



**MINUTES OF A MEETING OF THE CORPORATION'S
AUDIT & ASSURANCE COMMITTEE
MONDAY 10 OCTOBER 2022
Held electronically by Teams**

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

| ITEM NO. | DETAIL | |
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| 1. | <p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest NOTED.</p> | |
| 2. | <p>APOLOGIES</p> <p>Apologies for absence were NOTED from Jim Tirrell.</p> | |
| 3. | <p>MINUTES OF THE MEETING HELD ON 6 APRIL/4 MAY 2022</p> <p>The Committee APPROVED these minutes as a true and accurate record, and also APPROVED the open minutes for website publication.</p> | |
| 4. | <p>MATTERS ARISING FROM THE MINUTES</p> <p>The following matters arising were NOTED:</p> <ul style="list-style-type: none"> • The Clerk would be checking the Financial Regulations with the Committee Chair and the Chair of the F&R Committee. • The Risk Register would be updated by the Principal and presented to the next meeting. | |
| 5. | <p>INTERNAL AUDIT REPORTS</p> <p>2021/22 Report 03:2021/22: IT Data Security and Disaster Recovery The objective of the Audit Review was to provide management and the Audit Committee with an independent assurance opinion that arrangements were in place and procedures documented to minimise disruption, maintain the service continuity of the College and the security and integrity of critical data in the event of a defined contingency event occurring.</p> | |

As a result of the work carried out, the Auditors provided management and the Audit & Assurance Committee with **Reasonable Assurance** that the areas of the control environment tested during the audit were designed and operated effectively with no significant weaknesses. There were two high risk recommendation; one medium risk and one low.

The Internal Auditor advised that this was a difficult area in the current climate and the Committee noted that the policies in place were pre-Prodigy and processes were now in place.

Report 04:2021/22: HR Performance Management

This report had been discussed at a previous meeting with the draft report, however the management responses were considered. It was agreed that there was still an undercurrent of lack of compliance across many reports, which did not accord with the culture that was discussed in meetings. The Deputy Principal added some context to the comments, advising that a new appraisal process had been introduced following the recommendation of the FEC. It was considered that the recommended process was unachievable and unmanageable due to the number of staff that managers line managed. It was agreed that the Committee had to challenge and it was hoped that by the next meeting many actions would be complete now that the Deputy Principal was taking control of the Tracking Register.

Report 05:2021/22: Curriculum Efficiency

The objective of the Audit Review was to provide management and the Audit Committee with an independent assurance opinion that the College's curriculum planning processes were supported by robust systems, processes and controls.

As a result of the work carried out, the auditors were able to provide management and the Audit Committee with **Reasonable Assurance** that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses. There was one medium risk recommendation and one low.

It was agreed that there were really positive, strong developments and the Deputy Principal had made significant changes, with a strong element of being seen to ensure efficiencies. The Deputy Principal advised that the formal frameworks were in place and the Director of MIS and Systems Integration had achieved a great deal and it was only the final automated report that was outstanding.

2022/23

Internal Audit Plan 2022/23

The Internal Audit Plan for 2022/23 was **CONSIDERED** and the following points **NOTED**:

- The Financial Planning and Budgetary Control review included cashflow.
- A Sub-Contracting Review may not be required subject to the ESFA threshold.
- It was requested that if there was any flex in the plan, more regular feedback on recommendations was required to keep the Tracking Register active.
- The Internal Auditor was questioned whether there was any review that he was seeing in other colleges that was not included in the plan. He considered that most areas were included, or been carried out in the last couple of years, and any trends were being identified within relevant reviews.

It was **AGREED** to **RECOMMEND** the Internal audit Plan 2022/23 to the Corporation for approval.

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| 6. | <p>KMC ACCOUNTS FOR THE YEAR ENDING 31 JULY 2021</p> <p>The KMC Accounts for the year ending 31 July 2021 were CONSIDERED and the following points NOTED:</p> <ul style="list-style-type: none"> • It was considered that 'Going Concern' was the most significant area for the Committee to agree. • It was considered that much of the narrative within the annual report was obsolete, as the College had now moved on, with some inconsistencies. The Finance Director and External Auditor were requested to complete a full review of the narrative to ensure that it reflected the current point in time and numbers were consistent. It was agreed that this Committee and the F&R Committee would then recommend by GVO/email to ensure the final ESFA deadline of 31 October was met. <p>It was NOTED that the KME Ltd Accounts for the year ending 31 July 2021 had been agreed and signed by the Directors and submitted to Companies House by the deadline.</p> | AB/BF |
| 7. | <p>EXTERNAL AUDIT</p> <p>Strategy for year ending 31 July 2022</p> <p>The Strategy for the year ending 31 July 2022 for both KMC and KME Ltd was CONSIDERED and the following points NOTED:</p> <ul style="list-style-type: none"> • The Auditor had identified the following matters as significant risk areas to be addressed during the audit: <ul style="list-style-type: none"> ➤ Management Override of controls ➤ Fraud in income recognition ➤ Going Concern ➤ Accounting for capital projects ➤ Pension assumptions – pension assumptions would be reviewed centrally by the auditors to ensure consistency across the sector. <p>It was AGREED to RECOMMEND the External Audit Strategy for the year ending 31 July 2022 to the Corporation.</p> | |
| 8. | <p>AUDIT RECOMMENDATIONS TRACKING REGISTER</p> <p>The Audit Recommendations Tracking Register was thoroughly scrutinised by the Committee and the following points NOTED:</p> <ol style="list-style-type: none"> 1. It was agreed that the form was extensive and required some updating. 2. It was agreed to delete those recommendations that were considered complete up to the end of 2020/21, keeping the following pre-2021 recommendations: <ul style="list-style-type: none"> ➤ 02 17/18: GDPR could be deleted as it would be consumed within the new review for 22/23 ➤ 2 19/20: A 'rolling' 2 year cash forecast was still required ➤ 04 20/21 Retention and Intervention Strategies: The Deputy Principal considered that this recommendation would always be in existence and he would discuss further with ICCA clarifying the improved processes. ➤ 04 20/21 Compliance: still on-going ➤ 05 20/21 the RMG would review its recommendations at its next meeting | |

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| | <ul style="list-style-type: none"> ➤ 06 20/21 Purchase orders would be picked up in the upcoming Internal Audit Plan. The Director of Finance confirmed that the new finance system would include commitment funding. The Committee encouraged the use of "call off orders" for areas of the budget that are difficult to enforce the use of purchase orders. ➤ 02 20/21 HR and payroll Advisory recommendation: the process with the new payroll was complete however the self-service portal was still to be actioned. ➤ 03 20/21 Reconciliations for funding were still outstanding • The Internal Auditor questioned the timing of the Key Financial Controls Review in January 2023 with the introduction of a new system. It was agreed to follow this up outside of the meeting and agree revised timing to maximise the value of the review. <p>The Chair emphasised that the College had to regain the confidence of the external bodies that were scrutinising the finances and challenging its optimism. It had been a challenging couple of years and the recommendations on the Tracking Register had grown, with increased levels of scrutiny from the external organisations. The Committee had to be seen to supportively challenge these recommendations, and the setting of deadlines should be realistic to enable them to be actioned and removed from the list in a timely manner.</p> | ICCA |
| 9. | <p>TERMS OF REFERENCE AND WORK PROGRAMME 2022/23</p> <p>It was AGREED to RECOMMEND the Committee Terms of Reference and Work programme 2022/23 to the Corporation, noting that the 'Debtors Report' was now being monitored by the F&R Committee.</p> | |
| 10. | <p>ANY OTHER BUSINESS</p> <p>There were no further matters of business raised.</p> | |
| 11. | <p>2022/23 COMMITTEE DATES</p> <p>The following dates were NOTED:</p> <ul style="list-style-type: none"> • 22 November 2022 • 14 March 2023 • 13 June 2023 <p>The Clerk also agreed to send dates of the December Corporation meeting to the External Auditors.</p> | VG |
| | The meeting closed at 10.35am with no further business | |

APPROVED: 22 November 2022