

Minutes of a Meeting of the Audit Committee

Venue: STC Conference Room 1 / TEAMS

Date: Thursday 11 December 2024

Time: 4.00pm – 5.20pm

Present: George Clark (Chair)
Joanne Fanning
Neil Henry

In Attendance: Lindsey Whiterod (Chief Executive Officer)
Lorna Lister (Senior Governance Support Officer)
Jane Cuthbertson (Chief Operating Officer)
Craig Scott (Director of IT)
Rob Barnett (RSM)
David Hoose (Forvis Mazars)
Karen Ritchie (Head of Finance)
Simon Ashton (Principal of Marine School)

ACTION TRACKER

Item	Summary of Action Required	By whom	Status	Comment / Update
Meeting of the 13 June 2024				
11.	<u>Risk Management</u> Next deep dive on risk? The CEO and COO were to consider and recommend at the next meeting.	LW/JC		Review to be undertaken of the risk management framework with reference to the internal audit report recommendations, the recent External Governance review and a recent visit to East Kent College to adopt best practice and incorporate into the College and present to next audit committee. 11/12/24 – Presentation to committee in March meeting on Risk Management Framework and results from deep dive. 06/03/25 – Presented at meeting
14.	<u>College Financial Handbook</u> Governors suggested that a short 'mini-training course' be created for staff.	JC		This will be developed in the new year 11/12/24 – still to be implemented early in the new year. 06/02/25 - Training course has been developed and is being put into a training platform to enable monitoring of training. Training will be rolled out beginning of March and will be included in future inductions for new staff members.
	ii. That a short precis/checklist be produced for the Board for information.	JC		This will be developed in the new year 11/12/24 – To come Early Feb 25 06/03/25 – Presented at meeting
- Presented at meeting Meeting of the 11th December 2024				

8.	<u>Annual Report on data Protection and Policy Update:</u> To be presented to Board	CS		Completed Dec 24
9.	<u>Internal Audit reports:</u> Report to be presented to committee on the findings from the risk management deep dive.	JC		06.03.25 – Presented at meeting
10.	<u>Internal Audit Annual Report – Yr ended July 2024 (Internal audit annual opinion):</u> To be presented to Board for approval.	JC		Completed Dec 24
12.	<u>Regularity Questionnaire:</u> To be signed by Chair of Board and CEO and presented to Board for approval.	JC		Completed Dec 24
13.	<u>Audit Committee's Annual Report:</u> To be signed by the Chair of the committee and presented to Board for approval.	LL/Chair		Completed Dec 24

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 progressing well, there had been full engagement by management to date and announced that there were no issues or concerns to report to the Committee.</p> <p>The chair reported that from reading the internal reports he felt that systems were in place however were not being complied with, could this be attributed to the level of resource? RSM Auditor responded by stating it was not his place to comment however stated that it was common practice to see, he would be more concerned if there were many systems missing.</p>	
2.	<p>Staff joined the meeting.</p> <p>Apologies for Absence</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>	
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.</p>	

	<p>ii. <u>Business to be raised under Item 16</u></p> <p>None.</p>	
4.	<p>Minutes</p> <p>The minutes of the Audit Committee meeting held on 13 June 2024 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.</p> <p>4.2 Lemon Tree Investigation</p> <p>Confidential Item</p>	
5.	<p>With the governors approval the Chair changed the order of business</p> <p>Annual report on the number of applications the College processes re UKVI</p> <p>Confidential item</p>	
6.	<p>Review of Committee Performance against TOR</p> <p>The purpose of the report was to provide a report on the performance of the Audit Committee during 2023-24.</p> <p>The following was discussed:</p> <ul style="list-style-type: none"> • Members of the Committee (2023-24) and Senior Staff associated with the Committee were asked to complete an online survey to review the Audit Committee's performance during the previous financial year. • Responses to the survey were attached at Appendix 1. • Overall, governors graded the committee's performance as 'Very Good' with no areas identified as being either ineffective or less than satisfactory. • There was an 80% return to the survey. <p>Resolved: That the committee accept the report and acknowledge the information as presented.</p>	
7.	<p>Committee Workplan 2024-25</p> <p>The purpose of the paper was to provide the Committee with a Workplan for 2024/25.</p> <p>LL informed members that the plan had been approved by the Board but there was an opportunity to review and update the future business to be conducted, if required.</p> <p>It was noted some papers planned to be presented at this meeting were not available.</p> <p>LL explained that a new mechanism for monitoring the committees workplan against the Terms of Reference (TOR) was being implemented and this would be addressed initially at the Finance & Resources committee, if it was approved the monitoring report would be rolled out across all committee meetings and Board.</p>	

	Resolved: The committee accept the report and acknowledge the information as presented.	
8.	<p>Annual Report on data Protection and Policy Update</p> <p>The purpose of the report was to provide the committee with the annual report on the College compliance with the UK GDPR and to gain approval for the changes to the Data Protection Policy.</p> <p>The following was presented:</p> <ul style="list-style-type: none"> Incident Statistics: Data protection incidents increased by 22% in 2023-2024 compared to the previous year, with notable rises in data disclosure requests and guidance inquiries. Data Subject Access Requests (D-SAR): There was a 50% reduction in DSARs, primarily from employees related to employment disputes. All requests were processed within the statutory 30-day timeframe. RSM carried out an audit of our D-SAR processes in May 2024 and gave an opinion of substantial assurance. Data Breaches: Twelve minor data breaches were recorded, mostly due to mis-addressed emails. None were serious breaches. Complaints: two complaints relating to the handling of D-SAR's were received. Training Initiatives: New in-house data protection and information security training packages were launched in March 2024, enhancing mandatory staff training. Technical and Organisational Measures: New controls include re-certification of Cyber Essentials, introduction of electronic data retention policies, and migration to the Elastic Security SIEM platform to enhance data protection and compliance. Data Protection policy update: the policy had been updated to reflect recommendations from the RSM audit in May 2024, some other sections were reworded for clarity, changes were highlighted in red. <p>Q. How did a misaddressed email constitute as a data breach? The email that had been sent included confidential information.</p> <p>Resolved:</p> <ol style="list-style-type: none"> That the Committee receives the report and acknowledges the information as requested. That the committee recommend to Board approval of the Data Protection Policy. 	CS
9.	<p>Internal Audit Reports</p> <p>The reports detailed below were presented to the members of the committee.</p> <p><u>6.1 Internal Audit Progress Report</u> This report provided an update on progress made against 2023-24 plan and summarised the results of RSM's work.</p> <p>RSM confirmed all audits had been completed and were delivered on time.</p> <p>RSM provided a verbal update on the audit plan for 2024-25 and reported that audits had been scheduled and dates agreed. It was early in the process however were on track and were in constant communication with the finance team.</p> <p><u>6.2 Apprenticeships – Employer Engagement</u> The review focussed on how the College liaises with businesses to deliver</p>	

	<p>apprenticeship courses and how the process was managed through CRM. Whilst RSM were unable to evidence how the College had engaged in practice with employers regarding its apprenticeship provision and development, RSM found that the College did not have a documented framework or strategic approach outlining the expectations and requirements on how curriculum areas should engage with employers, use this engagement to develop apprenticeship offerings and ensure this aligns with the College's overarching strategic direction. As a result, the College had not set out a clear marketing or business development strategy for employer engagement.</p> <p>RSM did note that a number of controls and processes had been introduced in 2023/24 with the introduction of the new Director of Business Engagement, Partnerships, Skills and Apprenticeships, such as, a revised Curriculum Intent Form, which explicitly asked staff 'what do employers need/say/want?' and the introduction of termly Advisory Boards (with a new standard pro forma agenda), where those involved in the development, promotion and delivery of apprenticeships met with employers in relevant sectors to discuss key issues and course content. Furthermore, employer feedback was collated as part of the Quality Strategy 2023-25 using Employer Voice Survey twice per year to gauge employer satisfaction levels.</p> <p>RSM agreed with management two medium and four low priority actions.</p> <p>It was noted that there was a new Strategic Plan which was to be presented to Board on the 19th December 2024 for approval. A Marketing Strategy was being presented to the Executive Group on the 16th December 2024 and plans afoot for the growth of the College CRM system was to be implemented.</p> <p><u>6.3 Risk Management</u></p> <p>The College had a risk management policy and supporting processes which enable the College to identify and assess risks to the achievement of its strategic objectives and make effective decision regarding mitigating actions on a timely basis.</p> <p>The review identified that whilst the College had the foundations of a risk management process in the form of a policy, risk registers and reporting arrangements, further development was required to fully embed risk management across the College. At a strategic level, RSM noted that the Corporate Risk Register was up to date with an appropriate number of risks, each having an assigned owner, inherent and residual risk score, and comprehensive sets of controls. All risks were appropriate and align with the College's strategic objectives. This was supported by reporting to the Executive Team meeting where appropriate, with an overall risk report presented at each Audit Committee meeting.</p> <p>However, at an operational level, RSM identified that further development was needed to ensure risk was appropriately considered to the same extent as at the strategic level. Our sample testing and review of the College's operational risk registers identified a number of gaps where operational risk registers were inconsistent, not complete or out of date. RSM also noted that formal training regarding risk management was not in place, and the current monitoring arrangements for operational risks were not always documented or undertaken.</p> <p>As a result of the audit, RSM agreed six medium priority management actions, though it should be noted that these primarily focussed on the College's operational risk management process, rather than their strategic process.</p> <p><u>6.4 Follow Up 8.23.24 FINAL</u></p>	
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	<p>The purpose of the audit was to ensure that agreed management actions raised by internal audit had been actioned by management.</p> <p>As part of this review, RSM considered a total of 15 management actions from the reports outlined below raised in 2022 / 23. The 15 actions comprised of two high and 13 medium priority management actions:</p> <ul style="list-style-type: none"> • Student Recruitment Review (1.22/23). • Higher Education – Assessment and Internal Verification – Moderation of Courses (3.22/23). • Marine School – Programme Review (4.22/23). • Health and Safety (5.22/23). • Follow Up of Previous Internal Audit Management Actions (6.22/23). <p>To conclude RSM were provided with satisfactory evidence in respect of 10 management actions declared as complete by the respective action owners and have agreed that these actions were fully implemented.</p> <p>RSM categorised four management actions (two high and two medium priority) as partly but not yet fully implemented, and one further action (medium priority) as not implemented. RSM reduced the priority of the four actions categorised as ongoing and revised actions, where applicable. The revised actions raised within this report were made up of two medium and three low priority actions, reflecting progress made by the College.</p> <p>RB stated that there were foundations in place for a good risk management process which could be taken to the next level. The 6 highlighted actions could assist the department achieve the next level. The risk identified were not strategic they were operational.</p> <p>JC acknowledged there was work to be done around risk management and noted that there was going to be a deep dive into the process next year. Review reports were going to be looked at and gain support from East Kent College. Findings would be presented to the next Audit Committee.</p> <p>Resolved:</p> <ol style="list-style-type: none"> That the Committee accepted the audit reports as presented. That a report is to be presented to the next committee highlighting the findings from the risk management deep dive 	JC
10.	<p>Internal Audit Annual Report – Yr ended July 2024 (Internal audit annual opinion)</p> <p>The above-mentioned report covered the following areas:</p> <ul style="list-style-type: none"> • The annual internal audit opinion • The factors and findings which had informed auditor's audit opinion • The basis of auditor's audit opinion • Auditors' performance • Appendix A: summary of internal audit work completed • Appendix B: Annual Opinions <p>The auditors concluded that the College had an adequate and effective framework for risk management, governance and internal control. However, auditors work had identified further enhancements to the framework of risk management, governance and internal control to ensure that it remained adequate and effective.</p>	

	<p>Auditor's undertook six audits in 2023/24 (including four risk driven reviews) of the control environment that resulted in formal assurance opinions. The six reviews concluded that the Board could take two substantial assurance (positive) opinions, three reasonable assurance (positive) opinions and one partial assurance (negative) opinion.</p> <p>Furthermore, the implementation of management actions agreed during the course of the year were an important contributing factor when assessing the overall opinion on control. Auditors performed a Follow Up review during the year which concluded in reasonable (positive) progress being made towards the implementation of those actions agreed.</p> <p>Auditors performed one follow up review to determine the College's implementation of internal audit findings and reported that reasonable progress had been made in implementing the agreed actions.</p> <p>It was noted that there had been no conflicts of interest to report.</p> <p>RB thanked the finance team for their support throughout the year.</p> <p>The Chair thanked RB and his team for their hard work and also thanked JC and the finance team for a seamless internal audit process and following up on actions in a timely manner.</p> <p>Resolved: That the report is received and recommended to the Board for approval.</p>	JC
11.	<p>Audit Recommendation Tracker</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>SA updated the committee that an action within Section A of the report highlighted in amber was now completed. It was reported that all other management actions had been addressed.</p> <p>Resolved: That the report is received and accepted.</p>	
12.	<p>Regularity Audit Questionnaire</p> <p>This report was to inform governors of the work and evidence the College had provided the external auditors in order to carry out their work on regularity.</p> <p>The Regularity Audit checked that the College had used the funds provided by government for the purposes intended in the grant or contract. The audit was carried out as part of the external audit process and the College provided the information to the auditors in the form of the completion of a standard questionnaire. The ESFA had</p>	

	<p>requested that this completed questionnaire was formally signed off by the Chair and Accounting Officer.</p> <p>Mazars reported that they had found no issues to report.</p> <p>Resolved: That the Committee recommends that the Board approves the questionnaire and that the Chair of the Board and Chief Executive formally sign the completed questionnaire.</p>	JC
13.	<p>Audit Committee's Annual Report</p> <p>The Director of Governance outlined the report, which summarised the committee's activities relating to the financial year under review.</p> <p>It was noted that this report needed to be presented to the Board before the signing of the statutory accounts.</p> <p>The Chair thanked the Audit Committee for the work undertaken in 2023/24.</p> <p>Resolved: That the report is approved and is to be signed by the Chair and presented to the Board for information before the sign off of the statutory accounts.</p>	LL/Chair
14.	<p>Annual Report and Financial Statements for the Year Ended 31 July 2024 including Regularity Audit Opinion, management Letter and Representation Letter</p> <p>Confidential item</p>	
15.	<p>Annual Report on Risk Management 2023-2024</p> <p>Confidential item</p>	
16.	<p>Annual report on disclosures made under the Public Interest Disclosure Procedure</p> <p>None to report.</p> <p>Resolved: That the committee accept the verbal report.</p>	
17.	<p>Review Internal Auditors and External Auditors Performance against performance indicators</p> <p>JC reported that there were no specific performance indicators to check against but:</p> <ul style="list-style-type: none"> • All was going to plan • Auditors were being very thorough • Auditors were easy to communicate with / receive good responses • Auditors were good to work with and kept to timeframes <p>There were no issues of concern that needed to be highlighted other than the tight deadlines that were to be adhered to.</p> <p>Q. What would be the consequence of the accounts not being completed and filed? Would cause implications with the DfE.</p>	

	<p>LWh stated that it had been an incredibly challenging year with a fantastic input from the team in order to produce such a brilliant outturn.</p> <p>Resolved: That the report is received and accepted.</p>	
18.	<p>Any Other Business</p> <p>None.</p>	
19.	<p>Date and Time of Next Meeting (tbc)</p> <p>Thursday 6th March 2025 at 4.00pm</p>	
20.	<p>Identification of Confidential Items</p> <p>Resolved: That the following items are to remain confidential:</p> <ul style="list-style-type: none"> • Item 4.2 – Breach of Contract • Item 5 - Annual report on the number of applications the College processes re UKVI • Item 14 - Annual Report and Financial Statements for the Year Ended 31 July 2024 including Regularity Audit Opinion, management Letter and Representation Letter • Item 15 - Annual Report on Risk Management 2023-2024 	

Signed:

Date.....