



**MINUTES OF A MEETING OF THE CORPORATION'S
AUDIT & ASSURANCE COMMITTEE
TUESDAY 14 MARCH 2023
Held electronically by Teams**

Members [5]:	*Hannah Crocker; *Rebecca King; *Dan Knight (Chair); Nicola Newman; *Jim Tirrell
In attendance:	*Tom Hallam (Deputy Principal) *Julian Tucker (Interim Finance Director); *Wendy Cunningham (Deputy Clerk); *Jonathan Creed (ICCA); *Craig Sullivan (Bishop Fleming)

ITEM NO.	DETAIL	
1.	DECLARATIONS OF INTEREST There were no declarations of interest NOTED .	
2.	APOLOGIES Apologies were received from Nicola Newman.	
3.	MINUTES OF THE MEETING HELD ON 22 NOVEMBER 2022 The Clerk was asked to add the following note to the previous minutes. "Following the meeting further information came to light regarding the delay in the sale of one of the properties and due to the adverse timing impact on this cash receipt the committee reconsidered its view on going concern and rescinded its recommendation to the Corporation" With the amendment noted above the Committee APPROVED these minutes as a true and accurate record, and also APPROVED the open minutes for website publication.	
4.	MATTERS ARISING FROM THE MINUTES There were no matters arising from the minutes of the last meeting.	
5.	INTERNAL AUDIT REPORTS 2022/2023 Report 03: Compliance with the GDPR Regulations The objective of the Audit review is to provide management and the Audit Committee with an independent assurance opinion that the College has taken the necessary steps to be compliant with the GDPR legal framework across the EU.	

	<p>As a result of the work undertaken the auditors have provided a Reasonable Assurance that the areas of the controlled environment tested are operating effectively with no significant weaknesses. There were 5 recommendations one of which was low risk and 4 were medium risk.</p> <p>The committee noted that the report stated that not all staff had completed GDPR training but that the management response stated that this training was not mandatory for all staff. The committee asked for clarification. To rectify this, the policy either needs to be changed or all staff should be trained in line with best practice. The Deputy Principal explained that the Director of Systems is working very closely with the DPO to ensure that training for staff is up to date. The management response was intended to clarify that not all staff need the same level of training as their roles are very different. A process has now been put in place to deny entry to the MIS systems for any staff who may not have completed their training. All staff will undertake a basic level of GDPR training and other staff will undertake more in depth GDPR training as deemed suitable for their role. The policy is being updated to reflect this. The College has many casual staff who are included in staff numbers but who would not undertake this training and this can cause anomalies with data. A great deal of work to improve GDPR compliance has been undertaken recently which is not reflected in the management response.</p> <p>The Committee were pleased to hear that more work has been undertaken and requested more clarification in management responses to audit reports in future. The Interim Finance Director would assure this point going forwards</p> <p>Some data mapping has been undertaken but not all departments have completed this exercise. The DPO is conducting a review of data mapping at the College. Audit walks were recommended and these will be put in place by management.</p> <p>The College had not undertaken a DPIA for the new finance system and this is mainly due to the change of FD and to the workload in the Finance department. Management have improved processes to ensure that more work is undertaken with Prodigy IT in future to ensure that their oversight and recommendations on new projects is followed. This will ensure this situation does not occur again.</p> <p>The Committee felt that there was a danger that the College may lose credibility with external stakeholders by displaying a pattern of non-compliance. Key dates have also been included in the management responses and these have repeatedly not been met. The Committee requested more robust management responses to audit reports even if that means a longer response is required to ensure credibility. The internal auditor will re-issue the report if the management update their responses.</p> <p>Report 06: Business Support Costs Review</p> <p>The College commissioned a Business Support Benchmarking review to provide management and the Audit & Assurance Committee with evidential support to assert that the College's support staff structure is financially sustainable in line with the GFE median. This report does not include an assurance assessment.</p> <p>The report compares salaries to a group of similar sized colleges (including land based) and identifies areas of difference. The data has been compiled from a list of staff based on job title, department, FTE, salary including on costs and hourly paid and agency staff. Data is allocated amongst 17 functions that the staff fit into. The report provides a helpful overview and confirms that overall staff pay levels are 19.9% lower than similar sized medians and that overall support staff pay costs are</p>	<p>JT/TH</p>
--	---	--------------

	<p>2.9% lower than similar sized medians. The report has been discussed with the Principal who recognised that this was a fair representation.</p> <p>The Committee felt that this was a helpful report that will be useful for the Corporation to make their decisions on any future pay award discussions.</p> <p>It was AGREED that the GDPR Internal audit Report 2022/23 should be updated by management and re-issued to the Corporation for approval.</p>	VG
6.	<p>KME FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022</p> <p>Discussions have taken place with Bishop Fleming and the Corporation to find a pragmatic and robust way to approve the KME Financial Statements within the filing deadline, whilst the KMC Financial Statements remain outstanding and will remain so until there is some clarity on the College's position.</p> <p>The external auditor confirmed that he had taken a second opinion on this matter and can confirm that in the auditors opinion the inclusion of the material uncertainty paragraph in the audit opinion and directors report is appropriate and will enable the financial statements to be signed and filed with Companies House. This is subject to the directors' going concern paper being updated with a new 12 month forecast which continues to show a positive trading position. The Committee agreed that this was helpful and asked if there was any risk relating to this decision. The external auditor confirmed that this is quite a common situation and that although the going concern is uncertain by including the material uncertainty paragraph the situation has been flagged and the accounts are considered a going concern on the basis that the uncertainty situation does not happen. The Committee noted that the FEC have stated that they are committed to continuing land based education in Dorset and the level of risk is therefore reasonable. The Committee agreed that rigorous consideration has been given to this matter and the advice of the auditors has been followed at all times. The Committee therefore RECOMMENDED to Corporation that the KME Financial Statements should be signed subject to the review of the updated directors' going concern paper.</p> <p>The Interim FD confirmed that KME has no employees, all staff are employed by KMC and charged to KME.</p> <p>It was noted that some headings could be aligned to provide more consistency in future years and the Interim FD and external auditor will agree the wording to ensure this.</p> <p>The Interim FD confirmed that the second gift aid payment has been made from KME to KMC and as a result there will be no liability for corporation tax.</p>	<p>JT</p> <p>JT/CS</p>
7.	<p>AUDIT RECOMMENDATIONS TRACKING REGISTER</p> <p>The Committee noted the completed items on the audit tracking register and agreed that they could now be deleted. The Interim FD discussed the remaining outstanding items and the key points were noted as follows;</p> <ul style="list-style-type: none"> • Financial planning and budgetary control – the outstanding item on this audit relates to the request from the FEC for a 2 year cashflow. The Interim FD explained that this is really difficult to produce because the College reports in a full year and not on a rolling basis. The CFFR will always be able to report cashflow several years in advance. The Committee agreed that the Interim FD should discuss this issue directly with the FEC to find a solution. • HR Performance Management – A great deal of work across college has taken place and HR are now in a position to roll out revised appraisal forms 	JT

	<p>from April which will enable this point to be completed.</p> <ul style="list-style-type: none"> • Management Information and KPIs – The Corporation have discussed the need for sub-committees to produce some KPIs and work is on-going in this area. The Interim FD and Deputy Principal were asked to ensure that Governors are encouraged to complete these in any sub-committees that they may attend. • Management Information and KPIs – The management accounts are being developed by the Interim FD and it was agreed that this point could now be completed and removed. • Compliance with GDPR - is on-going as previously discussed. <p>The improvement of context and quality of the management response in the audit tracking register will help the Committee when reviewing this document.</p>	JT/RH/ VG
8.	<p>RISK MANAGEMENT</p> <p>The Committee discussed the risk register in detail and agreed that the levels of Board assurance should not all be identified as substantial (green). Both auditors agreed that this represents a high level of assurance which is unusual. The audit reports do not provide substantial assurance and the internal auditor agreed to circulate the definitions of assurance on which they base their audits for clarity. The Chair will circulate the assurance definition to the Chairs of each sub-committee so that they can evaluate their relevant risks.</p> <p>The Committee also need to be able to identify the key risks and some felt there may be too many risks on the risk register. There are also risks which are beyond the control of the College and these should be identified. The risk scoring system needs to be reviewed to ensure that the classification (colour coding) is appropriate. The Interim FD will amend this document to identify key risks and levels of assurance more clearly. The Chair will ensure that the key risks are highlighted for the Chairs to consider at sub-committees.</p> <p>BOARD ASSURANCE UPDATE</p> <p>The Board Assurance update paper was reviewed and it was NOTED that it clearly demonstrates that sub-committees are reviewing risks on a regular basis.</p> <p>RISK MANAGEMENT GROUP MINUTES</p> <p>The RMG minutes were noted and taken as read.</p>	<p>DK/VG</p> <p>JT DK/VG</p>
10.	<p>ANY OTHER BUSINESS</p> <p>The internal auditor confirmed that they will be visiting the College this week to undertake the Key Financial Control audit. The Financial planning audit was also due to take place this week but discussions with the Interim FD have led to a reassessment of the timing of this audit so that it can assess the forthcoming 2023/24 budget setting process. The internal auditor and the Interim FD confirmed that they could both ensure that this audit takes place in time for a report to be available at the next Audit & Assurance Committee on 13 June 2023.</p>	JT/ICC A
11.	<p>2022/23 COMMITTEE DATES</p> <p>The following dates were NOTED:</p> <ul style="list-style-type: none"> • 13 June 2023 	
	The meeting closed at 17.45 with no further business	

APPROVED 13 June 2023

2023_03_14 AA Meeting APPROVED