



AUDIT COMMITTEE

**MINUTES of the Meeting of the AUDIT Committee
held on Wednesday 29 November 2023 at 15.00 via remote participation**

<p>Members present: Gillian Lancaster Amali de Alwis Imran Razzaq Gurpreet Kaur</p> <p>In attendance: Shachi Blakemore Sophie Clifton James Godsmark Mark Smith Chris Payne Jacky Gearey</p>	<p>External member and Chair External member External member Co-opted specialist</p> <p>Engagement Partner, External auditor, Buzzacott for item 2.4 Director of Operations for items 2.8 Internal auditor, Validera for item 2.7 CEO Director of Finance & Data (FD) for items 2.7, 2.8 and 2.9 Clerk</p>
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Quorum 2 members

Agenda Item	Action by
<p>Apologies for Absence 1. Margot Hooley – ill There were other no apologies.</p> <p>Declarations of interest There were no declarations of interest.</p>	
<p>Opening of meeting The Chair opened the meeting at 15.03 and thanked everyone for attending, due to time constraints item 2.7 was to be taken directly after item 2.2.</p>	
<p>2.1 Minutes of Previous meeting The committee approved the minutes of the meetings held on 3 July 2023 and 28 September 2023 as an accurate record. Resolved that the minutes were an accurate record of the meeting held 3 July and 28 September 2023.</p>	
<p>2.2 Open Matters Arising Item 4.2 Risk Appetite - to be fully discussed at the autumn audit meeting – DoO to bring draft wording of statement to November meeting. This is to be carried forward to the next meeting. Item 4.5 - to provide an update on the fixed asset register for Victoria for next committee meeting. FD confirmed that this will be put in place by February 2024 with a draft to be presented in March at the next meeting. Item 4.7 - priority and status of policies to be reviewed and this to be advised to the committee in November – on agenda item 2.10. Closed</p> <p>All other actions had been closed and there were no other matters arising.</p>	<p>FD</p> <p>FD</p>
<p>2.3 Notification of any matters for concern (e.g. fraud, whistleblowing)</p>	

	<p>At the September meeting the committee was advised of a whistleblowing issue. Since then the FD confirmed that the following actions have been taken:</p> <ul style="list-style-type: none"> • An investigation was undertaken by the Sixth Form Principal, not involved in the degree awarding processes. This included reviewing documents where relevant. • The short report prepared, uncovered that processes were not being fully followed, particularly those students who do not follow a standard delivery pattern (e.g. have gaps in learning). It also uncovered potential weaknesses in current processes but did not find any evidence of deliberate malpractice. It was recommended that a full process review is carried out by an appropriate external reviewer. • HE Review carried out by Alan Fenton, HE Registrar for NCG (UK's largest college group and holder of full degree awarding powers embedded in apprenticeship programmes) and the response to the recommendations is underway. • Internal audit time has been identified for the end of the year to be used to ensure that the process improvements have been successfully implemented. • The headline findings of the investigation were fed back to the whistle-blower, who expressed satisfaction with the outcome and steps taken. <p>The committee thanked the FD for a quick and professional response and the reassurance that the processes have been strengthened. FD to provide an update for the Board reassuring that the issue, which was escalated, resulted in the processes being improved and recommendations actioned.</p> <p>Resolved that:</p> <p>(i) the Update to the Whistleblowing Report was received and noted by the committee</p> <p>(ii) FD to provide an update for the Board reassuring that the issue which was escalated resulted in the processes being improved and recommendations actioned</p>	<p>FD</p>
<p>2.4</p>	<p>Financial Statements 2022/23</p> <p>The Statutory Accounts were prepared by the College and audited by Buzzacott. Shachi Blakemore went through the Post Audit Management Report and Financial Statements for 2022/23 and provided assurance regarding the accuracy of the Report and Financial Statements. Both the FD and Olga Bonney-Glazik the Finance Manager were thanked for their work during the audit with the auditors noting that there were a number of challenges in completing the audit work this year mindful of the particular circumstances and issues faced by the finance team this year.</p> <p>Post Audit Management Report (PAR) 2022/23 (including Regularity Audit)</p> <p>Buzzacott reported there were some adjustments which needed to be checked and raised the issue of going concern which had not been completed in the PAR reminding the committee that this was for a twelve month period from date of approval i.e. 12 December 2023.</p> <p>The following points were highlighted:</p> <ol style="list-style-type: none"> 1. It was confirmed that the auditors provided an unqualified audit opinion on both the financial statements audit and regularity assurance. They were clean with nothing significant outstanding and only minor adjustments to be made and that the going concern with material uncertainty assessment was still appropriate. 2. The work undertaken by Validera, the internal auditors, was considered as part of the audit and their work sampled to provide reassurance. 3. Regulatory assurance work – there were now additional rules due to ONS reclassification and no issues were raised. 4. An observation from the external auditors regarding the two legal entities concerning a number of adjustments that have had to be made due to funding agreement wording i.e. that income has been recognised in the inappropriate entity due to a lack of clarity when funding agreements are drawn up. FD confirmed that this was now being addressed. 5. Service Level Agreement with NCDS – this needs to be reviewed, updated and 	

- finalised to clarify the relationship between the two entities as the College is now well established. FD confirmed that this will be addressed before the next board meetings for both the College and NCDS Ltd in December.
6. ISA 315 revised – this implements a minimum requirement for auditors to document their understanding of the role of IT in the transactions and processes relevant for the audit. It was noted that the College did not have any form of cyber insurance and that going forward this should be actioned to provide cover against the increasing risk of cyber-attacks and breaches which is being felt sector wide.
 7. Cost of premises for Broad Lane to be recognised in 2022-23 in accordance with the accounting requirements for onerous leases.
 8. Contingent liability – internal audit work undertaken in recent years highlighted weaknesses with regard to student data which in turn, resulted in a contingent liability being disclosed by the College. Whilst this has improved these historical issues may potentially remain unremedied and there could be a potential clawback if there was a funding audit. Therefore it was deemed appropriate to continue to disclose a contingent liability in the financial statements. The committee then discussed what the scope of a clawback could mean and any possible timeframe for such a funding audit. FD said that a part of the Student Records Review could be refocused to cover this. It was agreed that this be further discussed at the next audit meeting in March 2024. Discussing bank reconciliations - FD advised that a formalised checklist is being set up against which there will be signatures for completion.

There were no further questions, and the committee recommended the Post Audit Management Report to the Board for approval.

Resolved that:

- (i) **the Post Audit Management Report including the Regularity self-assessment for the College were received by the committee and recommended to the Board for approval**
- (ii) **Contingent liability to be discussed at the audit meeting in March 2024**

Letters of Representation for Ada College and NCDS Ltd – these are to be issued once the audit work is concluded including going concern and would be in the main similar to the previous year.

Resolved that the letters of Representation for Ada College and NCDS Ltd to be issued once audit work is concluded and to be put forward to the Board for approval and sign-off on 13 December 2023.

Report & Financial Statements 2022/23 for Ada College and NCDS Ltd

The financial statements 2022/2023 for both NCDS Ltd and Ada College were presented albeit it was acknowledged that amendments to the internal control and corporate governance section would have to be updated as above and some minor issues finalised. The following was noted:

1. **Ada College (based on Casterbridge format)**
Deficit of £91,110 (surplus of £311,418 before depreciation charge)
Reserves ended the year were £562,819
Cash at year end £1,430,380.
2. **National College for Digital Skills Ltd (based on charity format)**
Deficit of £817,118 (£414,590 before depreciation charge)
Reserves ended the year at £375,106
Cash at year end £1,049,155

	<p>FD advised that the Finance & Resources committee had gone through the statements, had asked various questions and were happy to recommend these to the Board. The audit committee asked about the Streamlined Energy and Carbon Reporting Regulation (SECR) which although the College is exempt from, most colleges are now including it and it was left in, as a flag to the Board before it becomes mandatory. The audit committee discussed the disclosures on going concern with material uncertainties, with FD commenting that Finance & Resources committee was more concerned about the volatility of the apprenticeship market than the fundraising and that various levers would be able to be pulled in mitigation.</p> <p>Resolved that the Financial Statements for 2022/2023 for Ada College and separately for NCDS Ltd were received and noted by the committee</p> <p>The Chair thanked the auditors for their work and Shachi Blakemore for the presentation.</p> <p>Shachi Blakemore left the meeting at 16.26.</p>	
2.5	<p>Audit Committee's Annual Report 2022-2023</p> <p>The annual audit committee report summarises the work of the committee during the previous academic year and confirms that the Audit Committee has effectively monitored current and new and emerging risks, the effective operation of key processes within the College, reviews and assures internal/specialist audit arrangements, and oversees the engagement and function of external auditors. It details not only work carried out by the internal auditors and their reviews:</p> <ul style="list-style-type: none"> • Core Financial Controls • Student Records (Apprenticeship On-boarding) • Information Governance • Follow-up Review <p>but also the following:</p> <ul style="list-style-type: none"> • Comments from the external auditors relating to the Post audit report and Financial statements • Risk Management • Fraud and whistleblowing reports <p>Resolved that the Audit Committee's Annual Report was received and recommended to the Board for approval.</p>	
2.6	<p>Audit Output Tracker</p> <p>DoO joined meeting at 16.36.</p> <p>The tracker provided an update on progress with recommendations resulting from internal and external audit work carried out over the period September 2022 to date. Completed actions will be removed from future reports and the tracker covered the following audit activity:</p> <p>Internal audit 2021-22 (remaining actions)</p> <ul style="list-style-type: none"> • Risk Management • Student Records 16-19 <p>Internal audit 2022-23</p> <ul style="list-style-type: none"> • Student Records - Apprentice on-boarding (including follow up of findings from previous work) • Corporate Governance – to be removed as actions completed • Financial processes – key controls • Follow-up Review • Information Governance <p>External Audit</p> <ul style="list-style-type: none"> • Audit of 2021-22 financial statements 	

	<p>The committee discussed the risk register and what did success look like with FD and DoO giving KPIs as an example. There were no further questions.</p> <p>Resolved that the Audit Output Tracker was received and noted by the committee</p>	
<p>2.7</p>	<p>Internal Audit Report Validera which provides the internal audit services to the College, advised that 3 audit reviews and one follow-up review had been undertaken in 2022-23. The internal audit annual report summarised the activity undertaken and provided an overall opinion on the adequacy and effectiveness of the College's risk management, control and governance processes.</p> <p>Internal Audit Annual Report 2022-23 As previously minuted Validera had provided overall adequate assurance and analysis on three of the five reviews carried out (Corporate Governance, Student Records and Follow-up on the accuracy of management's own recommendation tracking). Limited assurance was provided for the remaining two areas (Core Financial Controls and Information Governance). The report confirmed that Validera was satisfied that, for the areas reviewed during the year, the College had reasonable and effective risk management, control and governance processes in place. The committee asked about the two reviews with limited assurance:</p> <p>Core Financial Controls – of note were the following:</p> <ul style="list-style-type: none"> • Annual physical verification of Fixed Assets to be introduced. • Fixed Asset Register to be maintained. • Financial Regulations are subject to review on a bi-annual basis. This has since been actioned. <p>Information Governance – a number of recommendations were made covering compliance. The Chair asked about these findings with Validera explaining that it was a compliance heavy area and the findings highlighted, were not unusual. FD said that the audit review was excellent and provided a blueprint for actions going forward. There was further discussion around 'Turn IT on' a company which provides a range of ICT & MIS support and GDPR services and who will be doing an audit in Easter 2024 focusing on GDPR.</p> <p>Student Records (apprenticeship on-boarding) – six recommendations were made, and the findings were less systematic. For reassurance the autumn cohort had 100% compliance.</p> <p>Follow-up Review – aim was to verify the reported status of ten items marked as completed within the Output Tracker, eight had been fully implemented with two recommendations that were not verified have been included in the Action Plan. The FD provided assurance that now all actions from the reviews have been put into the audit action tracker.</p> <p>The Internal Audit Strategy for 2023-24 was presented following a refresh meeting with the ELT. The planned times and the high-level scopes for these reviews for 23/24 covered; health & safety; student records (to include degree award processes); performance management, core financial controls and follow up over previously accepted audit recommendations. The Chair asked about the duplication of some of the reviews which Validera said would cover different areas within these reviews.</p> <p>There were no further questions and the Chair thanked James Godsmark for his work on this.</p> <p>Resolved that:</p> <ol style="list-style-type: none"> (i) the Internal Audit Annual Report 2022-23 was received and recommended to the Board for approval (ii) the Internal Audit Strategy for 2023-24 was received and approved by the committee 	

	James Godsmark left meeting at 15.26	
2.8	<p>Risk Management Risk Management Policy The College's risk management policy was in place and subject to annual review. There were no updates. The Committee re-approved the policy.</p> <p>Risk Register The strategic risk register is reviewed regularly by the ELT. The impact and likelihood scoring for the residual risk has made the register more transparent in how it differs from the inherent risk scoring.</p> <p>Risk 9 - negative direction - regarding achieving year on year apprenticeship volume targets which has been discussed at length both the Finance & Resource and Education committee meetings.</p> <p>Risk 12 –positive move - regarding insufficient resource and cash flows to successfully deliver two capital /relocation projects with the completion of the relocation to the Victoria site.</p> <p>Risk 18 – negative direction – risk of financial losses through fraud, data losses/inaccuracies in MIS system – already discussed in 2.3 and 2.4</p> <p>Risk 19 – negative direction - risk of clawback of funding due to non-compliance with funding rules and regulations – discussed under item 2.4</p> <p>Risk 22 – positive move - regarding not being able to retain staff due to move to Victoria with staff retention improving from 67% in 21/22 to 76% in 22/23.</p> <p>There were no further questions.</p> <p>Resolved that:</p> <p>(i) the Risk Management Policy was received by the committee and to be put forward to the Board for approval</p> <p>(ii) the Risk Register was received and noted by the committee</p>	
2.9	<p>Annual Fraud Assessment Report In accordance with the Post-16 Audit Code of Practice the aim of this assessment is to provide a framework for the College to consider and to document a fraud assessment. The FD confirmed that the report confirms that there have been two incidences of fraudulent activity in the period from 1 August 2022 to date relating to transactions, within a similar timeframe, by a third-party using Ada charge card and debit card details. This has been recorded in the fraud log and investigated internally. The values were for well under £10,000 and all funds were refunded by the bank.</p> <p>A Fraud Policy was in place and communicated to all staff.</p> <p>Resolved that the Annual Fraud Assessment Report was received by the committee and recommended to the Board for approval</p>	
2.10	<p>Review of Schedule of Policies The FD had revised the document to show the list of policies, the frequency of review, the approval level, the lead, date approved and next review dates. The Chair and committee felt that this was a very clear document and thanked the FD for the work done on updating this document.</p> <p>Resolved that the Master Schedule of Policies was received and noted by the committee</p>	
2.11	<p>Policies for review The following policies were presented for review and approval. Key changes to comply with changes to the legislation were captured on the front sheet of each policy which now followed the standardised template from Andrew Collins LLP.</p> <ol style="list-style-type: none"> i. Fraud ii. Anti-Bribery and Corruption 	

	<p>iii. Whistleblowing</p> <p>The committee asked that going forward changes to policies be in tracked format to easily see the amendments.</p> <p>Resolved the following policies were received and recommended to the Board for approval:</p> <ul style="list-style-type: none"> i. Fraud ii. Anti-Bribery and Corruption iii. Whistleblowing 	
2.12	<p>Health & Safety Health & Safety (H&S) Annual Report 2022-23</p> <p>Responsibility for Health and Safety moved from the Director of Finance and Data to the Director of Operations when the role was created in June 2022. All mandatory Health and Safety checks have been carried out this past year. The College's internal Health and Safety Committee has met twice this year and covered:</p> <ul style="list-style-type: none"> • Training requirements for staff relating to H&S, fire marshals, first aid • Scheduling of fire drills • First aid incidents • Updates required to H&S policies, fire evacuation documents and policy updates • The London H&S policy remains unchanged. <p>Health & Safety Policy</p> <p>DoO confirmed there is a separate policy for Manchester office signed by CEO and the London policy remains unchanged. The committee approved the policy as presented.</p> <p>Health & Safety Policy Statement</p> <p>The Health and Safety Policy Statement sets out how the College manages health and safety within the workplace. It demonstrates the College's attitude towards health and safety and the steps, arrangements and systems in place to ensure compliance with Health and Safety legislation. This was for annual review and the committee recommended this to the Board for approval and signature by the Chair and CEO.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Annual Health & Safety Report was received by the committee (ii) the Health & Safety Policy was received by the committee and recommended to the Board for approval (iii) the Health & Safety Policy Statement received and recommended to the Board for approval and signature by Chair and CEO. 	
2.13	<p>Committee annual self-evaluation</p> <p>The response rate was 100% and the attendance rate 90%. Comments from the self-evaluation were noted and a point raised concerning the risk management induction/training of staff to be addressed.</p> <p>Resolved that the committee annual self-evaluation was received and noted by the committee</p>	
2.14	<p>Any Other business</p> <p>A committee member asked about whether there was a cyber link governor or if that was incorporated with the safeguarding lead governor's remit and asked for this to be raised at a Board meeting as the Board has overall strategic responsibility for filtering and monitoring and need assurance that the standards are being met.</p>	

	<p>DoO advised that this was her last meeting and for reassurance that all responsibilities will be handed over. The Chair and committee thanked her for her detailed work throughout her time at the College and that she would be missed.</p> <p>There was no further business.</p>	
2.15	<p>Items to be taken forward to next Board Meeting</p> <ol style="list-style-type: none"> 1. Post Audit Management Report 2022/23 (including Regularity Audit) 2. Letters of Representation for Ada and NCDS Ltd 3. Audit Committee Annual Report 4. Internal Audit Annual Report 2022-23 5. Risk Management Policy 6. Health & Safety Policy 7. 3 Policies – Whistleblowing, Fraud and Anti-Bribery 8. Strategic Risk Register – to note 9. Safeguarding/cyber link governor – for note 	Clerk
2.16	<p>Date of Next meetings</p> <ol style="list-style-type: none"> 1. 13 March 2024 2. 19 June 2024 	
	<p>Close of Meeting</p> <p>Meeting closed at 16.59.</p>	