

## Minutes of a Meeting of the Audit Committee

**Venue:** STC Conference Room 1 / TEAMS

**Date:** Thursday 06 March 2025

**Time:** 4.00pm – 5.20pm

**Present:** George Clark (Chair)  
Neil Henry  
Jim Dafter  
Michael Johnston

**In Attendance:** Jane Cuthbertson (Chief Operating Officer)  
Lorna Lister (Senior Governance Support Officer)  
Rob Barnett (RSM)  
Karen Ritchie (Head of Finance)

### ACTION TRACKER

Item		By whom	Status	Comment / Update
<b>Meeting of the 06 March 2025</b>				
4.	<u>Internal Audit Reports:</u> <ul style="list-style-type: none"> <li>Global Internal Audit Standards April 25 changes, crib sheet to be provided to the committee</li> <li>Presentation to be delivered by RSM on the Global Internal Audit Standards</li> </ul>	RB/JC		<ul style="list-style-type: none"> <li>Crib sheet provided and saved in the Library on BoardEffect</li> <li>Presented June 25 meeting</li> </ul>
6.	<u>Deep Dive – Risk Management:</u> That the high-level strategic risks were to be distributed between the committees for monitoring purposes and this was to be formally recommended to Board.	JC/NL		Agreed at Board on 03/04/25
7.	<u>Risk Management Policy:</u> Risk appetite and Risk Management Policy to be recommended to Board for approval.	JC		Approved at Board 03/04/25

### MINUTES

ITEM No	ISSUES	ACTION
1.	<b>Meeting with Auditors in Absence of Management &amp; Apologies</b>  The Chair welcomed everyone to the meeting.	

	<p>RSM auditor stated that the programme for 2024/25 was progressing well, there had been full engagement by management and the wider team to date and announced that there were no issues or concerns to report to the Committee.</p> <p>Staff joined the meeting.</p> <p><b>Apologies for Absence</b></p> <p>The Committee approved apologies for absence received from Doug Cole and Martin Alexander after having first considered the reasons for their absence.</p>	
2.	<p><b>Declarations</b></p> <p>i. <u>Declarations of Interest</u></p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p> <p>ii. <u>Business to be raised under Item 11</u></p> <p>None.</p>	
3.	<p><b>Minutes</b></p> <p>The minutes of the Audit Committee meeting held on 11 December 2024 were approved and to be signed.</p> <p><b>Matters arising not covered on the agenda or tracker</b></p> <p>Actioned as shown on the Action Tracker.</p> <p><b>4.2 Lemon Tree Investigation</b></p> <p>Confidential Item</p>	
4.	<p><b>Internal Audit Reports</b></p> <p>i. <u>Progress Report</u></p> <p>This report provided an update on progress made against 2024-25 plan and summarised the results of RSM's work.</p> <p>RSM confirmed three audits had been completed and were delivered on time, the other scheduled audits were on track with continuous communication with the finance team.</p> <p><b>Q. How do we report to the committee that you abide by the Public Sector Internal Audit Standards?</b> Via annual reports that were presented to the committee to show compliance.</p> <p><b>Q. There were changes to the Global Internal Audit Standards from April 25, was there going to be any impact to the college?</b> No impact, RSM already complied with the standards and had been for the last 12-18 months.</p> <p><b>Q. Could the differences/changes be explained to the committee and what requirements the committee would receive?</b> Yes, a crib sheet was to be provided to</p>	RB/JC

the committee and agreed a presentation by RSM would be arranged for the next committee meeting.

ii. Marine School – Curriculum Planning

The review concluded that Tyne Coast Marine School had a robust curriculum planning process in place, linking the different Heads of School together to enable effective utilisation of available resources.

Audit Themes:

- Lack of Marine School process documentation
- Alignment to Strategic Objectives
- Agreement of Actions
- Cross school resourcing
- Financial check and challenge.

However, identified was a lack of documentation detailing the pre planning procedure specific to the Marine School. There was also confusion over which was the final version of the plan and which should be used.

As a result, two low priority actions were agreed as well as one advisory point, details of which could be found in the papers.

SA reported that a new curriculum plan process had been implemented

iii. Workforce Planning

The review identified that the College had a set of well-designed controls in place for recruitment and workforce planning, however, identified areas of non-compliance with the controls which led to two medium and three low priority actions being agreed with management. The medium priority actions were in relation to completion of mandatory training and induction checklists. The detail of all findings could be found in section two the report.

Audit Themes:

- Recruitment & Selection Policy and Procedure
- Curriculum Planning
- Job Specifications
- Recruitment Authorisation
- Advertising
- Interviewing
- Candidate Decisions
- Pre-Employment Checks
- Induction Procedure - medium
- Mandatory Training - medium
- Reporting

AE stated that the actions were fair and easily remedied, processes and procedures had already been submitted and were to be approved by June 2025. These would be presented to the committee in due course.

iv. Compliance with the College Financial Handbook

Overall, our review of controls found there to be a good framework in place to ensure compliance with the College Financial handbook. Testing identified that the College Financial Regulations included key requirements of the College Financial Handbook and updates were communicated effectively to senior

	<p>members of staff. However, identified two areas for improvement to enhance the current controls in relation to the key personnel and scheme of delegation (low priority actions).</p> <p>Audit Themes:</p> <ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Key requirements of the College Financial Handbook</li> <li>• Internal Review</li> <li>• Governance &amp; monitoring</li> <li>• Roles and Responsibilities</li> <li>• Delegation and authority</li> </ul> <p>It was reported that both actions had been completed.</p> <p><b>Resolved: That the committee accept the reports acknowledging the information as presented.</b></p>	
5.	<p><b>Audit Recommendation Tracker</b></p> <p>The Senior Governance Support Officer presented the tracker for governors' consideration.</p> <p>The document identified any recommendations which were deemed a high or medium risk, which were either due/overdue for implementation or could be removed if completion had taken place. All personnel who were shown on the list with outstanding issues had been asked to advise if there had been any further progress and the tracker had been updated accordingly.</p> <p><b>Resolved: That the Committee receives the report and acknowledges the information as requested.</b></p>	
6.	<p><b>Annual Deep Dive – Risk Management</b></p> <p>The purpose of the report was to provide the committee with the 'Deep Dive' review into the College Risk management process with specific reference to the Internal Audit report recommendations and the recent External Governance Review.</p> <p>Governors were aware a recent internal audit was undertaken on risk management and several recommendations were made.</p> <p>It was noted by Internal Audit that at a strategic level the risk register captured risks and was appropriately documented and monitored, it was at an operational level that the audit was making recommendations.</p> <p>From discussion with a selection of staff, it was established that whilst the 4cast risk system sends reminders to staff to complete the risk register and actions, as the system has not been kept up to date with staff changes at an operational level, the prompts had not been received. It was also established that it was perceived by staff that the 4cast risk system was not user friendly and was difficult for staff to navigate.</p> <p>It was established that whilst there were ongoing discussions regarding risk within the organisation these were not necessarily documented and therefore able to be verified that they were being monitored at an operational level leading to the internal audit recommendations that have been made.</p>	

	<p>Governors were also aware that a review of External Governance was undertaken, and a report presented to Board in July 2024. The report also made some specific references to risk management.</p> <p>All actions from both Internal Audit and the External Governance Review were amalgamated and were being worked through, most of which had been completed.</p> <p>It was discussed recommending to Board the distribution of high-level strategic risks to its committees for monitoring purposes, this would form part of the committees workplan for the year. A report would be presented from each committee to Audit on the monitoring of each of the allocated risks. This would then form part of an annual summary report that would be presented to Board in the Summer meeting demonstrating oversight, progression and areas of further work.</p> <p>It was highlighted that the Corporate Risk Register was to be presented at every Audit committee. It was also discussed that the New Build Risk Register, which was monitored through the task group, should also be presented to the Audit Committee for oversight.</p> <p><b>Q. Was the Strategic Risk Register just as important as all of the above?</b> Yes, and would be provided through the overall Risk Register however only the top 6-8 high level strategic risks would be distributed to the committees for monitoring purposes.</p> <p><b>Q. When was the new process to start?</b> Next academic year.</p> <p>The Director of Governance stated that the committees Terms of Reference were to be updated and the areas of responsibility which would inform the workplan for the next academic year. He also noted that extracts from other committees minutes could be provided by means of evidence in the form of a report to assure the Audit Committee that the risks were being monitored appropriately.</p> <p>A governor highlighted that shared accountability concerning risks had to be good practice.</p> <p><b>Resolved:</b></p> <ol style="list-style-type: none"> <li>i. <b>That the committee accept the report and acknowledge the information as presented.</b></li> <li>ii. <b>That the committee were assured the College were addressing the Risk Management.</b></li> <li>iii. <b>That the committee agree to the distribution of risks to the Boards committees for monitoring purposes and that the Audit Committee were to have oversight of all high-level strategic risks with an annual report being presented to Board.</b></li> </ol>	JC/NL
7.	<p><b>Risk Management Policy</b></p> <p>The purpose of the report was to review the Risk Management Policy.</p> <p>The Risk Management Policy was last approved by Board in April 2024.</p> <p>An internal audit was undertaken during 23/24, and recommendations were made to strengthen the Risk Management Policy.</p> <p>These areas included documenting within the policy or supporting procedures:</p> <ul style="list-style-type: none"> <li>• The risk measurement process used by the College to assess risks and in line with ESFA guidance.</li> <li>• Training requirements once they have been formalised within the College.</li> </ul>	

	<ul style="list-style-type: none"> <li>Procedures for updating 4risk to reflect current processes (originally included within the College's procedure documents)</li> </ul> <p>Once updated, the documents were to be communicated to all staff to ensure they were aware of expectations and support available.</p> <p>It was further recommended that the College undertake an exercise to identify and document the College risk appetite to allow target scores to be calculated and set for all risks, allowing for greater monitoring and management. Once agreed, the risk appetite statement was to be formally documented within the Risk Management Policy.</p> <p>Audit Committee agreed that a 'Deep Dive' be undertaken into the College process for managing risks which would consider the internal audit recommendations and the recent External Review of Governance, discussed in the last item.</p> <p>The 'Deep Dive' also included a review of the College Financial Handbook, HM Treasury Managing Public Money, HM Treasury 'Orange Book: Management of risk – Principles and Concepts' (2023) and good practice from other Colleges / Trusts.</p> <p>Areas in blue were recommended to be incorporated into the policy. The previously approved policy was provided as a reference.</p> <p>Governors were informed that at this current time, due to the significant capital project of the new build, the risk appetite was identified as low to ensure a cautious approach to the College's exposure to risks and always being minded that any exposure should be proportionate to the opportunity or reward to be gained.</p> <p><b>Q. Was the risk appetite deemed low due to just the new build or was it including the financials?</b> It was as a whole, there was a lot of risk around the project.</p> <p>The COO highlighted to governors a paragraph in the policy around the risk appetite which stated that on occasion risks with a higher mitigated risk score could be accepted however they would have to be approved by the Board.</p> <p><b>Resolved:</b></p> <ol style="list-style-type: none"> <li>The committee accept the report and acknowledge the information as presented.</li> <li>That the committee agree with the recommended risk appetite and recommend approval to Board of the Risk Management Policy</li> </ol>	JC
8.	<p><b>Risk Register update</b></p> <p>Confidential item</p>	
9.	<p><b>Annual Review of Auditors Performance</b></p> <p>JC informed the committee that the working relationship with both the internal and external auditors was good, no problems had been highlighted. Both were professional in their conduct. There were no specific KPI's to report on however JC and her team were happy with the service they were receiving.</p> <p><b>Resolved: That the committee accept the verbal update and acknowledge the information as presented.</b></p>	

10.	<p><b>College Financial Handbook Precis</b></p> <p>The purpose of the report was to provide a precis regarding the College Financial handbook to Governors, which was an action from Audit, it was also highlighted as good practice.</p> <p>It was noted that this did not cover all aspects of the handbook and Governors, and staff were to familiarise with the handbook previously provided.</p> <p>The summary would be shared with staff and would also form part of the induction process (mandatory training) for new staff.</p> <p><b>Resolved: That the committee agree to receive the report and acknowledge the information as presented.</b></p>	
11.	<p><b>Any Other Business</b></p> <p>None.</p>	
12.	<p><b>Date and Time of Next Meeting</b></p> <p>Thursday 10<sup>th</sup> June 2025 at 4.00pm.</p>	
13.	<p><b>Identification of Confidential Items</b></p> <p><b>Resolved: That the following items are to remain confidential:</b></p> <ul style="list-style-type: none"> <li>• Item 08 - Risk Register Update</li> </ul>	

Signed: .....

Date.....