

**PUBLIC MINUTES OF THE AUDIT COMMITTEE
24 NOVEMBER 2022**

Present:

Ms K Blackbird (External Board Member)
Mr A Dover (External Board Member) (Chair)
Ms E Narey (External Board Member) – to item 70/22
Ms H Ridler (External Board Member)

Present (Board Members up to and including item 61):

Mr Will Abbott (External Board Member)
Mr Matthew Burgess (Principal)
Ms Mary James (External Board Member)
Dr Heather Moyes (External Board Member) via Teams

Apologies (Board Members item 60):

Mr Peter Carr (External Board Member)
Mr Drew Humphreys (Staff Governor)
Mr Scott Harvey (External Board Member)

In Attendance:

Mr M Burgess - Principal
Mr A Bates - Chief Financial Officer
Mr J Billingham - Director of IT and Estates – up to and including item 58/22
Mr S Harvey - External Board Member - via Teams up to and including item 59/22
Ms L Tweedie - RSM
Mr S Lawrence - Hazlewoods – up to and including item 60
Ms A Child - Hazlewoods – up to and including item 60
Ms J Cosson - Governance Professional/Clerk to Board

Apologies:

Mr K Agnew - IT Systems and Security Manager

Attendance: 100% Audit Committee; 72.7% Board Meeting (item 60)

51/22 Opportunity for Private Business (including with Auditors)

Members were given the opportunity to meet with the Auditors in the absence of the Executive. Members and Auditors confirmed that there were no matters of concern that they wished to raise in the absence of the Executive.

52/22 Apologies

Apologies were received as above.

53/22 Declarations of Interest

None, other than those standing declarations currently recorded on the Register of Interests.

54/22 Confidentiality of Items

As marked, due to their commercially sensitive nature, for a period of two years.

55/22 Minutes of the meeting of 5 October 2022

The minutes of the meeting were approved and signed as a true record by the Chair.

56/22 Matters Arising from the Minutes and Actions Matrix (C)

Members reviewed the actions matrix and noted the status update of each item.

JC shared the responses from JB to SH's questions from the last meeting.

57/22 Health and Safety Update and Annual Report (C)

JB presented the Health and Safety Update to the end of October 2022 and the Annual Health and Safety Report.

KB confirmed that she continues to meet with James Billingham in her role as Health and Safety Link Governor. They have discussed the format of a report on mandatory checks. JB has provided a template to KB.

ACTION: JB to provide to JC when KB is content with the format.

RESOLVED: The Committee noted the report and the current assessment of the College's Health and Safety arrangements

58/22 Cyber Security Update (C)

JB presented the Cyber Security Update in KA's absence.

SH attended for this item in his role as Cyber Link Governor.

AB reminded Members that Hazlewoods will be required to report on the College's IT systems next year as part of its assurance over fraud and error.

ACTION: SL to send to KA via JC the table of 9 areas to be considered as part of the external audit.

SH continues to meet with KA in his role as Cyber Link Governor.

RESOLVED: Members noted the Cyber Security Update.

JB left the meeting.

59/22 Internal Audit Progress Report (C)

LT provided an update on progress with the Internal Audit Plan.

LT presented a briefing on topical sector matters, highlighting the ONS review of the reclassification of colleges and the requirement for external board reviews as particular issues with implications for governance. Members found the sector update provided very useful.

Hazlewoods will want to see the results of the funding compliance audit after April.

RESOLVED: Members noted the Internal Audit Progress Report

SH left the meeting.

60/22 External Audit Findings Report and Letter of Representation (C)

The Post-16 ACOP requires that the External Audit Report must be presented by the College's External Auditors to a meeting of the full Board of Governors. All Board Members had therefore been invited to this item to hear the External Auditors present their findings.

SL presented the Audit Findings Report on behalf of the College's External Auditors, Hazlewoods.

SL highlighted the purpose of the report, the audit approach and materiality. He took Members through each of the management points set out in the report.

SL thanked the GC Finance Team for their co-operation with the audit and was content to put the Financial Statements forward for recommendation by the Committee to and approval by the Board, subject to small formatting amendment required to the final version.

Members considered that it was as positive, clear report. The Committee conveyed thanks to the College Finance Team and the External Auditors for their work.

Members reviewed the Letter of Representation, which was in standard form. The Report to Trustees and Letter of Representation will be provided for notification to the full Board meeting in December.

RESOLVED: The Board noted, accepted and approved the External Audit Findings Report and Letter of Representation to be included in the papers for notification to the Board meeting on 15 December 2022.

SL and AC left the meeting.

61/22 Recommendation of Draft Financial Statements (C)

- **GC**
- **Subsidiary Companies**

AB presented the draft Financial Statements of the College and of the subsidiary companies for review by Members.

It is possible that there may be some minor changes to the drafts submitted to the Committee when they are presented for approval at the December Board meeting.

Members reviewed the Statement of Internal Control.

RESOLVED: Members were satisfied that the draft Financial Statements were in line with the Management Accounts and had been externally verified.

The Committee approved the draft Financial Statements (including the Statement of Corporate Governance and Internal Control) for recommendation to the Board at the December Board meeting, subject to any minor revisions.

WA/MJ/HM left the meeting.

62/22 Regularity Self-Assessment Questionnaire (C)

Members considered the Regularity Self-Assessment Questionnaire. This had been had been comprehensively completed by the Governance Professional/Clerk with input from the Financial Controller and other members of staff and had been reviewed by the External Auditors.

JC pointed out the changes to the Questionnaires from last year's template.

Members considered it a useful document for new Members to demonstrate compliance and provide evidence of assurance and thanked JC for her work on it.

RESOLVED: The Committee approved the RSAQ for recommendation to the Board for approval and submission to the ESFA.

63/22 Annual Accountability Report (C)

The Committee considered the Annual Accountability Report for the financial year 2021/22 in the light of the Committee's responsibility to oversee the Corporation's policies on fraud, irregularity and whistleblowing under the Post 16 ACOP.

The report covered:

- Data Protection
- Whistleblowing
- Freedom of Information
- Anti-Bribery (Conflicts of Interest and Receipt of Gifts and Hospitality)
- Anti-Fraud and Corruption / Irregularity

No issues were identified.

RESOLVED: The Committee noted the contents of the report, which were referred to in the Annual Audit Committee Report to the Board and in the Regularity Self-Assessment Questionnaire and which assisted the Committee in providing their assurance to the Board.

64/22 Annual Procurement Report (including Exceptions) (C)

AB presented the annual report on the previous year's procurement activity.

RESOLVED: The Annual Procurement Report was noted and accepted.

65/22 Annual Insurances Report (C)

AB presented the annual report on College insurances.

RESOLVED: The Insurances Annual Report was noted and accepted.

66/22 Annual Report of Audit Committee to Board (C)

The Committee is required, under the Post 16 ACOP, to provide an Annual Report to the Board to summarise its activities during the year and provide the Board with its opinion on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

AD invited Members to consider the draft Annual Report of the Audit Committee to the Board. It was noted that this needs to be sent to the ESFA by 31 December 2022.

The draft report took into account the assurances provided to the Committee and the Board in the reports of the College's auditors.

Based on the work of the Committee during the period and the findings of the Internal and External Auditors and other regulatory bodies, the Audit Committee confirmed in the draft report that it believes that the Board's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets are adequate and effective.

Members considered the draft report and were content that it reflected the business of the Committee and the assurances provided to the Committee during the year. They considered it a good paper setting out, in detail, the work of the Committee and thanked JC for her work on it.

AD would sign the report on behalf of the Committee, subject to the Board's approval in December.

RESOLVED: The Audit Committee Annual Report to the Board was approved for recommendation to the Board for approval and submission to the ESFA.

67/22 Risk Management Update (C)

AB presented the Risk Management Report and Review of the Strategic Risk Register.

The changes to the Risk Register were noted.

The College's Internal Audit service is required to provide an opinion on the adequacy and effectiveness of risk management and the College's system of internal control. This was provided by ICCA in the Annual Internal Audit Report 2021/22 presented to the Committee at the October meeting.

The report provided Reasonable Assurance (the highest level of assurance) that the College's governance, risk management, and systems of internal control were operating adequately and effectively during the period, and that there were no instances where any breakdown of control resulted in a material discrepancy.

Specifically, with regard to risk management, the report identified the following:

68/22 Review of Audit Recommendations Register (C)

Members reviewed the Audit Recommendations Register and received an update from AB as to the current status of each item.

RESOLVED: Members noted the status of and were satisfied with the Audit Recommendations Register.

69/22 Management of Reportable Events (C)

There had been no such events since the last meeting.

RESOLVED: The Update on Reportable Events was noted.

70/22 Regulatory Developments

JC presented a paper which included details of the following matters and the actions to be taken in relation to each of them. The items with particular relevance to the Committee were highlighted.

1. Safeguarding/Prevent/Wellbeing
2. Funding/Financial Sustainability/Audit/Risk
3. Curriculum
4. Legislation
5. LSIPs
6. White Paper Proposals for Strengthening Governance
7. Governance
8. Governor Training and Development

JC drew Members' attention to the issues of relevance to the Committee including the new Accountability Plan requirement, updated Charity Commission guidance on investments, new Charities Act provisions in force and the ONS review of the reclassification of colleges.

RESOLVED: The Regulatory Developments paper was noted.

KB left the meeting.

71/22 Approval of Policies:

- **Anti-Fraud & Corruption**
- **Anti-Bribery**
- **Receipt of Gifts and Hospitality**
- **Whistleblowing**

Members reviewed the above Accountability Policies.

It was suggested that there ought to be a clear link between the procedures under the Whistleblowing and Anti-Fraud policies.

RESOLVED: Members approved the Policies.

ACTION: JC/JH to review how processes under Whistleblowing and Anti-Fraud policies align for the next review.

72/22 Key Items for GC Board (C)

The Key Items for Board report were discussed, noting any risks to be added/highlighted on the Risk Register.

73/22 Any Other Business

AD reported that he had attended an AoC conference for Finance and Audit Chairs which had discussed:

- Implications of ONS review of reclassification – consequences uncertain.
- Reducing energy usage – many colleges having to watch every penny.
- Inflationary costs in general – many colleges struggling.

74/22 Date and Time of Next Meeting

9 March 2023 at 5.00pm, C126e Gloucester Campus.

LT left the meeting.

MEMBERS ONLY ITEM (C)

75/22 External Auditors:

- **Review of performance of External Auditors**
- **Appointment of External Auditors for next year**

See Confidential Members Only minute.