

**MINUTES OF MEETING OF
THE AUDIT COMMITTEE
HELD VIA TEAMS AT 5.30PM ON THURSDAY 15 JUNE 2023**

Present: Mr R Scott (Chair)
Chris Morgan

In Attendance: Ms A Lall (Interim Principal & Chief Executive)
Mr G Dixon (Vice Principal Finance and Resources)
Dr A Birkinshaw (Chair of the Governing Board)
Mrs J Tracy (Interim Director of Governance)
Ms Karen Rae (Director of Education - Armstrong Watson)
Ms J Butterfield (Director – Risk & Assurance - TIAA)

		ACTION
	INTRODUCTIONS	
M22/84	Chris Morgan was attending his first meeting as a member of Audit Committee and was welcomed to the meeting.	
	Item 2: APOLOGIES FOR ABSENCE	
M22/85	There were apologies for absence from Professor John Craig and Sam Hutt (Armstrong Watson).	
M22/86	Chris Morgan informed the Committee that he would need to leave at around 6pm. The Director of Governance informed those present that this would mean that the Committee would not be quorate after this time.	
M22/87	It was agreed that the items which required Committee approval would be taken first and that, after Mr Morgan's departure, the meeting would be held 'for information', with the items being brought back to the next meeting of the Committee.	
M22/88	The minutes and notes of the meeting would be recorded in the order in which the items were considered.	
	Item 3: DECLARATIONS OF INTEREST	
M22/89	There were no declarations of interest.	
	MINUTES	
	Item 4a: MINUTES OF THE MEETING HELD ON 20 APRIL 2023:	
M22/90	The minutes of the meeting held 20 April 2023 were approved as a true and correct record.	
	Item 4b: MATTERS ARISING FROM THE MINUTES OF 20 APRIL 2023	
M22/91	The Vice Principal – Finance and Resources commented on the matters arising as detailed in the action tracker. It was noted that an update report on the internal audits, as per M22/48, had not been prepared as the papers for the meeting included the annual report. A progress report would be prepared for the next Audit Committee meeting.	TIAA/VP F&R
	Item 6f: INTERNAL AUDIT STRATEGY 2023-24	

M22/92	Members had received a draft of the Internal Audit strategy for 2023-24. The Internal Auditors were asked for and provided an explanation on the areas of work to be covered in the plan. It was also confirmed that the ONS reclassification of colleges had been taken into account, it being noted that a handbook was expected to be published shortly which would give more guidance as to what areas should be looked at. The Internal Audit plan would be reviewed once the handbook had been received. Karen Rae also noted, going forward, the financial statements and covenants could be affected.	
M22/93	In answer to questions from members of the Committee, it was confirmed that the Board could take assurance in relation to cyber-attacks and that the listed audits were in general order, with Appendix B providing the detail on when the audits would take place.	
M22/94	The Committee Chair noted the change to the HR system and the critical importance to the College of learner numbers. The Committee was reminded of the detailed risk review which would take place over the summer.	
M22/95	Noting the comments made during the meeting, the Internal Audit Strategy for 2022-23 was recommended to the Board for approval. However, the Committee expected that the Strategy would be revisited once the risk review had been completed.	TIAA/VP F&R
	Item 12a: WHISTLEBLOWING POLICY	
M22/96	The Committee considered the proposed amendments to the Policy and subject to the correction of a typo, agreed to recommend the Whistleblowing Policy to the Board for approval.	
	Item 12b: POLICY ON NON-AUDIT SERVICES	
M22/97	After consideration, the Committee approved the Policy on Non-Audit Services as per the paper. The Committee Chair's preference that policies should be short and succinct was noted.	
	Item 12c: ANTI-FRAUD AND ANTI-BRIBERY POLICY AND PROCEDURE	
M22/98	The Committee Chair requested that the Policy be made clearer regarding the acceptance of gifts, it being suggested that examples be included.	VP F&R
M22/99	The Committee agreed to recommend the Anti-Fraud and Anti-Bribery Policy and Procedure to the Board for approval, noting the amendments in relation to the acceptance of gifts.	
	Item 16: CONFIDENTIAL: PART 2: MINUTES	
M22/100	The Committee approved the confidential Part 2 minutes of the meeting held on 20 April 2023.	
	Item 8: EXTERNAL AUDIT	
	Item 8a: External Audit Strategy 2022-23	
M22/101	Karen Rae presented the report which outlined the scope of the audit work to be carried out, the approach that Armstrong Watson intended to take, the timetable for the audit and the fees to be charged for this service.	
M22/102	The Committee noted that changes to the funding rules could impact on the funding received by the College. Armstrong Watson noted that the College closely monitored the percentage delivery against funding target and that this also formed part of the testing which would be undertaken to identify a risk for potential clawback. A discussion on materiality took place, it being noted that this would be discussed with College management and then in full with the Audit Committee.	

M22/103	The Committee agreed to recommend the External Audit Strategy 2022-23, including the fees, to the Board for approval.	
M22/104	It was agreed that the representatives of the audit firms would leave the meeting for the next item.	
	Item 18: CONFIDENTIAL:	
M22/105 to M22/108 M22/109	Chris Morgan left the meeting (18:16pm) Members of Armstrong Watson and TIAA returned to the meeting.	
	Item 5: RISK MANAGEMENT	
	Item 5a: RISK REGISTER AND ACTION PLAN	
M22/110	The paper provided the Committee with information on the current position and it was again noted that a full risk review would be undertaken over the summer.	
M22/111	In answer to a question from the Committee Chair, the Vice Principal - Finance and Resources informed the Committee that items would be removed from the risk action plan when the College was able to evidence 3-6 months of managing the risk.	
M22/112	The College was asked to review the Action Plan in order that the Committee was more easily able to identify the key items on which the Committee needed to focus.	VP F&R
	Item 6a: INTERNAL AUDIT REPORTS	
	Item 6a i: ASSURANCE REVIEW – MITIGATING CONTROLS	
M22/113	Jane Butterfield presented the report which included the key findings and management action plan and management comments to these, the overall assessment being 'Reasonable assurance'. Four recommendations were made, of which 1 was 'important', and 3 were 'routine'. The Committee noted the key strategic findings and the area of good practice identified.	
M22/114	In answer to a comment from the Committee Chair, Jane Butterfield confirmed that a review of the risk process – how effective they were and how they gave assurance – had been covered in the previous year. The internal audit had looked at the risk and mitigating controls.	
	Item 6b: ICT REVIEW OF CYBER SECURITY	
M22/115	The report provided the College with 'substantial assurance' and no recommendations had been made, it being noted by TIAA that this was very unusual. In addition to the key strategic findings, the report included areas of good practice which had been identified.	
M22/116	A member of the Committee commented on the large number of inactive accounts. The Vice Principal – Finance and Resources explained that a number were legacy issues relating to distance learning students but that he would report back to the Committee on the specific reasons.	VP F&R
M22/117	TIAA would look into whether the audit took account of artificial intelligence (AI) and its potential impact. The need to factor AI into the College's considerations for the future was noted. The Vice Principal – Finance and Resources also confirmed that a penetration exercise was undertaken.	TIAA

	Item 6c: ASSURANCE REVIEW OF HEALTH AND SAFETY
M22/118	The overall assessment was of 'substantial assurance': a number of key strategic findings were included in the report, and one area of good practice was identified. One 'routine' action point was recorded and the management comments against this were noted.
M22/119	A discussion took place on the staff training - the detail, mandatory training, induction training and staff compliance. TIAA confirmed that it had taken into account the papers which were presented to Finance, Resources and Investment Committee (page 6) and that no issues had been identified.
	Item 6d: FOLLOW UP REVIEW
M22/120	Ms Butterfield presented the Follow Up Review on the management actions arising from the internal audit reviews. In answer to a question from the Committee Chair, Ms Butterfield confirmed that she had discussed those actions which had not been implemented and was happy with the reasons for not doing so.
	Item 6e: INTERNAL AUDIT ANNUAL REPORT
M22/121	The Committee received the Internal Audit Annual Report. It was noted that there had been an improvement in the assurance assessments on the previous year. The Head of Internal Audits' annual option was that 'TIAA was satisfied that, for the areas reviewed during the year, Craven College had reasonable and effective risk management, control and governance processes in place'.
	Item 7: UPDATE ON AUDIT RECOMMENDATIONS
M22/122	The Committee noted the update on the recommendations for both external and internal audit which included the actions which had been taken or which were in progress.
M22/123	The Chair commented on the need for timeliness in implementing the actions.
	Item 9: IT BACK-UP AND DISASTER RECOVERY TEST UPDATE
M22/124	As requested by the Audit Committee, the Vice Principal – Finance and Resources had prepared the update paper, the content of which was noted by the Committee.
	Item 10: ESFA – CRAVEN COLLEGE FINANCIAL STATEMENTS 2021-2022 AND CRAVEN COLLEGE RESPONSE
M22/125	The Committee noted the content of the letter from the ESFA and the College's response to the two issues raised.
	Item 11: ONS – MANAGING PUBLIC MONEY (MPM) RETURN – 29 NOV 2022 TO 31 MAR 2023
M22/126	The Committee noted the MPM return which had been submitted on 26 April 2023. The Committee was informed that the Financial Regulations were being updated to take account of the new requirements and that these would be considered by Finance, Resources and Investment Committee on 28 June 2023.
	Item 13: POST16 AUDIT CODE OF PRACTICE AND REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE
M22/127	Audit Committee noted the changes to the Post-16 Audit Code of Practice and the review of the Committee's Terms of Reference which had been undertaken by the Interim Director of Governance.
M22/128	Whilst no changes were proposed in relation to the updated Code, the Committee noted that the Board would be asked to approve an amendment to its Terms of Reference to include mention of the policy/strategy list and delegation of approval as contained in the Scheme of Delegation.

M22/129	Item 14: REVIEW OF COMMITTEE EFFECTIVENESS The Interim Director of Governance informed the Committee that in view of the recent changes to the Committee's membership, the self-evaluation review had not been undertaken. It was agreed that the review of meetings item would be used to provide feedback as appropriate and that the self-evaluation survey would be undertaken at the end of the next academic year.
M22/130	Item 1: PRIVATE MEETING WITH THE AUDITORS It was noted that Item 1: Private Meeting with the Auditors would be deferred to the next meeting.
M22/131	Item 15: REVIEW OF MEETING The Committee reviewed the effectiveness of the meeting; no comments were made.
M22/132	Item 17: CONFIDENTIAL ITEM: PART 3:
M22/133	
M22/134	Item 19: DATE OF NEXT MEETING Members noted that the next meeting of the Audit Committee was scheduled for 5.30pm on Thursday 16 November 2023, via Microsoft Teams.
M22/135	The meeting closed at 19.02pm.