

Minutes of a Meeting of the Audit Committee

Venue: STC Conference Room 1 / TEAMS

Date: Monday 11 March 2024

Time: 2.00pm – 3.30pm

Present: Clive Johnson (Chair)
Martin Alexander
George Clark
Jackie Watson

In Attendance: Lindsey Whiterod (Chief Executive Officer)
Neil Longstaff (Director of Governance)
Claire Pinkney (Contracts and Procurement Manager)
Scott Bays (Head of MIS)
Karen Ritchie (Head of Finance)
Philip Church (RSM)
Alison Shillito (External Governance Reviewer)(TEAMS)

ACTION TRACKER

Item	Summary of Action Required	By whom	Status	Comment / Update
Meeting of the				
5.3	Further Education Funding Rule Compliance the Committee accepted the audit reports as presented, subject to a follow-up on the Further Education Funding Rule Compliance by auditor (PC) .	PC		Report remained unchanged
8.	Risk Management Policy the Audit Committee recommends the Policy to the Board for adoption subject to the amendment as indicated.	JC		Agreed by Board
10.	Public Interest Disclosure Procedure the Audit Committee approve the Public Interest Disclosure Policy and Procedure subject to a section being added at the bottom of the document showing related policies.	NL		Updated

MINUTES

ITEM NO.	ISSUES	ACTION
1.	<p>Meeting with Auditors in Absence of Management</p> <p>The Chair welcomed everyone to the meeting.</p> <p>RSM auditor stated that the programme for 2023/24 was well underway, there had been full engagement by management to date and announced that there were no issues or concerns to report to the Committee.</p>	

	David Hoose (Mazars) sent his apologies for the meeting having no papers to present on this occasion.	
2.	<p>Staff joined the meeting.</p> <p>Apologies for Absence</p> <p>Alison Shilito was welcomed to the meeting and introductions were made.</p> <p>There were no apologies for absence to be received from Committee members. However, it was reported that Mark Overton, who had been a member of this committee, had recently resigned from the Board. The Chair asked that the Committee's best wishes be conveyed to MO.</p> <p>It was also noted that Jane Cuthbertson (Chief Operating Officer) was unable to attend and KR was covering for her.</p>	
3.	<p>Declarations</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. GC declared an interest in Item 12 (Tender for External Auditors) as the majority of staff at Mazars were former work colleagues.</p> <p>There were standing declarations for links to Tyne Coast Academy Trust for the following: CJ and LWh.</p> <p>ii. <u>Business to be raised under Item 13</u></p> <p>None.</p>	
4.	<p>Minutes</p> <p>The minutes of the Audit Committee meeting held on 12 December 2023 were approved and to be signed.</p> <p>Matters arising not covered on the agenda or tracker</p> <p>Actioned as shown on the Action Tracker in minutes dated 12 December 2023.</p>	
5.	<p><i>With the agreement of governors, the Chair changed the order of business as follows to accommodate auditor's attendance at the meeting.</i></p> <p>Internal Audit Reports</p> <p>The reports detailed below were presented to the members of the committee.</p> <p><u>5.1 Internal Audit Progress Report</u></p> <p>Governors were reminded that the Audit Committee had approved the Internal Audit Plan for 2023/24 at its meeting on 14 June 2023.</p> <p>This report provided an update on progress made against that plan and summarised the results of RSM's work to date.</p>	

No issues had been encountered at this stage with regards to delivery and all audits were on track.

A governor (Link for Safeguarding) reported that she was to follow up the new safeguarding procedure with the College's Safeguarding Lead on her next visit to the College.

Q. What was the state of play regarding the financial controls report? Draft ready but needed to be signed off by the Chief Operating Officer before it could be released.

Q. Re. KPIs - Management responses target was 10 days but actual was 11 days. Any issue(s) around workload/management etc? No issues, auditors were always in discussion with management and this was viewed as reasonable

5.2 Relocation to New Campuses - Project Management

Auditors had been commissioned to determine whether there were adequate and effective systems and processes in place to manage the South Tyneside Campus relocation project.

The Committee were informed that auditors had determined that the College had robust and effective systems and processes in place to manage and monitor the progress and status for relocation of the South Tyneside Campus. It was also noted that the report indicated that there were effective governance arrangements in place to ensure all levels of accountability across all key stakeholders to ensure they were consistently updated on the progress with the project.

As a result of the review, one low priority management action had been agreed.

Taking account of the issues identified, the Committee was informed that it could take substantial assurance that the controls upon which the organisation relied to manage the identified risk were suitably designed, consistently applied and effective.

Q. Was this looked at from the point of view of SMT's (Senior Management Team) workload as a whole or just their input into the project? It was only referenced to the project itself.

A governor commented that he would have been disappointed if this report had been anything less than good given the amount of work undertaken to date.

5.3 Further Education Funding Rule Compliance

It was noted that the format of this report was slightly different and was conducted by RSM's funding team.

This review had been undertaken in accordance with aspects of the ESFA's assurance methodology, which was designed to ensure providers managed the key risks relating to the ESFA's funding requirements and that public funds had been used appropriately and for the purposes for which they were intended.

In completing the agreed programme of work on the College's ILR, RSM had identified exceptions where the College could not demonstrate compliance with the Funding Rules. The exceptions identified had resulted in errors in the funding being claimed. The indicative value of funding overclaim identified within the sample was £9,057 and the indicative value of funding underclaim was £698.

	<p>Through their testing RSM had identified one 'High' three 'Medium' and two 'Low' priority actions for management.</p> <p>The report drew governors' attention to examples of compliance with the funding rules in the following:</p> <ul style="list-style-type: none"> • Eligibility for funding • Base documentation • Core aims • Student existence <p>The Head of MIS challenged the 'high' action stating that he had conversations with the auditors explaining the process conducted by the College and in his view this matter was not a concern. SB stated that this particular issue was known to staff and would not have even been identified had an audit been conducted two weeks later.</p> <p>Q. Is there a note to say how recorded on file? Covered in report describing what happened. Staff maintained engagement for the student until they knew exactly what was happening. Once the College knew the student was not returning then it was processed. It was stressed that the student wasn't withdrawn on purpose and staff should not have treated this particular case any differently.</p> <p>Q. Concern that conversation not reflected in report and remained a 'High' even though a valid explanation had been given? SB confirmed that he had this conversation with the auditors before the report was finalised. SB also explained conditional funding. The CEO indicated that a conversation might be needed with auditors for next year around funding arrangements as they were becoming more complicated for colleges.</p> <p>SB outlined action to be taken to address the other issues raised in the report.</p> <p>Responding to a question it was explained that this type of report did not give an audit opinion regarding assurance levels around controls.</p> <p>Q. Having given your explanation, should governors be worried that this is a serious issue? The Head of MIS stated, 'Absolutely not'. SB was concerned that the points he had raised with the auditor had not been reflected in the report.</p> <p>Q. Plan to revisit? PC was to feedback concerns, review the findings and report back to the Committee.</p> <p>Resolved: That the Committee accepted the audit reports as presented, subject to a follow-up on the Further Education Funding Rule Compliance by auditor (PC) .</p> <p><i>SB left the meeting</i></p>	PC
<p>6.</p>	<p>Annual Risk Register Deep Dive</p> <p>Confidential item</p>	
<p>7.</p>	<p>Audit Recommendation Tracker</p> <p>The Director of Governance 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>It was reported that all management actions had been addressed.</p> <p>Resolved: That the report is received and accepted.</p>	
8.	<p>Risk Management Policy</p> <p>The purpose of the report was to review the Risk Management Policy before seeking approval to adopt by the Board.</p> <p>A review had been undertaken and a number of changes made to enhance the Risk Management Policy and Procedures and to ensure all staff were aware of roles and responsibilities.</p> <p>Areas of proposed change were highlighted within the report.</p> <p>The Chair asked that an amendment be made to cover the ‘effectiveness of the implementation of the risk management process’ on Page 2. This was supported by Committee members.</p> <p>Resolved: That the Audit Committee recommends the Policy to the Board for adoption subject to the amendment as indicated above.</p>	JC
9.	<p>Freedom of Information Policy</p> <p>This paper asked governors to review and agree the Freedom of Information Policy/Publication Scheme.</p> <p>It was reported that the Freedom of Information Policy/Publication Scheme had been reviewed by the Director of Governance and endorsed by the Executive Group.</p> <p>The document had been updated to reflect changes in College policies and documents, details of updated links to organisations and title changes. These changes were highlighted within the policy.</p> <p>The Chair asked whether associated policies should be added as a reference point to the bottom of this document and to the Public Interest Disclosure Policy. NL indicated that having discussed this matter with the Data Protection Officer it would be difficult to identify policies to include with the FOI Policy as it could cover so many areas i.e. issue under consideration would not be known until a FOI request was received and these could cover most areas. However, the Public Interest Disclosure Policy was more focussed and policies such as Safeguarding, Fraud and Bribery, Complaints procedure, Grievance Policy could be added.</p> <p>Resolved: That the Audit Committee approve the Freedom of Information Policy/Publication Scheme, as presented.</p>	
10.	<p>Public Interest Disclosure Procedure</p> <p>This report was to review and agree the Public Interest Disclosure Policy and Procedure.</p> <p>The Public Interest Disclosure Policy and Procedure had been reviewed by the Director of Governance and endorsed by the Executive Group.</p>	

	<p>The document had been updated in line with recent guidance. These changes had been highlighted within the policy.</p> <p>Resolved: That the Audit Committee approve the Public Interest Disclosure Policy and Procedure subject to a section being added at the bottom of the document showing related policies.</p>	NL
11.	<p>Feedback from Business and Stakeholder Groups</p> <p>None.</p> <p>At this stage in the proceedings PC left the meeting.</p>	
12.	<p>Tender Process for Selection of Internal and External Auditors - update</p> <p>Confidential item</p>	
13.	<p>Any Other Business</p> <p><u>Tyne North Training</u></p> <p>Confidential item</p>	
14.	<p>Date and Time of Next Meeting</p> <p>Thursday 13 June 2024 at 10.00am</p>	
15.	<p>Identification of Confidential Items</p> <p>Resolved: That the following items are to remain confidential:</p> <ul style="list-style-type: none"> • Item 06 - Annual Risk Register Deep Dive • Item 12 - Tender Process for Selection of Internal and External Auditors – update • Item 13 – AOB – Tyne North Training 	

Signed:

Date.....