



AUDIT COMMITTEE

**MINUTES of the Meeting of the AUDIT Committee
held on Monday 26 September 2022 at 14.15 via remote participation**

<p>Members present: Gillian Lancaster Amali de Alwis Gurpreet Kaur</p> <p>In attendance: Tom Fogden Olga Bonney-Glazik Irene Mortimer Mark Smith Joy Watkins Jacky Gearey</p>	<p>External member and Chair External member Co-opted</p> <p>Dean Business Manager Haines Watts, Internal Auditors for item 1.4 CEO Director of Finance & Operations (FD) Clerk</p>
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Quorum 2 members		
Agenda Item		Action by
	<p>Apologies for Absence 1. Imran Rassaq</p> <p>There were no other apologies.</p>	
	<p>Declarations of interest Amali de Alwis has now joined the Board of Aberdeen Standard Life Foundation. There were no other declarations of interest.</p>	
1.0	<p>Opening of meeting The Chair opened the meeting at 14.18 and thanked everyone for attending outlining that this meeting centred on the outputs from the internal audit reports which were not fully completed before the last meeting.</p>	
1.1	<p>Minutes of Previous meeting The committee approved the minutes of the meeting held 11 July 2022 on as an accurate record. Resolved that the minutes were an accurate record of the meeting held 11 July 2022</p>	
1.2	<p>Open Matters Arising It was agreed that the open matters would be discussed and covered off at the November meeting.</p>	
1.3	<p>Notification of any matters for concern (e.g. fraud, whistleblowing) The FD advised that there were no matters of concern.</p>	
1.4	<p>Internal Audit Updates The FD introduced Irene Mortimer from Haines Watts, the internal auditor who then covered the proposed internal audit plan from 2022-23 and the recent internal audit activities which included</p> <ul style="list-style-type: none"> • Financial controls; • Risk Management; and • Apprenticeship on-boarding. <p>Internal Audit Strategy Plan for 2022 - 2025</p>	

	<p>The plan sets out the proposed approach to providing assurance and the areas to be reviewed with the Audit Committee having delegated authority from the Board to approve the plan. The internal auditor proposed the following plan for 2022-23 and reassured the committee that the items proposed for 2023-24 and 2024-25 can be changed with subject areas refreshed and reviewed on an annual basis or as required. Progress or individual assignment reports will be issued in draft for comment by management and subsequently issued as a final report to both management and the audit committee. The final report will contain an action plan agreed with management to address any weaknesses of significance identified by internal audit.</p> <ul style="list-style-type: none"> • Corporate Governance – the framework of controls with regard to the Corporation, and the way it discharges its responsibilities, committees, delegated authorities, planning, and accountability • Budgetary control - review of the budgetary control framework; including budget setting process, approval, delegation, reporting, monitoring and corrective actions. • IT Cyber - the review will be aligned to key requirements of Cyber Essentials; will provide validation of controls and ongoing assurance that those controls are consistently applied to protect systems from harm. • Student Records for 2022.2023. This is to be an annual review. <p>The Chair asked if there was anything in the sector that was topical and was advised of the introduction of environmental reporting, marketing, stakeholder engagement (Learner voice) and complaints. Discussion then centred around material uncertainty and going concern referred to by the external auditors and the FD confirmed that the latter would be discussed at the next board meeting.</p> <p>The committee agreed that the internal audit plan reflected the areas that the committee believed should be covered as a priority for the current year.</p> <p>Internal Audit reports</p> <p>Regarding the annual internal audit reports, Haines Watts had provided overall positive assurance and analysis on two of the three reviews carried out (Financial Controls and Risk Management). For each of these two assurance reviews, an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. The report also confirmed that Haines Watts 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 two assurance reviews covered were:</p> <p>Financial Controls Report</p> <p>Overall positive assurance. Controls were in place but areas for improvement have been identified in access controls and financial regulations. The Finance team has accepted the recommendations made and will implement within current resource and capacity constraints. There was one red RAG item regarding the donations' portal. CEO confirmed that this portal had never been used and would be removed. Additionally the FD confirmed that the financial regulations would be refreshed annually.</p> <p>The Chair asked for any questions on approach taken and findings, there were none.</p> <p>Risk Management Report</p> <p>Overall positive assurance. Arrangements were appropriate for the College's size and maturity with areas for improvement based on good practice. Recommendations have been accepted and the audit committee was asked to provide input into what changes, if any, it would like to see in the Risk Management policy on procedural guidance and Risk Appetite. The committee discussed at length Risk Appetite and decided not to make a Risk Appetite statement at this point in time i.e. set the level of risk that the College is willing to accept while pursuing its objectives, and before any action is determined to be necessary in order to reduce the risk. It was noted that the risk appetite topic should be revisited the following year once the risk framework had further matured.</p>	
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	<p>The third review was a follow up to an RSM review during 21/22, and was based on enrolments since the previous review, to consider if improvements had been suitably implemented and to provide assurance on whether the College was complying with the eligibility and evidencing requirements established by the ESFA.</p> <p>Apprenticeship On-Boarding draft Report Haines Watts referred to the draft report which was currently with the Apprenticeship Team for responses. Overall assurance was limited. Some improvements have been made since the RSM work undertaken last year, but there remained areas where improvement was still required, and this was detailed in the report. It was noted that the administration of apprenticeships was challenging due to complex funding regulations and that the sign-up of an Apprentice involved a significant amount of data. In answer to the Chair's question regarding timing, the review was undertaken against 2021/22 requirements and 2022/23 policy updates have included simplified Off The Job calculations (6 hours per week), progress reviews (12 weeks) and eligible costs. A sample of 10 Apprentices was reviewed and it was noted that the Apprenticeship documentation has improved since RSM undertook their audit. However, testing did flag several areas which still require improvement which has been noted by the CEO and Dean. The FD confirmed that once the finalised report has been received it would be circulated to the committee. The committee asked that if some of the flagged areas had been ongoing for some time, then they should be reviewed in an additional audit to ascertain the causes which CEO and Dean agreed to.</p> <p>The FD thank Irene Mortimer and her team for their work, and she left the meeting at 14.48.</p> <p>The Chair then asked for feedback from the committee on the internal audit reports.</p> <p>Financial Controls – the FD explained that the lack of resources had a significant impact and that all endeavours will be made to implement improvements, however there was a relatively low level of risk. CEO agreed to take down the donate tab on portal.</p> <p>Risk Management – the risk management policy goes to the committee for review and approval in November and the discussion above regarding risk appetite was noted as a risk appetite statement could affect the RAG rating risks especially as some of these were outside the College's control. FD said that this was purely an improvement for best practice and that it could be revisited at the beginning of the next academic year. The committee agreed.</p> <p>Apprenticeship On-Boarding – the Dean advised that a compliance manager was now in place and provided reassurance to the committee that this will ensure paperwork is correct and signed. The Chair said that it was critical that the checks referred to in the report were made. There was a further discussion on contingent liabilities and a clawback with the FD confirming that the latter could not be quantified. The Chair asked that the Dean provide for the following audit meetings, the number of apprenticeships on roll and identify those that are not fully compliant. Additionally the FD advised of the paper going to the Board on going concern and the issues that are impacting the College. There were no further issues, the Chair thanked everyone for their time in attending this extra meeting.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Internal Audit reports were received and noted by the committee (ii) the donation tab to be taken down from portal – CEO (iii) FD to provide finalised IA report on Apprenticeship on-boarding to committee once received (iv) Dean to provide for next meeting the number of apprenticeships on roll and identify those that are not fully compliant 	
1.5	Any Other business	

	There was no further business.	
1.6	Items to be taken forward to next Board Meeting 1. Discussion paper on going concern.	
1.7	Date of Next meeting: 1. 14 November 2022 at 11.00	
	Close of Meeting Meeting closed at 15.18	