



## Northern College

### AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on **25 March 2024**

**Present:** Ann Corrigan (Chair), Seb Schmoller, Ray Low and Matt Stephens.

**In attendance:** Emma Beal (Principal), the Deputy Principal/Chief Finance Officer (Sue Saunders) and the Clerk to the Governors (Sarah Johnson).

**Apologies:** None.

### DECLARATIONS OF INTEREST

A24/1 None.

### MINUTES AND MATTERS ARISING

A24/2 The minutes of the meeting held on 4 December 2023 were approved as an accurate record.

A24/3 The committee considered the progress reported against previous actions, noting that all actions were either complete, on-going or not yet due.

### CONTEXT UPDATE

A24/4 The committee considered a verbal context update relating to matters which could impact on its work, particularly:

- the continuing work on the development of a residential funding framework and rate for 2024/5 onwards;
- progress on contingency planning including property valuation;
- the new DfE funding methodology including revised terminology for AEB (now Adult Skills) and Community Learning (now Tailored Learning);
- the setting of a new minimum wage threshold for South Yorkshire.

**Resolved: i That the developments reported be taken into consideration in relation to the committee's work.**

### INTERNAL ASSURANCE MAPPING (Document 2ii)

A24/5 The committee considered an assurance mapping matrix to support it in reaching a view on the robustness of the College's system of internal controls, and to inform its planning of internal audit activity and assessment of risk.

A24/6 The committee requested that:

- the use of jargon be limited or explained further where appropriate;

- compliance with the requirements of the Equality Act be included in future reports;
- a section on data quality be included in future reports.

A24/7 The committee explored how the assurance activities undertaken by the College and committee would mitigate against a repeat of the audit issues which arose in 2020/21 regarding the application of the residential funding rules, and whether any further actions were required. The committee:

- agreed that the previous issue had arisen due to a reinterpretation of the application of rules by the funder and this could not have been mitigated by audit or assurance mapping;
- agreed that it was important to ensure that any future funding methodologies agreed were appropriately formalised and documented;
- explored what formalised would look like and the different approaches that could be taken;
- considered the role of the Audit Committee and the Board in ensuring that appropriate documenting was achieved, along with the Audit Committee's role in providing assurance to the Board;
- agreed to add a relevant risk to the risk register;
- agreed to maintain oversight of this area at the committee to ensure that an appropriate outcome was achieved.

A24/8 The committee also considered the common findings from funding assurance work undertaken nationally by the ESFA in 2022/23, along with a management response to the relevant areas identified, noting that no areas had been identified as high risk.

**Resolved: i That the assurance mapping matrix be updated to minimise or explain the use of jargon, include compliance with the requirements of the Equality Act, and include a section on data quality.**

**ii That oversight of assurance regarding the appropriate documentation of a future funding methodology for residential education be maintained by the committee.**

#### **AUDIT RECOMMENDATIONS STATUS REPORT (Document 2iii)**

A24/9 The committee considered the regular report which outlined the status of previous audit recommendations and enabled it to ensure that they were appropriately implemented in a timely manner. The committee particularly noted:

- that the report had been extended to cover recommendations from various external sources including previous internal audits, external audit (RSM), WYCA advisory audit and the SYMCA advisory audit;
- there were five outstanding recommendations (compared to eight at the last report).

A24/10 The committee agreed that:

- overall appropriate progress was being made with the implementation of recommendations;
- no issues fundamental to the operation of the College had been identified;

- no areas of new risk had been identified.

**Resolved: i That appropriate progress was being made in the implementation of previous audit recommendations.**

#### **INTERNAL AUDIT PLAN 2023/24 AND 2024/25 (Document 3i)**

A24/11 The committee considered the approach to the engagement of internal audit services for 2023/24 and 2024/25, and:

- welcomed the now commissioned funding audit which was scheduled to take place in April/May 2024 and would report to the June meeting of the committee;
- agreed that funding assurance would remain a key priority for 2024/25 internal audit, particularly in relation to the effective application of the anticipated new funding methodology for residential education;
- agreed that whilst the anticipated requirement in the new funding handbook for colleges to appoint an internal audit service had not materialised, the previously agreed plan to appoint an internal audit provider for 2024/25 onwards remained appropriate;
- endorsed the proposed approach and timetable for procurement;
- explored the options for purchasing the service locally, but agreed that on this occasion it was likely that the specialist knowledge required would not be available locally.

**Resolved: i That the report arising from the funding assurance audit be considered at the committee's meeting in June 2024.**

**ii That the outcome of an appropriate procurement process for the appointment of an internal audit service be considered by the committee at its meeting in June 2024, with a view to making a formal recommendation to the Board of Governors at its meeting in July 2024.**

#### **ASSURANCE AND RISK MANAGEMENT - KEY STRATEGIC RISKS (Document 4ii)**

A24/12 The committee considered the risks from the strategic risk register allocated to them for oversight, noting that:

- no new risks had been added/were proposed;
- no risks were proposed for removal;
- two risks were overseen by the committee relating to cyber-attacks and funding clawback as a result of audit activity, both of which had remained at the same level as previously reported.

A24/13 The committee considered overall current risks, direction of travel and mitigation factors, and:

- agreed that a new risk relating to the appropriate documentation of any agreed future funding methodology for residential education should be added to the register;
- agreed that with the inclusion of the above it was assured that each risk was being appropriately overseen by the relevant allocated committee/Board.

- A24/14 The committee undertook its annual review of the risk management and assurance framework and agreed that it remained effective and appropriate.
- A24/15 The committee reviewed the revised Risk Management Policy, and:
- explored the changes to nomenclature, the changed balance of roles between the Executive Leadership Team and the Risk and Business Continuity Group, and other minor amends;
  - agreed that it was appropriate and fit for purpose;
  - agreed to recommend it to the Board of Governors for approval.

- Resolved: i That a new risk be added to the risk register relating to the appropriate documentation of any agreed future funding methodology for residential education.**
- ii That the approach to risk management remained appropriate, the system was operating effectively, the risks identified were accurate, appropriate mitigation was in place, and risk was being appropriately factored into decision making.**

#### **FINANCIAL STATEMENTS AUDIT (Document 4i)**

- A24/16 The committee considered an assessment of the performance of its financial statements auditors during the 2022/23 audit and agreed that overall it had been a very positive experience, and that the RSM team had worked hard to ensure that the College had been able to meet the 31 December deadline for submission.

- Resolved: i That the committee recommend to the Board for approval annual confirmation of the appointment of RSM as external Financial Statements Auditors for the financial year 2023/24.**

#### **POLICIES FOR APPROVAL (Document 4ii)**

- A24/17 The committee considered a revised Business Continuity policy, and:
- noted that minor changes had been made to reflect name changes and the inclusion of a requirement for a post disruption review in the responsibilities of the Deputy Principal/CFO;
  - reviewed the arrangements in place for off-site operation should an incident mean that access to the College site was unavailable, including access to data;
  - explored the nature and regularity of the testing of the plan, noting that whilst 'live' testing as a result of weather conditions occurred relatively regularly, formal testing was limited.
- A24/18 The committee agreed:
- the College should formally explore with BMBC the provision of an off-site base should it be required;
  - to add into the policy details regarding the use of alternative buildings on the site and the arrangements in place to facilitate this;
  - the College should undertake proportionate work regarding ensuring access to data in the event of physical access to the site being limited;
  - the policy should be updated to better reflect an accurate and realistic picture of the approach to the testing of the plan.

A24/19 The committee considered and approved a revised Counter Fraud Strategy and Procedures.

**Resolved: i That with the inclusion of the amendments agreed the Business Continuity policy be recommended to the Board of Governors for approval.**

**ii That the Counter Fraud Strategy and Procedures be approved.**

#### **DATES OF THE NEXT MEETINGS**

A24/20 10 June 2024 - 11.30am  
2 December 2024 - 11.30am  
3 March 2025 - 11.30am  
9 June 2025 - 11.30am