

Minutes of a Meeting of the Audit Committee

Venue: STC Conference Room 1 / TEAMS

Date: Wednesday 12 December 2023

Time: 4.00pm – 5.30pm

Present: Clive Johnson (Chair)
Martin Alexander
George Clark

Apologies for absence: Mark Overton
Jackie Watson

In Attendance: Lindsey Whiterod (Chief Executive Officer)(TEAMS)
Neil Longstaff (Director of Governance)
Jane Cuthbertson (Chief Operating Officer)
Simon Ashton (SSMS Principal)
Steve Chittenden (Head of Finance)
Karen Ritchie (Head of Finance)
Robert Barnett (RSM)
David Hoose (Mazars) (TEAMS)

ACTION TRACKER

Item	Summary of Action Required	By whom	Status	Comment / Update
Meeting of the 12 December 2023				
5.	Regularity Audit Questionnaire the Board approves the questionnaire and that the Chair of the Board and Chief Executive formally sign the completed questionnaire.	JC		Completed
8.	Committee Workplan 2023-24 a Deep Dive into a key risk from the Risk Register be undertaken at the next meeting of the Committee and 'Annual Deep Dive' be added to the Workplan.	JC/NL		On agenda for a report and added to workplan
9.	Annual Report on Data Protection The Chair highlighted the increase in the number of incidents and asked whether this was a result of awareness raising or whether it was becoming an area of concern but being handled in an effective manner. JC was to follow this up.	JC		Discussed with Director of IT – due to greater awareness. Most of the issues are related to HR procedures and dealt with effectively.
	Subject Access Request – Is the College allowed to go beyond the statutory 30-day deadline for a response? JC was to seek confirmation from the Data Protection Officer (DPO).	JC		Confirmed with the DPO that we shouldn't go beyond the 30 days. We can extend this timeframe if we are unable to respond in the timescales but we must demonstrate why we

				couldn't respond in the timescales.
	ii. That the updated Data Protection report is presented to the Board.	JC/NL		Presented
11.	Internal Audit Annual Report – Year ended July 2023 recommended to the Board for approval.	JC		Approved
13.	Audit Recommendation Tracker Outstanding action? No response had been provided. JC was to follow up. NL confirmed that this would remain on the tracker until implemented.	JC		Action with Tracker completed – see report on agenda
14.	Audit Committee's Annual Report 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.	NL/Chair		Signed and presented to December Board

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>Mazars auditor stated that there had been full engagement by management, which resulted in a smooth audit process and announced that there were no issues to report to the Committee.</p> <p>RSM endorsed the views of Mazars confirming that there were no areas of concern to report.</p>	
2.	<p>Staff joined the meeting.</p> <p>Apologies for Absence</p> <p>The Committee approved apologies for absence received from those identified above 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>There were standing declarations for links to Tyne Coast Academy Trust for the following: CJ, LWh and JC.</p> <p>ii. <u>Business to be raised under Item 22</u></p> <p>None.</p>	
4.	Minutes	

	<p>The minutes of the Audit Committee meeting held on 14 June 2023 were approved and signed.</p> <p>Matters arising not covered on the agenda or tracker</p> <p>As shown on the Action Tracker in minutes dated 14 June 2023.</p>	
5.	<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 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. It was noted that the questionnaire was longer than in previous years owing to questions around the new management of public money.</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
6.	<p>Annual Report and Financial Statements for the Year Ended 31 July 2023 including Regularity Audit Opinion, Management Letter and Representation Letter</p> <p>Confidential item</p>	
7.	<p>Review of Committee Performance against TOR</p> <p>The purpose of the report was to provide an update on the performance of the Audit Committee during 2022-23.</p> <p>Members of the Committee (2022-23) had been asked to complete an online survey to review the Audit Committee's performance during the previous financial year.</p> <p>The feedback received indicated that there were no areas identified as being ineffective or below satisfactory although the formatting of reports to Committee were highlighted as an area for improvement.</p> <p>The overall score was very good. There was a 100% return rate to the survey. It was noted that the judgement had been incorporated into the Committee's annual report to the Board.</p> <p>Q. Is there a particular issue about reporting to the Board? The Chair stressed that the comments were not to be seen as a criticism but that there were always room for improvement in terms of effective reporting. The Chair indicated that he would like to see a deep dive into areas on the risk register to understand the issues facing the executive team.</p> <p>Q. Is the Risk Register a living document? Yes, it was a document regularly reviewed by the Executive Group.</p>	

	Resolved: That the Committee accepted the report, as presented.	
8.	<p>Committee Workplan 2023-24</p> <p>The purpose of the paper was to provide the Committee with a Workplan for 2023/24.</p> <p>NL 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>Governors discussed the preference for a deep dive into a key risk area (commencing with the most serious risks) and asked that the report explains the process for identifying risk, how they were escalated up and through the Audit Committee.</p> <p>Resolved:</p> <ol style="list-style-type: none"> i. That the Committee accepted the report as presented. ii. That a Deep Dive into a key risk from the Risk Register be undertaken at the next meeting of the Committee and ‘Annual Deep Dive’ be added to the Workplan. 	JC/NL
9.	<p>Annual Report on Data Protection</p> <p>The purpose of the report was to provide the Committee with the annual report on the College’s implementation of the General Data Protection Regulation and provide an update on progress.</p> <p>JC highlighted the following:</p> <ul style="list-style-type: none"> • Number of incidents had increased from 42 to 62, an increase of 50%. • 18 minor data breaches (non-reportable to ICO), increased from 6 the previous year. • Increase in breaches reports was believed to be the result of work on awareness raising and importance of reporting over the last 12 months. • 19 Data Subject Access Requests (DSAR’s) received, up from 7 the previous years. • Many of the DSAR’s were complex requests and related to ongoing HR issues, on average each DSAR took 10 FTE days to process. <p>The Chair highlighted the increase in the number of incidents and asked whether this was a result of awareness raising or whether it was becoming an area of concern but being handled in an effective manner. JC was to follow this up.</p> <p>Q. Subject Access Request – Is the College allowed to go beyond the statutory 30-day deadline for a response? JC was to seek confirmation from the Data Protection Officer (DPO).</p> <p>Resolved:</p> <ol style="list-style-type: none"> i. That the report is received and information acknowledged. ii. That the updated Data Protection report is presented to the Board. 	JC JC JC/NL
10.	<p>Annual report on the number of applications the College processes re UKVI</p> <p>Confidential item</p>	
11.	<p>Internal Audit Annual Report – Year ended July 2023 (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: Annual opinions • Appendix B: summary of internal audit work completed <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>Auditors undertook six internal audit reviews in 2022/23, which resulted in an assurance opinion for each. There were 2 reviews that received a substantial assurance level and 3 where reasonable assurance was provided and one with partial assurance. During the year auditors had raised a total of two high management actions, twelve medium priority management actions and seven low actions that were all accepted by management.</p> <p>It was noted that there had been no conflicts of interest to report.</p> <p>An advisory report was also conducted resulting in five uncategorised management actions.</p> <p>Q. Governance centred around Health and Safety, Student Recruitment and Readiness for T-Levels. Anything happened to change views? No, the auditors were extremely comfortable with the assurance opinion given.</p> <p>Resolved: That the report is received and recommended to the Board for approval.</p> <p>JC thanked RSM for their support.</p>	JC
12.	<p>Internal Audit Reports</p> <p>The reports detailed below were presented to the members of the committee.</p> <p><u>4.1 Internal Audit Progress Report</u> 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 was to provide a summary update on progress made against that plan.</p> <p>No issues had been encountered at this stage with regards to delivery and all audits were on track.</p> <p><u>4.2 Safeguarding and Prevent</u> RSM undertook a review to provide assurance that the College had a robust control framework in place to ensure that students were appropriately safeguarded and were protected from radicalisation and extremism.</p> <p>As a result of the review one high, two medium and two low priority management actions had been agreed.</p>	

	<p>Taking account of the issues identified, the Committee was informed that it could take reasonable assurance that the controls upon which the organisation relied to manage the identified risk were suitably designed, consistently applied and effective.</p> <p>Q. Compliance – concern about the High action. One off or fundamental? RB stated that it was not an isolated case therefore there was a clear risk and thereby highlighted as an action.</p> <p>Resolved: That the Committee accepted the audit reports, as presented.</p>	
13.	<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 but one action had been addressed.</p> <p>Q. Outstanding action? No response had been provided. JC was to follow up. NL confirmed that this would remain on the tracker until implemented.</p> <p>Resolved: That the report is received and accepted.</p>	JC
14.	<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 2022/23.</p> <p>RSM confirmed that this report provided similar information to that of other colleges.</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>	NL/Chair
15.	<p>Annual Report on Risk Management 2022-23</p> <p>Confidential item</p>	
16.	<p>Report on Santander Loan Covenants</p> <p>Confidential item</p>	
17.	<p>Annual report on disclosures made under Public Interest Disclosure Procedure</p> <p>There were none to report.</p>	

18	<p>Fraud and Bribery Policy</p> <p>An updated Fraud and Bribery Policy was presented for approval. It was noted that the changes were primarily ensuring job titles were correct. There had been no changes to the Fraud Act 2006 or the Bribery Act 2010.</p> <p>Q. Any link between this policy and Whistleblowing Policy? Reference was made to the Public Interest Disclosure Procedure but not specifically about protecting individuals who made Whistleblowing disclosures.</p> <p>Resolved: That the committee agree to recommend the updated policy to the Board for approval subject to the following amendment: <i>Individuals who make Whistleblowing disclosures will be protected appropriately as detailed in the Public Interest Disclosure Policy.</i></p> <p>RB was thanked for his reports and RSM's work over the year. RB left the meeting.</p>	
19	<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 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.</p> <p>Q. Any concerns around late reports/quality of papers? None.</p> <p>Resolved: That the report is received and accepted.</p>	
20	<p>Tender Process for Selection of Internal and External Auditors</p> <p>Confidential item</p>	
21	<p>Feedback from Business and Stakeholder Groups</p> <p>None.</p>	
22	<p>Any Other Business</p> <p>None.</p>	
23	<p>Date and Time of Next Meeting</p> <p>Thursday 15 February 2024 at 4.00pm</p>	
24	<p>Identification of Confidential Items</p> <p>Resolved: That the following items are to remain confidential:</p> <ul style="list-style-type: none"> • Item 6 - Annual Report and Financial Statements for the Year-ended 31 July 2023 • Item 10 - Annual report on the number of applications the College processes re UKVI 	

	<ul style="list-style-type: none">• Item 15 - Annual Report on Risk Management 2022-23• Item 16 - Report on Santander Loan Covenants• Item 20 - Tender Process for Selection of Internal and External Auditors	
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Signed:

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