vice-Principal (Finance and Resources) reported that recruitment at the lower end of the pay scales was challenging, although it was less of an issue at tutor level. It was noted that a proposal was to be submitted to the next Board meeting in relation to harmonisation of the pay scales in an attempt to help address this.	

	Risk Management Policy	
M21/08	The updated Risk Management Policy had been circulated, with the comments raised at the last Board meeting incorporated. Risks had been aligned to the individual committees and the actions identified in the recent internal audit had also been incorporated. It was requested that the Policy clarify that the Board was responsible for risk management within the risk framework.	VP F&R
M21/09	A question was asked about whether the risk appetite changes were now all in operation and it was confirmed that they were factored into the Risk Management Committee's work. The Chair suggested that the residual risk rating be discussed further outside the meeting.	Chair/VP F&R
M21/10	A Governor challenged the statement within the risk appetite statement that expressed the College's commitment to maintaining all aspects of its operations, and expressed concern that it reflected a status quo rather than an ongoing review of all the College's operations. It was also suggested that the wording in the section on reputation be amended as it might be misinterpreted to suggest a lack of ambition to achieve Ofsted Outstanding.	VP F&R
M21/11	Subject to the amendments discussed, the Committee recommended the Risk Management Policy to the Board for approval.	
	REPORT ON MATTERS FROM THE BOARD	
M21/12	It was reported that the FE Commissioner diagnostic assessment follow up visit took place in October and the College's approach had been endorsed. In light of the fact that one or two recommendations remained ongoing, there would be no further visits but a follow up call would take place with the Vice-Principal (Finance and Resources) in February 2022. It was anticipated that the current early intervention status would be removed once the High Street building was sold.	
M12/13	In relation to the High Street sale, it was reported that the buyers had agreed an exchange of space with North Yorkshire County Council and a planning application was due to be submitted. It was likely that completion would be delayed until the early Spring although a 10% deposit was payable on exchange.	
M12/14	The shortfall in income was highlighted although it was noted that the under recruitment in 16-18 study programmes would not create a risk until the following year, due to the lagged funding. In response to a question about whether the funding shortfalls created a risk to going concern, it was confirmed that it did not.	
M12/15	A question was asked about how digitisation was impacting the College and whether there was a transition in the delivery model. The Vice-Principal (Finance and Resources) reported that the ESFA required the College to deliver face to face teaching but staff had embraced online teaching opportunities. It was noted that there was a roll-out of new devices to all staff and a question was asked about whether that provided protection against other risks such as GDPR. It was confirmed that the new devices added an additional layer of security as well as removing the option to use external hard drives. It was requested that the risk register be updated for the next meeting to reflect this transition.	VP F&R
	MINUTES OF 24 JUNE 2021	
M21/16	The minutes of the meeting held on 24 June 2021 were approved.	
	MATTERS ARISING ON THE MINUTES OF 24 JUNE 2021	
M21/17	The Committee noted the action tracker circulated.	

M21/18	<p><i>M20/46 – collaboration with other colleges</i></p> <p>It was reported that no progress had been made in relation to further collaboration and shared services due to other priorities. It was agreed to move the target date for this to a later date.</p>	DG/VP F&R
M21/19	<p><i>M20/79 – budgetary control review</i></p> <p>It was noted that the budgetary control audit would take place in January 2022 and a report would be submitted to the next meeting.</p>	
M21/20	<p><i>M20/84 – relationships between staff</i></p> <p>It was confirmed that HR were now ensuring that any relationships between staff were reported to HR. It was suggested that it be added to the staff handbook that staff had an obligation to notify the College if they entered into a relationship, thereby putting the responsibility onto staff to highlight the issue.</p>	VP F&R
	<p>INTERNAL AUDIT REPORTS</p> <p>Business Continuity report</p>	
M21/21	<p>Members had received the Business Continuity audit report which was presented by Ms Butterfield and it was noted that there were two important and five routine recommendations. A question was asked about whether any testing had been carried out and the Vice-Principal (Finance and Resources) confirmed that testing had been conducted. Members noted that an IT business continuity test had been carried out recently and the report would be submitted to the Committee as well as to the Finance, Resources and Investment Committee. A further question was asked about whether the College had sufficient resource to complete the actions by the dates proposed and it was confirmed that it did although it had to be balanced with other priorities.</p>	VP F&R
M21/22	<p>It was agreed that it was necessary to look realistically at plausible scenarios and that if every possible scenario was identified, the list may be unmanageable, with some still not considered. It was reiterated that IT was key for the business and a vulnerable area, and was therefore a priority and it was suggested that efforts be made to see what lessons might be learnt from colleges previously affected. It was noted that both cyber-security and GDPR reviews were scheduled for the current academic year and Ms Butterfield agreed to share any good practice as part of those. Ms Rae reported that the cyber team at Armstrong Watson was working to support clients and offered an initial free discussion about any support that might be provided.</p>	
	<p>Sub-contracting report</p>	
M21/23	<p>The Committee had received the Sub-contracting audit report and it was noted that there was one important recommendation although the College would not be continuing to sub-contract in the future. A question was asked about which control had failed in reporting the wrong data and the Vice-Principal (Finance and Resources) reported that he would clarify that for the Committee.</p>	VP F&R
	<p>Follow-up report</p>	
M21/24	<p>Ms Butterfield presented the follow-up report and the Committee noted the contents.</p>	
	<p>Annual report 2020-21</p>	
M21/25	<p>The Committee received the Annual Report 2020-21 and noted the contents.</p>	
	<p>Risk management report</p>	
M21/26	<p>Members had received the Risk Management report which had received substantial assurance and noted the contents.</p>	

	UPDATE ON AUDIT RECOMMENDATIONS	
M21/27	Members had received an update on progress on audit recommendations and it was noted that there had been one recommendation not implemented at the time of the follow up review which had now been completed.	
	EXTERNAL AUDIT REVIEW OF PERFORMANCE	
M21/28	A paper had been circulated summarising the performance of external audit and the Committee noted that the audit had gone well again, although completed slightly later than the previous year.	
	AUDIT COMMITTEE REVIEW OF EFFECTIVENESS	
M21/29	The results of the Audit Committee review of effectiveness had been circulated and it was agreed that the scores returned were a credit to the Chair and the Committee. It was agreed that internal and external auditors as well as the Vice-Principal (Finance and Resources) should be invited to respond when the next review was conducted to provide an external viewpoint. In response to a question, auditors confirmed that there was a strong focus on risk and the Committee provided good challenge. It was agreed that it would be helpful to de-couple the autumn meeting from the Joint meeting of the Audit and Finance, Resources and Investment Committee in future. The Director of Governance also agreed to circulate details of the training available through the ETF Governance Development Programme to members, who were encouraged to complete the Audit Committee modules.	DG DG DG
	DRAFT AUDIT COMMITTEE REPORT TO THE BOARD 2020-21	
M21/30	The draft Audit Committee Report to the Board 2020-21 had been circulated and the Committee approved the draft opinion within that. Subject to inclusion of the summary of the Committee's review of effectiveness, the Committee recommended the report to the Board.	
	POLICY REVIEWS	
	Freedom of Information	
M21/31	The updated Freedom of Information policy had been circulated and was approved as circulated.	
	REVIEW OF MEETING	
M21/32	The Committee reviewed the effectiveness of the meeting and no areas for improvement were identified. It was agreed that papers were consistently of a high standard and circulated in a timely way	
	Date of next meeting	
M21/33	Members noted that the next meeting of the Committee was scheduled for 5.30pm on Wednesday 23 March 2022.	
	The meeting closed at 5.30pm.	