

TRAFFORD & STOCKPORT COLLEGE GROUP

Minutes of the Audit Committee Meeting
held at 4.00 pm on Wednesday 17 April 2024 in the Boardroom at the Altrincham Campus

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| Present: | Jed Hassid Ian Duncan Heather Lang Emma Kelly Matthew Swann | (Chairperson) |
| In Attendance: | Rebecca Clare Alison Duncalf Carmen Gonzalez-Eslava Henry Taylor-Toone Lyndsay Sheridan Karen Rae Rachael Wright Sofia Carroll | (Corporation Secretary) (Deputy Corporation Secretary) (Deputy Principal) (Chief Finance Officer) (Director of Finance joined via Microsoft Teams) (Armstrong Watson) (Beever and Struthers) (Naomi Korn Associates – Data Protection Officer) |

Minute No**AUD/01/24 Apologies for Absence**

The Corporation Secretary confirmed no apologies for absence had been received. The meeting commenced at 4.10 pm.

AUD/02/24 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/03/24 Minutes of the Meeting held on 20 November 2023

The minutes of the Audit Committee meeting held on 20 November 2023 were approved and accepted as a correct record.

AUD/04/24 Matters Arising from the Minutes

The Corporation Secretary went through the actions from the previous meeting and confirmed that most actions had been closed or would be discussed during the meeting.

Specific updates were provided on actions that remained open as follows:

- **Action 34/23 Matters Arising 06/23 – Data Protection Report - Data Breaches**

The Chief Finance Officer (CFO) confirmed that the Information Governance Group (IGG) had not taken place yet and the action would be closed down following the meeting.

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- **Action 38/23 Internal Audit Reporting Term 1 2023-2024 – Business Critical Controls – Finance and Follow Up Report**

Action: CFO

The CFO confirmed that the report has been shared but no further comments have been received and this will be followed up.

- **Action 38/23 Internal Audit Reporting Term 1 2023-2024 – Human Resources Absence Management Internal Audit Report HR**

Action: CFO

An update will be provided at the next meeting.

- **Action 41/23 Financial Management and Governance Report for the period ending 31 July 2023**

Action: CFO

The CFO confirmed that the action remained open and AI was not yet included in the risk register but the risk register will be reviewed during the summer term.

- **Action 42/23 Self-Assessment of Compliance with Regularity and Propriety Requirements 2022-2023**

The Director of Finance confirmed that the sections within the report had been updated accordingly and the action was noted as closed and implemented.

- **Action 45/23 Value for Money Annual Report 2023**

This action was noted as an ongoing action as improvements to contracts had been made but there was still work to be done in relation to measuring tenders across the Group.

Action CFO:

The Chair of the Committee suggested that the CFO review the previous minutes of the meeting in relation to this item as the Audit Committee had made useful comments and this would be help enhance the report further.

Action CFO:

A member questioned if the Value for Money Statement had been uploaded to the website. The CFO will check and ensure a copy of the statement is on the website.

A member stated that in relation to action 35/23 the Data Protection Annual Report 2022-2023 was not shared with the Audit Committee following the meeting for comment prior to approval at the December Corporation meeting. The CFO confirmed that he was not in position at the time of the action arising. The action was noted as closed.

There were no further matters arising from the minutes.

Minute No**AUD/05/24 Data Protection Progress Update Report**

The Data Protection Officer (DPO), Naomi Korn Associates, referred members to the previously circulated report and an overview of the framework for Data Protection and its effectiveness across the operations of the Group.

It was noted that the Group must be able to demonstrate its compliance as set out under the UK General Data Protection Regulations and that the highest level of leadership considers data protection issues and risks.

The following areas of the report were highlighted:

- Staff Training
- Data Subject Rights
- Freedom of Information Requests
- Data Protection Impact Assessments
- Data Breaches.

It was noted that overall information rights requests and freedom of information are low. There have been no severe and/or reportable data breaches and the position in relation to data breaches was reported to be low and minor.

The DPO also confirmed:

- a notice has been added to the website for Cookie Use and transparency
- a new Microsoft Teams Form had been introduced for staff to submit a DPIA, which makes the process quicker and simpler for members of staff
- any new processor (supplier company processing data on behalf of the Group) is added to a separate list of companies to evidence the Group has carried out due diligence
- a Data Sharing Review form has been created and disseminated to create a new Record of Processing Activities (ROPA) to inform the organisation what personal data there is. This is a live document and will be continuously updated
- all GDPR related policies are being updated accordingly

A member raised whether a review of the work needed to be carried out in relation to the DPIA. The DPO assured the Audit Committee that the work is completed and is embedded into the process for improved practice. A member questioned how the Audit Committee gain assurance as a committee that this is complete. The CFO confirmed that the Audit Committee gain assurance through the IGG and the re-training of members of staff.

A member asked if training was signed off and recorded. The Deputy Principal (DP) confirmed that this training is mandatory and is signed off by members of staff.

Action: CFO

The CFO will report back to the Audit Committee on compliance of Data Protection training.

In relation to the 6 minor breaches, a member raised if there is a concern that any of the breaches may become major and are they checked for future learning. The DPO reported that future learning is shared with members of staff and guidance is shared with members of staff to understand how to correct the action in the future.

Minute No**Action: CFO**

A member suggested to add a threshold to the number of occurrences of minor breaches to identify future breaches that start as minor but could escalate. The CFO confirmed that the IGG will look at this.

The DPO confirmed that there is a form for breaches and the form includes a description of the breach and captures further information about the breach. The CFO confirmed that the Group use OneDrive to share links in emails rather than attaching a copy and this reduces the risk of a breach. The CFO also confirmed that IT have a good understanding and eco system to support use.

In relation to the summary, a member questioned from November to March should there be a running average in terms of trends of topics, progress and any recurring issues that need escalating despite being minor because they are repeated.

Action: DPO

The DPO will add a running average of trends of topics, progress and any recurring issues to the next report.

The CFO confirmed that in relation to guidance that data protection should be reported to the highest level of management and in order to segregate duties that Naomi Korn will report to the CFO in the future. **The Audit Committee supported the new arrangement to the reporting of data protection to the CFO.**

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

AUD/06/24 Data Protection Policy 2024/2026

The DPO presented the Data Protection Policy for 2024/2026.

Changes to the policy were presented using Track Changes and were minor and related to the use of language.

Action: DPO

A member requested to add a statement in relation to the policy being explicitly aligned to ICO to reinforce where the guidance was from.

A member questioned whether the Audit Committee was content in relation to the training for employers being 3 years. The DPO confirmed that there was additional training for the Senior Leadership Team, HR and via request for specific teams. A member questioned if the ICSO offer guidance in relation to training. The DPO confirmed that the ICSO publish their own training modules. The CFO confirmed that in line with reducing workload, that formal training every three years seemed appropriate with specific additional training as required.

Action: DPO

The Audit Committee agreed for training to be completed every three years with individuals who have a specific duty relating to DPO to complete annually.

Minute No**Action: DPO**

There were no questions or comments from members and following due consideration it was resolved that the Data Protection Policy 2024/2026 be recommended to the Board of the Corporation for approval with the amendment as agreed.

AUD/07/24 Internal Audit Reports 2023/2024

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

- **New Subcontracting and Assurance Review Process Update**

The Internal Auditor (IA) advised that the scope of the review was to test the operation of specific internal controls. The review was reported to be in progress and additional assurance was required to prove controls relating to staff implementing processes correctly.

Action: IA/Director of Finance

A further update will be provided in relation to the New Subcontracting and Assurance Review Process Update at the next meeting.

- **Apprenticeships**

The IA advised of the purpose and scope of the review covering:

- enrolment
- student feedback
- budgetary control and financial forecasting
- apprenticeship training provider accountability framework

The IA provided a detailed overview of the findings from the report including an explanation of the 6 recommendations from the report (3 medium and 3 low).

It was advised that the level of assurance for Design was Reasonable and for Operation of Controls was Reasonable.

Attention was drawn to the context around a project to digitalise enrolment. The IA explained the risk in relation to the project and how this could be mitigated to avoid financial and compliance impact.

A member raised in relation to the introduction background section that financial forecasts seemed down, but there was no additional comment to suggest that this was an issue for the Group. The CFO reported that the EBITDA was down by around £300K but this has been mitigated.

A member questioned how the Group was tackling recommendation 2 in relation to developing a new Apprenticeship Strategy. The DP explained that there will not be an individual strategy for apprenticeships but an overall organisation strategy. There is currently an Employer Strategy and overall quality reports. The Deputy Principal reported that as a result of the different mergers reporting has been reviewed and in line with educational reform and current landscape it does not make sense to have a separate Apprenticeship Strategy. The Group is currently moving towards creating a new Strategic Plan and Curriculum Strategy that will consider the future curriculum offer. A member of the Audit Committee who is

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also a full Board of the Corporation Member confirmed that apprenticeships is well covered at Board of the Corporation meetings.

A member questioned if the IA was happy with the management response in relation to recommendations 5 and 6. The IA confirmed satisfaction with the management response and confirmed the recommendation was in relation to having documentation around processes which the auditors are satisfied with. The CFO explained that this has been mitigated through a change in personnel. The DP explained that the Group were still dealing with Covid legacy issues around breaks in learning and some students not returning for four-year courses, impacting on quality and finance. The CFO confirmed that there was now weekly reporting on DLOCKS and regular monitoring in place.

The CFO reported that there were no issues around processes and policies that the Group use for setting the budget as these are reasonably designed but, in the past, they were not always being used appropriately. A member requested assurance from the CFO that there were no other areas where there could be similar findings if there wasn't an individual audit. The CFO confirmed that there was better communication in place in relation to assuring budget holders and automated systems will support future errors. The CFO stated that the MIS Team is now fully staffed with the right skills and reports are being run each week that can be scrutinised.

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 outcome of the Apprenticeships Internal Audit Report be shared with the Board of the Corporation through the recommendation of the Internal Audit Progress Report for approval.

- **Business Critical Controls – HR**

The IA advised of the purpose and scope of the review covering:

- new starter process
- appraisal process and training
- exit interviews
- payroll
- KPI Validation

The IA provided a detailed overview of the findings from the report including an explanation of the 4 recommendations from the report (2 medium and 2 low).

A member raised that the completion of the new starter forms and appraisals stood out, for example, if a member of staff was found to be under performing and an appraisal is not completed this could be a missed opportunity. A member questioned if it was the case that the appraisal meeting did not take place or was the form not being completed. The IA confirmed that this could be either. The DP explained that in terms of the process for Exit Interviews that the ownership is on the leaver to complete the exit interview questionnaire online. A member questioned if it would be better to complete the questionnaire in person. The DP explained that this had been looked at in the past to support recruitment and was relatively successful and could be explored in the future.

Minute No**Action: CFO/HR Director**

A member sought clarification on the report being draft as in the implementation section there are no dates. The IA confirmed that the report had been issued but members of staff were on leave due to the Easter break. This will be reviewed and dates will be added to the report.

- **Higher Education Student Data**

The IA advised of the purpose and scope of the review covering:

- review controls around the compilation of ILR HE Data, including the early use of the OfS data checking tool
- testing a targeted sample of 60 students in learning during 2022-23 to ensure the ILR HE data is accurately compiled from base documentation

The IA provided a detailed overview of the findings from the report including an explanation of the 4 recommendations from the report (2 high and 2 medium).

The IA reported improvements in process, but errors were found within the data. Where information was missing, this related to the recording of student's prior learning qualifications and personal details.

A member questioned if there were any implications for the Group of there still being errors in the data.

It was confirmed that progress against actions was a high priority, and actions would be taken swiftly. The CFO confirmed that actions would be closed quickly to avoid any risk around funding.

A member questioned what the root cause of the error was.

The CFO confirmed that in most cases there was an error in transferring student information and more regular checks had been put in place to rectify this.

The IA explained that there is a risk of student's prior qualification being entered incorrectly and this could result in the eligibility of the qualification not being correct and therefore income could be at risk because the Group was not entitled to it.

The CFO confirmed the Group was fully aware of the issues and was taking steps to mitigate the risks. The IA explained that the OfS had requested to review data for 2022/23. However, the DP confirmed that the Group had taken appropriate actions and therefore this should be improved for 2023/24. The DP explained that universities will have a bigger team with HE experience to deal with this internally but as an FE College the team need to understand a number of different funding streams and therefore it is complex as all staff do not have HE experience. The DP reassured members that the Group has learned a lot this year from previous errors and OfS have worked with the Group to overcome issues to ensure improvement this academic year.

A member questioned what happens next in the process and how will OfS view the information.

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The DP explained that information has been shared with the OfS. The OfS will come back to the Group with actions and there could be a further review to seek assurance. The DP confirmed that the data will be run for this academic year and will be reviewed in further detail.

The Audit Committee agreed to review actions through the audit tracker at the next meeting.

Action: Chief Finance Officer

An update on recommendations from the Higher Education Student Data Internal Report will be shared at the next meeting.

AUD/08/24 Internal Audit Progress Report

The Internal Auditor (IA) advised and updated the Committee concerning the current progress in respect of delivering the agreed Internal Audit Plan for 2023/2024.

The IA provided the Committee with an overview of the planned audits for the year together with the proposed scoping and timing arrangements and stated that it was anticipated that all the audits should be completed by the end of the Academic Year 2023/2024.

A member sought clarity around the additional work undertaken in relation to the subcontracting and partnerships review and whether there was a risk in relation to subcontracting and clawback of funding. The CFO confirmed that the Group had requested assurance from the ESFA around one of the partners for the adult provision. The ESFA tested whether this was a partner and agreed it was a partnership rather than subcontracting.

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

AUD/09/24 Audit Tracker – Management Actions arising from Audit Reports

The Chief Finance Officer (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 audit recommendations. There was confirmation that a total of 23 recommendations were carried forward from the last report of which 15 recommendations had been completed internally for the Internal Auditors to review. With respect of the other audit recommendations, it was reported that 4 of the MIS outstanding recommendations are overdue based on the original implementation date, however work has commenced, and they are continuing to be addressed with pace. There are 4 outstanding recommendations not including MIS, of which 2 are overdue and 2 are not yet overdue. All four are being worked upon and full updates were provided. There are 3 outstanding recommendations for the External Audit and these actions are being reviewed and will be responded to in time for the audit planning meeting in April/May.

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In relation to the recommendations, the CFO reported that progress had been positive, but they need to be progressed quicker. A member commented that in relation to the MIS recommendations coming down this was positive.

Action: CFO

A member commented that it would be good to show the progress of implementation of recommendations over time. The CFO will add timescales to future reports.

Action: CFO

A member requested that the orientation of the labelling i.e. x vs y axis on the charts in future reports be consistent in relation to high, medium, low being referenced in the cover report.

There were no further issues raised by members.

AUD/10/24 Board Assurance and Risk Management Framework 2023/2024 – Update

The 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 30 total risks of which 23 had a gross score over 15 and were therefore monitored by the Audit Committee and of the risks there were 5 with a net risk over 15.

The CFO reported that four risks have been added and explained the rationale for the risks including:

- apprenticeships
- non-pay costs
- apprenticeship income
- Marple Sixth Form profitability

The CFO also recommended to remove the risk relating to the MIS staffing issues as this will be managed operationally moving forward.

A member questioned what will take the apprenticeship risk within the net score. The CFO explained that the Group are looking to remove a number of standards and concentrate on fewer standards to support recruitment and quality, but this will take time to positively impact on the data.

Action: CFO

A member requested that further information is provided within the report to show influence and impact around different risks. The CFO will revise the Board Assurance and Risk Management Framework and share an updated version at the next meeting.

The Audit Committee discussed the high risks and the CFO provided the following update:

- the risk in relation to student needs is falling outside of the risk appetite due to student behaviour worsening post-Covid and this will continue to impact for years

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to come. The Audit Committee discussed mental health support and dealing with student behaviour in a different way through the Trauma Informed approach

- the risk in relation to subcontracting will remain higher level until the internal audit is concluded
- the risk in relation to safeguarding and the number of instances is being mitigated through signposting to external agencies for support

The CFO reported the risks that have improved since the previous meeting and provided the following update:

- discussions in relation to industrial relations have progressed well but the risk could increase in the future and the Group need to continue to monitor this
- income was reported to be in a good position and the allocation has gone up significantly
- the Group continues to adapt to changes in government and curriculum reform

The CFO made reference to the following appended documents: Strategic Risk and Assurance Framework; Summary Framework; and Strategic Risk Heatmap. Attention was drawn to the horizon scanning and emerging risks as summarised in the supporting paper.

The CFO requested for the Board Assurance Risk Management Framework 2023/2024 to be recommended to the Board of the Corporation for approval with the inclusion of the additional four risks and removal of one risk relating to MIS Staffing issues.

A member questioned how many current vacancies there were in the MIS Department. The DP reported that there was one current vacancy and all other members of staff in the department were performing well with the right skill set. One member of staff was still in the probationary period, but the remaining members of staff have gone over the probation threshold.

Action: CFO

There were no further questions or issues raised by members arising from the report and it was resolved that the Board Assurance Risk Management Framework 2023/2024 to be recommended to the Board of the Corporation for approval with the inclusion of the additional four risks and removal of one risk relating to MIS Staffing issues.

AUD/11/24 Additional Work Undertaken by Auditors Policy

The Corporation Secretary presented the Additional Work Undertaken by Auditors Policy to the Audit Committee.

The Corporation Secretary reported key updates to the policy including:

- updated logo and Group's name to Trafford & Stockport College Group
- version dates have been updated

There were no further comments and it was resolved that the Additional Work Undertaken by Auditors Policy be recommended to the Corporation for approval.

AUD/12/24 Audit Committee Terms of Reference

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The Corporation Secretary presented the updated Audit Committee Terms of Reference. The suggested changes were shown through Track Changes and incorporated information from the new Financial Handbook.

Changes were outlined as follows:

- confirmation of process for review
- declarations of interest to mirror the wording as contained in the new Financial Handbook
- clearer duties outlined as listed in the new Financial Handbook
- appointment of external auditor and opinion updated to the wording in the Post 16 Audit Code of Practice
- a statement added in relation to management response and strengthening systems of financial management and control
- a statement added in relation to the re-tender of the external audit contract
- statement added to reflect the current position in relation to term of office of members
- a statement to confirm arrangements if the Chair or Vice Chair of the Committee resigns
- a statement to confirm recommendations will be received by the Corporation at the next available meeting

A member questioned how the additional items to the Terms of Reference will be reviewed by the Audit Committee so that they are not missed. The Corporation Secretary confirmed that the matters will be included in the new Business Items Timetable that will be presented to the Corporation for approval.

There were no further questions or comments from members and following due consideration it was resolved that the Audit Committee Terms of Reference be recommended to the Corporation for approval.

AUD/50/23 Any Other Business

There were no matters of any other business.

AUD/51/23 Date of Next Meeting**Action: Corporation Secretary**

It was agreed that the provisional date for the next meeting is to be held at 1pm on Monday 24 June 2024.

The Data Protection Officer left the meeting following consideration of agenda item 6.

The meeting closed at 5.50 pm.