



**Minutes of the Meeting of the Audit Committee  
held on Monday 13 June 2022**

**Present: -** Jennette Arnold OBE (Chair)  
Judy Balderson (Co-opted Member)  
Joe Hedges  
Kay Sandford-Beal (Co-opted Member)

**In attendance: -** Tim Williams (Finance Director)  
Linda Watkins (Clerk to the Governors)  
Abigail Appleton (Principal)  
Louise Tweedie (RSM)  
Jon Marchant (Mazars)

The meeting was quorate as four members of the Audit Committee were present.

**1. Apologies for Absence**

Apologies were received from Jane Simons, (College Accountant).

**2. Declarations of Interest**

There were no declarations.

**3. Minutes of the Last Meeting**

The Committee agreed that the Chair should sign the minutes of the meeting held on 28 March 2022 as a true record.

**Matters arising from the Minutes**

- I. Governors had a broad and interesting discussion on sustainability at the May Board meeting. Carbon literacy training is being finalised for combined delivery to staff, students and governors. A high-level action plan is being prepared for sustainability which will be presented to the Board in future.
- II. It was noted that UKADIA is the UK Art and Design Institutions Association.

**The Committee agreed: -**

- To approve the minutes

**4. RSM Internal Auditor's Reports**

RSM presented the following reports.

- I. The progress report outlined progress against the audit plan including client briefings which were presented for information. The IT cyber security audit has not been completed to date; this will be reported at the next meeting. The spring update

provided numerous updates including the ESFA briefing which specifically outlined the remit of the Audit Committee. There was an analysis from college risk registers identifying student satisfaction, teaching, learning and quality risks had increased with IT and finance profiles remaining similar.

- II. The follow up audit reported little progress had been made. 32 actions were followed up with 12 implemented, 10 ongoing, 6 superseded and 4 not implemented. Recommendations were reiterated which could be closed off if completed by the end of the academic year; these are being progressed.
- III. Human Resources Controls - training and development; appraisals and performance was given reasonable assurance with 2 medium and 2 low level recommendations. These included the timing to complete appraisals and performance management reviews which needed to be addressed to provide capacity to take any informal or remedial action. A Governor commented about the comment that only 37% of staff had confirmed reading KCSIE which was mandatory; the Principal would investigate this further as she understood more staff had confirmed this. **ACTION: PRINCIPAL.** In future annual staff development will include mandatory training which will also be reported to the Talent Management Group termly. The Designated Safeguarding Governor checks the SCR annually agreeing that a termly review would be another mechanism to identify such issues. **ACTION: PRINCIPAL.** The Staff Disciplinary Procedure will be updated to reflect the requirement to take any urgent action, such as in cases of misconduct. A small sample tested identified that staff qualifications were not on file with the importance to check these before staff commence employment acknowledged; this was a low-level recommendation. It is crucial that staff adhere to policies.
- IV. Key financial controls: general ledger, cash and banking gave reasonable assurance with 5 medium and 1 low level recommendation; including two which were part of the follow up audit. Financial regulations were last updated in July 2017 and will be updated. Petty cash was used to pay temporary staff to fill numerous envelopes for a half day; there had not been segregation of duties amongst staff due to the small finance team. The Bank mandate needed to be updated with the Bank to reflect staff signatories. This had been approved by the Board but not submitted to the bank; assurance was provided that this would be addressed by the end of July.

The Committee agreed: -

- To note the Internal Auditor's reports and useful sector updates

## 5. Recommendation Tracking

The report had been amended following a meeting between the Chair and Finance Director who discussed how to make the recommendation tracker more dynamic and complete items so that RSM's internal audit

opinion does not identify weaknesses to systems of control. Comments were invited on the format which showed progress of recommendations to date with specific risks outlined for outstanding actions. Additional recommendations will continue to be added from audit reports presented to the Committee.

Items 12-18 are new recommendations. It was proposed that the Audit Committee remove items 19-27 which have been implemented or superseded. Recommendations for actions included updating the Financial Regulations and recommendations relating to GDPR compliance including completing a data mapping exercise and consent for data collection. The IT Strategy and Estates Strategy are significant pieces of work.

There was discussion about progress of an Annual Estates Report and IT Business Continuity Plan which will be prepared for relevant committees in November. Assurance was provided that the data mapping exercise will be completed by December 2022.

The Clerk will attend an SLT meeting to clarify the guidelines to publish policies and procedures and eliminate any confusion.

The Finance Director had obtained examples of statutory returns schedules which will be in place for September 2022.

The Committee agreed: -

- To note the tracker concluding that the revised format was engaging and clearly defined recommendations with dates for completion
- Recommendations 19-27 were implemented and would be removed, recommendations which SLT would remove were noted; SLT will remove these which would be shown on a separate page in future **ACTION: FINANCE DIRECTOR**
- To thank the Finance Director for his additional work

**6. Mazars Audit Strategy Memorandum to 31 July 2022**

Mazars presented the strategy outlining the approach to the audit, significant audit risks and areas of key judgements. Regulations have not changed since the previous year; however, some changes will be implemented in the autumn which will affect the following year.

The approach adopted last year to test FE revenue in relation to the Audit Code of Practice would be used testing a sample to ensure the correct criteria was followed with appropriate records maintained.

The College must disclose its proportion of the liability and asset values for the LGPS in the financial statements. Additional work will be undertaken regarding the liability and assets valuation by supporting the Finance Director to ascertain how the LGPS asset values are provided and disclosed. LGPS report at 31 March to the roll-forward of its value as at the 31 July 2022. Mazars will test the methodology and appropriateness of the disclosures to ensure the approach adopted

provides a sound base for accounting whilst also testing work completed by the actuary.

There was a question about the liability for the College particularly if the company folded noting that this would have a significant impact on cash and contribution to the deficit. The pension scheme is the biggest assumption which will be calculated using valuations from actuaries.

The Committee agreed: -

- To recommend that the Board approve Mazars Audit Strategy Memorandum to 31 July 2022

## 7. **Risk Management Register and Report**

The Finance Director reported that there were no changes to scores since those reported to the Board meeting in May.

The College is in discussion with Herefordshire Council regarding the CRC lease, including the Hive and the Chapel renewal. The Principal and Finance Director are finalising the CRC lease extension which will be reported to the F&GP Committee.

Preparing an estates strategy is a significant piece of work for which the Principal has overall responsibility. There is a capacity issue within SLT to commission a consultant to prepare the estates strategy which will also require significant levels of documentation to be provided to the consultant. The College is unable to bid for some funding streams without an estates strategy. Options to brief a consultant ensuring that less documentation is required from the College in advance is being investigated.

The Committee agreed: -

- To note the risk register

## 8. **Annual Fraud Risk Assessment 2022**

The Clerk and Finance Director had completed the assessment providing evidence of measures to prevent fraud. Questions and comments were invited from Governors with a comment that it is crucial to have robust procedures to prevent fraud.

The Committee agreed: -

- To note the annual counter fraud risk assessment which showed robust measures to prevent fraud
- The Clerk would include a summary of the counter fraud risk assessment in the Audit Committee's Annual Report **ACTION: CLERK TO THE GOVERNORS**

## 9. **Briefing on fraud and cyber security**

RSM provided a briefing summarising that there is a requirement in the ACOP for colleges to have an up to date counter fraud strategy with an active approach to manage fraud, particularly cyber, which had increased significantly. Political turmoil increases the risk of hackers. 99% of attacks are caused by people. It is crucial to remain vigilant and constantly remind everyone of potential risks. SLT is planning to

complete a mock attack of a phishing exercise. The Committee would look at the four key questions relating to cyber security at a future meeting. **ACTION: CLERK TO THE GOVERNORS**

The Committee agreed: -

- To note and thank Louise Tweedie for the useful briefing which would be issued to Governors

**10. Annual items for Committee**

The Committee agreed: -

- To appoint Jennette Arnold as Chair of the Committee for 2022/23
- The Committee self assessed its performance concluding that it was effective and adequately met the requirements of its terms of reference. It was agreed that item 12 required further development. Governors were requested to notify the Clerk of the Committee's strengths and any areas for further development. **ACTION: COMMITTEE**
- The Clerk will review the terms of reference  
**ACTION: CLERK TO THE GOVERNORS**

**11. Any Other Business**

There were no items.

**12. Date and Time of the Next Meeting**

The next meeting was arranged for Monday 28 November 2022 commencing at 2.00pm.

**Signed as a true record of proceedings:**

**Chair:** ..... **Date:** .....