



Northern College

AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on **4 December 2023**.

Present: Liz Stanley (Chair), Seb Schmoller and Ann Corrigan.

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

Apologies: None.

DECLARATIONS OF INTEREST

A23/50 None.

MINUTES AND MATTERS ARISING

A23/51 The minutes of the meeting held on 3 July 2023 were approved as an accurate record.

A23/52 The committee considered the progress reported against previous actions, noting that all actions were either complete, on track or to be considered on the agenda.

SECTOR/CONTEXT UPDATE

A23/53 The committee considered a verbal context update relating to matters which could impact on its work, including the development of a future funding model for residential.

Resolved: i That the development of the new funding model be taken into consideration in relation to future internal audit requirements.

INTERNAL ASSURANCE REVIEW 2022/23 (Document 3II)

A23/54 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 during 2022/23 and to the point of signing the financial statements.

A23/55 The committee:

- welcomed the report and agreed that it should be retained as a standing item;
- agreed that additional information should be added regarding IT, network security, business continuity and data protection;
- agreed that the matrix should be included in an invitation to quote for internal audit services to ensure that their work was able to further enhance this work and review its implementation.

Resolved: i That the assurance mapping matrix be retained as a standing item for the Audit Committee.

- ii **That the assurance mapping matrix be refined to include a range of other areas identified.**
- iii **That the assurance mapping matrix be utilised as part of an invitation to quote for internal audit services.**

AUDIT RECOMMENDATIONS STATUS REPORT (Document 3lii)

A23/56 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 include all audit recommendations received by the College from whatever source as previously agreed;
- that eight (out of 44) recommendations remained outstanding/on-going;
- that professional advice would be engaged to support the planned development of procurement policies and procedures.

A23/57 The committee:

- agreed that overall appropriate progress was being made with the implementation of recommendations;
- welcomed the development reported.

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

INTERNAL AUDIT PLN 2023/24 (Document 4i)

A23/58 The committee considered a proposed approach to the engagement of internal audit services for 2023/24 and 2024/25, and:

- agreed that funding assurance remained a key priority for 2023/24;
- agreed that learner support should also be a priority as this was likely to become a higher risk during the transition to a revised funding methodology for residential;
- supported the suggestion that value for money and data protection also be prioritised;
- explored the approach, proposed process and timeline;
- agreed that a careful criterion for assessment should be developed based on the College's specific needs;
- agreed that ensuring the provider(s) had the specific expertise required by the College would be critical, whilst maintaining value for money.

Resolved: i That it be recommended to the Board that internal auditors be appointed to commence during 2023/24 with a focus on funding assurance in the first instance.

- ii **That following an appropriate procurement process a formal recommendation be made to the Board of Governors for appointment of an internal audit service at its meeting in July 2024.**

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

A23/59 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;
- an assessment against common ESFA findings would be circulated.

A23/60 The committee considered overall current risks, direction of travel and mitigation factors. The committee was assured that each risk was being appropriately overseen by the relevant allocated committee/Board.

Resolved: i The committee agreed that the approach to risk management remained appropriate, the system was operating effectively, the risks identified were accurate, appropriate mitigation was in place, no new risks had been identified and risk was being appropriately factored into decision making.

CLOSED SESSION WITH THE AUDITORS

A23/61 The committee held a closed session with the College's financial statements auditors who:

- confirmed that their audit was almost complete and that whilst the timescales were very tight they were confident that the planned timeline to sign the statements at the December meeting of the Board would be achieved;
- confirmed the inclusion of material uncertainty in their audit report;
- reported good working relationships with the College's executive team and the receipt of informed and articulate responses to queries;
- requested and received assurance that the committee was not aware of any fraud risks.

Resolved: i That the committee was satisfied that the working relationship between the financial statements auditor and the College's executive team were appropriate.

DRAFT ANNUAL AUDIT COMMITTEE REPORT TO THE BOARD 2022/23 (Document 5i)

A23/62 The committee considered its draft annual report to the Board for 2022/23, and:

- noted that it would be updated to reflect the outcome of the meeting and the conclusion of the external audit;
- agreed that a note should be added to reflect the decisions taken regarding appointment of an internal audit service;
- noted the continuing challenges with appointing new members to the committee and the action being taken;
- reviewed the regularity self-assessment;
- agreed that it was the committee's opinion that the Board of Governors could be satisfied with the adequacy and effectiveness of the College Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the

institution and the safeguarding of its assets.

- Resolved:**
- i That it was the committee’s opinion that the Board of Governors could be satisfied with the adequacy and effectiveness of the College Corporation’s assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.**
 - ii That the Annual Audit Committee Report to the Board for 2022/23 be updated as agreed and shared with members of the committee for a final review prior to submission to the Board in December 2023.**

FINANCIAL STATEMENTS AUDIT 2022/23 (Document 5ii)

- A23/63 To enable it to effectively perform its responsibilities in relation to the production and audit of the College’s financial statements for 2022/23 the committee considered:
- key findings as presented by RSM the College’s financial statements auditor;
 - draft financial statements for 2022/23.
- A23/64 The committee considered the audit findings in detail, and:
- noted that the audit was substantially complete, and the report would be updated as appropriate;
 - reviewed and noted the auditors going concern assessment and the basis for the material uncertainty included, which related to current uncertainty regarding a future residential funding methodology;
 - noted the minor unadjusted misstatements and prior period error reported;
 - welcomed the unmodified regularity opinion;
 - welcomed the completion of the audit and the College’s ability to approve and sign its financial statements in a timely manner by 31 December 2023.
- A23/65 The committee considered the draft financial statements for 2023/24, noting the areas for final completion required, welcoming the audit position reported, and taking assurance that the financial position reported was in line with that reported to the Board throughout the year.
- A23/66 The committee considered the RSM emerging issues document and noted that it would be shared with all members of the Board.

- Resolved:**
- i That the draft audit findings report from the College’s financial statements auditor be recommended to the Board of Governors.**
 - ii That the draft financial statements for 2022/23 be recommended to the Board of Governors.**

COMPLIANCE ANNUAL REPORT 2022/23 - HEALTH AND SAFETY (Document 5iii)

- A23/67 The committee considered the Health and Safety Annual Report for 2022/23, and:
- reviewed the arrangements in place to manage health and safety during the year, along with key data including audit outcomes and accident statistics and details;

- noted that the College did not have any RAAC and the associated reporting to the DfE;
- noted the new guidance regarding asbestos and how this was being addressed as part of the capital programme;
- explored the impact of alcohol in relation to accidents, seeking and receiving assurance that with regards to students the College remained an alcohol-free campus.

A23/68 The committee agreed that the College's health and safety arrangements during 2022/23 were adequate and effective, and the report should be commended to the Board of Governors for consideration.

Resolved: i That the College's health and safety arrangements during 2022/23 were adequate and effective, and the report should be commended to the Board for consideration.

POLICIES FOR APPROVAL (Document 4iii)

A23/69 The committee considered a revised Health, Safety and Welfare policy, and:

- noted that minor changes had been made to reflect name changes and the correction of typos;
- agreed that para 3.4 should include ill health;
- agreed that with the inclusion of the above amendment the policy be recommended to the Board for approval.

Resolved: i That with the inclusion of the amendment agreed the Health, Safety and Welfare policy be recommended to the Board of Governors for approval.

COMMITTEE REVIEW (Document 5i)

A23/70 The committee reviewed performance against its committee KPIs in 2022/23 and agreed to recommend the proposed KPIs for 2023/24 to the Board for approval.

A23/71 The committee reviewed its terms of reference and agreed no changes should be recommended to the Board.

Resolved: i That KPIs for the Audit Committee for 2023/24 be recommended to the Board for approval.

ii That no changes be proposed to the committee's terms of reference.

DATES OF THE NEXT MEETINGS

A23/72 11 March 2024 - 11.30am
10 June 2024 - 11.30am