

THE TRAFFORD COLLEGE GROUP

**Minutes of the Audit Committee Meeting**  
**held at 4.00pm on Monday 26 June 2023 in the Boardroom at the Altrincham Campus**

<b>Present:</b>	Jed Hassid Ian Duncan Heather Lang Emma Kelly Matthew Swann	(Chairperson)
<b>In Attendance:</b>	Barry Watson Alison Duncalf Kal Kay Lyndsay Sheridan Michelle Leslie Karen Rae Lucy Hughes Brian Welch Leigh-Anne David Natalie Hinchcliffe Helen Knowles Helen Armstrong Paul Mundens	(Corporation Secretary) (Deputy Corporation Secretary) (Chief Finance Officer) (Director of Finance) (Vice Principal Corporate Services) (Armstrong Watson) (Armstrong Watson) (BDO) (BDO) (BDO) (Beever and Struthers) (Beever and Struthers) (IoD/ETF – External Governance Reviewer)

**Minute No**

Prior to the commencement of the meeting the Chairperson welcomed Matthew Swann (MS) to his first meeting of the Audit Committee. The Chairperson advised members and attendees that MS was a recently appointed Co-opted member and that he was currently employed as a Director of Risk at Azets.

The Chairperson also welcomed representatives from Beever and Struthers who had recently been appointed as the Group's Internal Auditors together with Lyndsay Sheridan who had recently been appointed as the Group's Director of Finance.

The Chairperson also welcome Paul Mundens from IoD/ETF and was part of the team undertaking the External Governance Review at the Group.

Members and other attendees introduced themselves to the new co-opted member and other new attendees.

**AUD/16/23 Apologies for Absence**

The Corporation Secretary (CS) reported that no apologies for absence had been received.

The CS also reported that LT-C, Audit Committee member, had resigned as a member of the Board of the Corporation and that the vacancy would be considered by the Board of the Corporation in due course.

**Action: Board of the Corporation**

**Minute No**

It was noted that AGL (Data Protection Officer/ ELT Consultant) was not in attendance at the meeting and that no apologies for absence had been received.

In the circumstances it was agreed that the consideration of agenda item 5 (Data Progress Report) be deferred until later in the meeting.

**AUD/17/23 Declarations of Direct or Indirect Interest in any of the Meeting's Business Items**

There were no declarations of either Direct or Indirect Interest in any of the meeting's business items.

**AUD/18/23 Minutes of the Meeting held on 24 April 2023**

The minutes of the meeting were approved and accepted as a correct account of the meetings proceedings.

**AUD/19/23 Matters Arising from the Minutes**

The CS went through the actions Pro Forma from previous meeting and confirmed that most actions had been closed or would be updated during the meeting.

Specific updates were provided as follows:

i) **AUD/05/23 – Appointment of Internal Auditors 2023-2027**

It was confirmed that the Chairperson of the Audit Committee had now signed the Letter of Engagement with Beever and Struthers and the item was now closed.

ii) **AUD/06/23 – Data Protection Progress Report**

It was advised that confirmation of completed actions was awaited from the DPO.

**Action: Data Protection Officer**iii) **AUD/09/23 – Internal Audit Visit 1- IT General Controls Review.**

The Vice Principal Corporate Services and Planning (VPCSP) confirmed that the Group had appropriate insurance arrangements in place for cyber cover and that the matter was closed.

**There were no further matters arising from the minutes.**

**AUD/20/23 Appointment of Co-opted Member of the Audit Committee 2023/2027**

The CS advised the Committee that at its meeting on 17 May 2023 the Board of the Corporation unanimously approved the recommendation that MS be appointed as a Co-opted member of the Audit Committee for a 4-year period.

It was also advised that appropriate Induction arrangements for the new member had been completed.

**Minute No**

There were no issues raised by members arising from the update and it was resolved that it be noted.

**AUD/21/23 Data Protection Progress Report - June 2023**

This item was taken as agenda item 14, and it was agreed that in the absence of the Data Protection Officer (DPO) any questions or issues arising from the report would be taken up with the DPO after the meeting.

**Action: Chief Finance Officer**

The report covered the following key Issues:

- An overview of national and sector reporting to the Information Commissioners Office which provided context and focus for the work of the Information Governance Group.
- Subject Access and Individual Rights Requests (SAR) and Data Breaches update. It was noted that one SAR had been received which was being processed and that there were no new Data Breaches.

Members raised a number of issues arising from the report as follows:

- A member commented concerning the nature and type of Data Breaches in Education and how it may inform future activities.

The CFO commented that it was unlikely that such a breakdown would be able to be secured from the ICO.

- A member commented concerning the training of staff in terms of data breaches and the CFO advised that a new provider for Data Protection would commence from the 1 August 2023 and that would be high on their agenda.

**There were no further questions or issues raised by members arising from the report and after due discussion and consideration it was resolved that the Data Protection Report June 2022 be received and noted.**

**AUD/22/23 Internal Audit Visit 2- 2022/2023**

The Committee received the IA's Internal Audit reports as follows:

- **Business Continuity**

The IA advised of the purpose and scope of the review and provided a detailed overview of the findings from the report including an explanation of the issues relating to the 3 recommendations contained within the report.

It was advised that the level of assurance for **Design was Moderate - Blue** and that generally there was a sound system of internal controls designed to achieve system objectives and with some exceptions.

## Minute No

**It was also advised that the assurance around operational effectiveness was out of scope.**

The IA further advised that there had been **one recommendation of high significance, one of medium significance and one of low significance** and that actions had been agreed with the Groups relevant management to implement the recommendations.

Members raised several issues arising from the report as follows:

- A member sought clarification concerning what was an action card and the IA provided the member with information concerning the question to the member's satisfaction. The member also asked about the progress that had been made in respect of the resources plan to support the IT Disaster Recovery Plan and was advised that it had been presented at the last Committee meeting and that there were a number of issues still to be resolved but that it had made good progress.
- A member asked about management's view of the definition of instant response and continuity as detailed in the report.

THE VPCSP outlined the management arrangements that were in place in this regard in respect of the overview and management lead by the H&S Manager and the responsibilities of college wide teams for implementation.

It was further advised that the arrangements were based on the Department for Education check list which enabled a greater focus on the relevant incident. In respect of continuity the VPCSP advised that this was inherent within the Group's Risk Management processes.

- A member sought clarification concerning the issue around non receipt of the administrative action card. The member was advised by the VPCSP that they did not have the personal knowledge relating to this issue and provided information relating to the check list approach that is taken from an administrative perspective.

**There were no further questions or issues raised by members arising from the report and after due discussion and consideration it was resolved that the Business Continuity Internal Audit Report be recommended to the Board of the Corporation for approval.**

### **Action: Board of the Corporation**

- **Bursary Administration**

The IA advised of the purpose and scope of the review and provided a detailed overview of the findings from the report including an explanation of the issues relating to the 3 recommendations contained within the report.

It was advised that the level of assurance for **Design was Moderate - Blue** and that generally there was a sound system of internal controls designed to achieve system objectives and with some exceptions.

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It was also advised that the level of assurance for **Operational Effectiveness it was Moderate- Blue** in that there was evidence of non-compliance with some controls that may put some of the systems objectives at risk.

The IA further advised that there had been **three recommendations of medium significance** all of which had been agreed with Group management.

Members raised several issues arising from the report as follows:

- A member sought clarification concerning the level of funding that is provided to individual students through the Bursary Funding Scheme.

The CFO advised on the levels of funding made to students and that currently there were 1736 applicants who were processed through an effective and efficient administrative system.

- A member sought clarification around pinch pressures and how that was managed.

The CFO advised that the pressure points were early in the Autumn Term and advised on the extra resources that were made available to ensure that the pressures of activity were effectively managed.

The FSRA commented that a lot of colleges had difficulties to ensuring that the allocations were spent, and a member asked how the Groups number of applicants compared to other Colleges. The CFO commented that it was difficult to say but given that the Group was an inclusive College then it was likely to have a high demand.

The Committee had a general discussion around the process by which students are made aware of the fund particularly for adult students. It was suggested that the capturing of student feedback would help the process. The Committee also discussed the processing of the awards and ensuring that they were as simple as possible.

- A member asked if the Bursary was a fixed pot and whether it was a national or local scheme. The CFO advised that it was a fixed pot but that the Group added additional resources to it but that it had not always been fully utilized. It was further advised that the value of the Fund was £1.3m and was funded by the Department for Education.

**There were no further questions or issues raised by members arising from the report and after due discussion and consideration it was resolved that the Bursary Administration Internal Audit Report be recommended to the Board of the Corporation for approval.**

**Action: Board of the Corporation**

## Minute No

- **Procurement**

The IA advised of the purpose and scope of the review and provided a detailed overview of the findings from the report including an explanation of the issues relating to the 4 recommendations contained within the report.

It was advised that the level of assurance for **Design was Moderate- Blue** and that generally there was a sound system of internal controls designed to achieve system objectives and with some exceptions.

It was also advised that the level of assurance for **Operational Effectiveness it was Moderate- Blue** in that there was evidence of non-compliance with some controls that may put some of the systems objectives at risk.

The IA further advised that there had been four **recommendations of which 3 were of medium significance and 1 of low significance** all of which had been agreed with Group management.

Members raised several issues arising from the report as follows:

- A member commented concerning the issues of quotes being held centrally and asked the auditor if they were able to get the information they required, and the Auditor confirmed that they did. The member also sought clarification concerning the recommendation concerning preferred suppliers and the actions taken.

The Director of Finance (DoF) provided a detailed explanation of the actions that had been taken in terms of the updating of the Group's Financial regulations to address the issue. The DoF also provided a detailed explanation as to the role of the Finance Department going forward to support the quotation and framework for approved suppliers.

- A member commented that in his view 179 suppliers was extremely large for such a small level of expenditure.

The DoF advised on the background to the issue raised particularly in the context of 2 mergers in 3 years. It was further advised that the issue was being addressed and that the number of approved suppliers would be reduced in the future through the implementation of more streamlined and effective practices.

The VPCSP advised the Committee concerning the issues raised in the context of the Group's estate function and capital bids process.

- A member commented that the report was really timely particularly in the context of the re-classification of colleges.
- A member commented on whether professionalization could support the procurement function either externally or from a staffing function.

The Committee debated the suggestion and the CFO advised that it was something that the management team may consider going forward from a value for money perspective.

**Minute No**

**There were no further questions or issues raised by members arising from the report and after due discussion and consideration it was resolved that the Procurement Internal audit Report be recommended to the Board of the Corporation for approval.**

**Action: Board of the Corporation**

- **Follow Up**

The IA presented a report whose purpose was to provide the Audit Committee with assurance that the Group has effective mechanisms in place to ensure that recommendations made by assurance providers are monitored and implemented within appropriate time scales.

The IA was able to advise the Committee that following the review 12 out of 15 recommendations (80%) had been fully completed with the remaining recommendations being in progress.

It was further advised that it had been concluded that good progress had been made in respect of the implementation of internal audit recommendations.

**There were no questions or issues raised by members arising from the report and after due discussion and consideration it was resolved that the Follow Up Internal Audit Report be recommended to the Board of the Corporation for approval.**

**Action: Board of the Corporation****AUD/23/23 Draft Annual Internal Audit Report 2022/2023**

The Internal Auditors presented their Draft Internal Audit Report 2022/2023 which provided the Committee with the following information:

- A review of the work undertaken in 2022/2023.
- Thematic Reporting in the 6 key areas in year.
- The Annual Statement of Assurance.
- The Executive Summary with a summary of recommendations.
- The reconciliation to the Operational Plan.
- A review of performance and effectiveness.

The IA commented that it had been a very positive year and thanked all involved in helping to support the work of the Internal Auditors.

In respect of the Statement of Assurance following discussion it was agreed that it should be amended to indicate that the outstanding actions had been agreed with management and were due to be completed.

**Action: Internal Auditors**

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that the Draft Internal Audit**

**Minute No**

**Report 2022/2023 be recommended to the Board of the Corporation for approval subject to the agreed amendment to the Assurance Statement.**

**Action: Board of the Corporation**

The Chairperson expressed his thanks to BDO for their work and support to the Group during their 8 years of service and wished them every success in the future.

**AUD/24/23 Audit Needs Assessment 2023/2026**

The newly appointed internal Auditor (B&S) presented their report which made proposals for the Group's Draft Audit Needs Assessment (DANA) for the period 2023-2026.

B&S provided the Committee with full details of the extensive processes and consultations they had undertaken in drawing up the DANA. B&S also provided an in-depth analysis and justification for the 8 areas that were included in the proposed plan for 2023/2024 which included the following:

- 3 Business Critical Controls undertaken each term.
- HR Absence Management
- Apprenticeships
- Higher Education
- Work Placements
- Learner Records

Members raised several issues arising from the report as follows:

- A member asked why Capital Contract monitoring had not been included in the 2023/2024 plan.

B&S advised that this issue had been discussed extensively with senior managers, the Chairperson of the Committee, and the Corporation Secretary and that the overwhelming view was that the Group currently had adequate testing to have assurance around the process and management of Capital Contract monitoring.

It was advised that further work with regard to this would be undertaken in year 2 of the plan.

- A member asked B&S about their approach to delivering the plan and was it their intention to undertake most of the work remotely.

B&S advised that their approach to this was very flexible, and all activities would be undertaken to ensure the work was completed effectively and that the Group was content with the approach taken.

- A member sought clarification concerning the Business-Critical Controls (BCC) audits and what they would cover.



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B&S advised concerning the approach that would be undertaken to the BCC audits and how they would not overlap or duplicate activities within other audits.

- A member asked why Higher Education was seen as a priority in the proposed plan.

The CS and the CFO provided detailed information in relation to the justification for the audit particularly in the context of timings and imperatives, governance arrangements, pressures on recruitment and the scope of the audit to the members satisfaction.

- A member asked about Cyber Security and following discussions it was agreed that it would be picked up in next year's plan.

**Action: Beever & Struthers**

- A member asked about the link between the outgoing and incoming internal auditors and whether any outstanding actions would be picked up.

B&S advised that any outstanding actions would be picked up and acted upon by B&S.

**Action: Beever and Struthers**

**There were no further issues raised by members arising from the report and after due discussion and consideration it was unanimously resolved that the Audit Needs Assessment 2023-2026 be recommended to the Board of the Corporation for approval.**

**Action: Board of the Corporation****AUD/25/23 Draft External Audit Strategy Memorandum for year ending 31 July 2023**

The Financial Statements and Regularity Auditor (FSRA) presented a report which included a copy of their proposed Audit Strategy Memorandum (ASM) for the period ending 31 July 2023.

The FSRA provided the Committee with details of the key highlights of the ASM as follows:

- Purpose, Scope, and Responsible Individual.
- Audit Independence and Objectivity.
- Audit approach and Planning meeting.
- Risk Assessment and the identified high risks which included, Income Recognition and Entitlement, Management Override of Controls, Going Concern, and the Defined Benefit Scheme.
- Areas of focus including Regularity and Value for Money, the potential of Claw back and Debtor Recoverability.

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- Assignment administrative details including reporting, timetable, fees and team. In terms of fees, it was advised that a 5 %uplift was being proposed but other than that there were no significant changes to report.

Members raised several issues arising from the report as follows:

- The Chairperson advised that the increase in fees proposal would be considered by the Committee as part of its confidential agenda discussions.
- The Corporation Secretary advised that he would liaise with the FS&RA in terms of Related Parties and timetable for the Governance process.

**Action: Corporation Secretary**

- A member asked if the new Audit Standards was a significant piece of extra work that needed to be undertaken.

The FRSA advised that the impact would be at the planning stage and require an in-depth review of the planning arrangements. It was advised that this could potentially reduce field work in future years.

- A member asked about the potential contingent liabilities and the CFO advised that this related to two separate individual tribunal cases which were ongoing. The CFO advised concerning the legal advice that had been taken and the FSRA advised on how the matters would be treated in the accounts.
- A member asked if there were any implications for the auditor's work arising from the re classification of colleges.

The FSRA advised that there was little information available at the moment but did anticipate any impact on the accounts and that the final management report would highlight any differences arising from the re classification.

**There were no further issues raise by members and after due consideration and discussion it was agreed that the Audit Memorandum for the period ending 31 July 2023, be recommended to the Board of the Corporation for approval.**

**Action: Board of the Corporation****AUD/26/23 Board Assurance and Risk Management Framework 2022/2023- Update**

The Chief Finance Officer (CFO) presented a report, which updated the Committee in respect of the Board Assurance and Risk Management Framework (BARMF) and confirmed that the report provided members with a summary of the risks as detailed in the Strategic Risk Register as follows:

- There were 26 total risks of which 21 had a gross score over 15 and were therefore monitored by the Audit Committee and of the 21 risks 10 had been mitigated through to the Risk appetite level set by Governors.

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- Of the 11 remaining risks 2 had been mitigated as they had a net score lower than 15. The 11 remaining risks were outlined in detail in the CFO's report, and it was recommended that the 3 strategic risks (SE1/1, OTH/1/1 and OTH 1/7) be removed from the Risk Register for the reasons outlined in the report.

Members were further referred to the appended full framework, the summary framework, and the visual heat map.

- A member raised the issue relating to risk OTH/1/6 concerning the risk around merger and the failure to integrate staff from CAMSC into the Group.

The VPCSP provided the Committee of the actions that had been taken to mitigate the risk particularly around the work being undertaken to create a one Group culture and the issues around contracts for staff who remained on 6<sup>th</sup> form contracts and conditions of service.

It was noted that the work in both arenas were on going.

There were no further questions or issues raised by members arising from the report and it was resolved that:

- **The Summary Framework and Heat Map as detailed in the report be approved with appropriate reporting to the Board of the Corporation at its meeting in July 2023.**
- **That the removal of the identified 3 Strategic Risks from the Risk Register be approved.**

**Action: Chief Finance Officer**

**AUD/27/23 Audit Tacker- Management Actions Arising from Audit Reports – June 2023**

The CFO referred members to the previously circulated report and an update on outstanding audit recommendations with a view to providing assurance that previously agreed audit recommendations were being implemented within appropriate timescales.

The report provided members with detailed progress that had been made in respect of MIS recommendations and all other audit recommendations.

- A member sought clarification concerning the Rag Rating system that was being used and asked if it was the same as the Internal Auditors.

B&S were able to confirm that the same RAG Rating system was being used.

- A member asked sought clarification with respect to MIS and in particular the timing of the actions to be completed with only one item being overdue.

The CFO advised that the dates had been changed as some of the dates had not been achievable.

**Minute No**

**There were no further issues raised by members and after due discussion and consideration, it was unanimously agreed that the 6 audit recommendations detailed in the report be removed from the tracker.**

**Action: Chief Finance Officer**

**AUD/28/23 National Updates**

The CFO presented a report which provided members with an overview of recent National updates which were relevant to the Committees work.

The overview covered the following key areas of update:

- Post 16 Audit Code of Practice.
- College Accounts Direction 2022-2023.
- Regularity Self-assessment Questionnaire.

In answer to a question the CS commented that he hoped that all the necessary Governance requirements relating to closure work would not be impacted by his retirement at the end of September 2023.

**There were no further issues raised by members and after due discussion it was resolved that the update be noted.**

**AUD/29/23 Any Other Business**

There were no matters raised by members under any other business.

**AUD/30/23 Date of Next Meeting**

It was agreed that the next meeting would be held at 4.00pm on 20 November 2023.

**Action: Corporation Secretary**

Leigh – Ann David (BDO) left the meeting at 4.18pm after the consideration of Agenda item 6- Internal Audit Report – Business Continuity.

The meeting closed at 5.54 pm.