



AUDIT COMMITTEE

MINUTES of the Meeting of the AUDIT Committee held on 26 June 2024 at 14.30 via remote participation

Members present: Gillian Lancaster Amali de Alwis Imran Razzaq	External member and Chair External member External member	
In attendance: Shachi Blakemore Steven Connors Mark Smith Chris Payne Jacky Gearey	Partner, Buzzacott for item 4.4 Validera for item 4.6 CEO Interim Director of Finance & Data (FD) for items 4.3, 4.5, 4.6, 4.7 and 4.10 Clerk	
Quorum 2 members		
	Agenda Item	Action by
	Opening of meeting The Chair opened the meeting at 14.35	
	Apologies for Absence 1. Gurpreet Kaur There were no other apologies.	
	Declarations of interest There were no declarations of interest.	
4.1	Minutes of Previous meeting The committee approved the following as an accurate record of the meeting held and decision taken: (i) minutes of the meeting held on 13 March 24 Resolved that the minutes were an accurate record of the meeting held 13 March 2024	
4.2	Open Matters Arising Item 4.5 – Fixed asset register - A fixed management system has been selected. A project plan set up to ensure this system is updated to hold and track all assets. Audit action now almost completed and to be tracked through audit output tracker. Item 3.6 - provide committee with decision about choice of Cyber Essentials v Cyber Essentials Plus. CEO had received confirmation that the College had passed Cyber Essentials Plus with some minor actions. All other actions had been closed and there were no other matters arising.	
4.3	Notification of any matters for concern (e.g. fraud, whistleblowing) The FD confirmed that there had been no matters of concern to report.	
4.4	External audit / Buzzacott planning for 23/24 and – tender for 24/25 The external audit strategy for 23-24 follows in the main the same format as the previous year. Buzzacott advised on specific risks which would be looked at in more detail:	

	<p>1. Risks covering the material uncertainty related to going concern. The Group has incurred a deficit during the year and is forecasting a further budget deficit for next year, therefore consideration to be given as to whether there remains a material uncertainty for the year ending 31 July 2024. It is noted that the Group is budgeting a breakeven position in 2024/25.</p> <p>2. Treatment of the two property leases in the accounts; and</p> <p>3. Income recognition, any risk of clawback and possible disclosure of a contingent liability. The committee asked about this, and as advised in previous meetings, no value can be put on the contingent liability resulting from a clawback, moreover the amount of clawback does not deteriorate over time. The ESFA has not provided any timescales concerning clawbacks, therefore Buzzacott was unable to provide any assurance regarding this risk which could go back over 3 years. CEO was confident that the issues had been dealt with and there was full compliance. The committee discussed the issues around this including the internal audit, the sample size which could possibly skew the results, how far to go back to get full assurance and the current mitigations. The CEO said that this would be reviewed to ascertain the amount of work needed to provide a 100% check with FD confirming that a report will be circulated on this with recommendations to provide better assurance for next meeting.</p> <p>Shachi Blakemore left meeting at 15.01</p> <p>The FD referred the committee to the proposed fee increases from the previous year which were briefly discussed with the acknowledgement from Validera that across the audit sector costs had markedly increased. The FD advised the committee about the tendering process for 24/25 to be adopted with the Clerk to send out an external auditor performance assessment to all committee members for their comments.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) Buzzacott – 23/24 External audit planning & costs were received and noted by the committee (ii) FD to provide a report on the internal audit work on the apprenticeship student records sample size for next meeting (iii) Clerk to send external auditor performance assessment to committee members for their comments 	<p>FD</p> <p>Clerk</p>
4.5	<p>NCDS Ltd – separate audit report</p> <p>The FD advised that there would be an additional cost to provide a separate NCDS Ltd audit report and therefore the recommendation is to ask Buzzacott to better delineate the two entities within the existing post audit report. For confirmation separate financial statements will still be provided for the two entities.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the verbal update on the NCDS Ltd separation of audit report was received (ii) FD to approach Buzzacott to ask them to better delineate NCDS Ltd in existing PAR 	
4.6	<p>Audit Output Tracker</p> <p>The tracker provided an update on the progress with recommendations resulting from internal and external audit work carried out over the period September 2022 to date. For reassurance 70% of the audit output actions had been concluded with 4 of the 8 overdue actions relating to the fixed asset register to be completed in June/July with the potential for all to be closed off by the September meeting. FD confirmed that there will be a validation check with the internal auditors, and nothing will be removed from the tracker until everything is completed. There were no further questions.</p>	

	Resolved that the audit output tracker had been received and noted by the committee	
4.7	<p>Risk Management - Strategic Risk Register</p> <p>FD advised that the strategic risk register had been fully reviewed by ELT with two new risks added since the March meeting:</p> <ul style="list-style-type: none"> cannot generate the volume of T Level Work Placements required for the volume of students studying the programme; and there is no succession plan in place for senior postholders, in particular the CEO. <p>Additionally one risk has been removed relating to the sourcing of external industry engagement and was replaced by the T-level risk previously mentioned.</p> <p>Of the 24 strategic risks, seven have moved in a positive direction, one negatively and the remainder no change. There is now only risk 11 with a red residual risk rating i.e. the risk around cashflow and that related to apprenticeship volumes and is dependent on not only investment in staff and new programmes but also a significant shift in the economy. The committee asked about this with CEO confirming that this would be discussed together with an action plan for 24/25 at the next board meeting.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Risk Management update was received and noted by the committee (ii) CEO to advise the Board on apprenticeship volumes at next board meeting 	CEO
4.8	<p>Internal Audit Report</p> <p>Steven Connors from Validera, which provides the internal audit services to the College, provided a progress report on the Internal Audit Strategy for 2023-24. Whilst the Health & Safety and Student Records- ILR reviews had taken place, Validera had yet to issue the finalised reports but could currently provide adequate assurance with no major areas of concern identified. The remaining reviews Performance Management and CFC -Budgetary Control and follow up actions were on track to be completed at the end of the academic year, with the audit reports going to the committee in September and the end of year report in November.</p> <p>Resolved that the Internal Audit Report was received and noted by the committee</p>	
4.9	<p>Draft Policy on GenAI</p> <p>A draft new policy on GenAI was presented for consideration as a basis for the start of discussions within the College to deal with the key aspects of use of GenAI in education. CEO advised that there is 3-month action plan for this citing the use of Google Gemini which is an AI-powered chat platform that helps users with their creativity and productivity. Validera endorsed the concerns mentioned, saying that within the HE sector there were specific concerns around use of GenAI in admissions and copyright infringements e.g. citations. The committee noted the draft policy which would need to be developed further.</p> <p>Resolved that the draft GenAI policy was received and noted by the committee</p>	
4.10	<p>GDPR Update</p> <p>FD confirmed that there had only been one FOI request.</p> <p>Resolved that the GDPR updated was received and noted by the committee</p>	
4.11	<p>Annual Review & approval of Cycle of Business and Terms of Reference</p> <p>Cycle of Business:</p> <ul style="list-style-type: none"> on each agenda - NCDS Ltd (this was a request from the Chair of the NCDS Board) autumn term - Risk appetite to be reviewed with risk management policy 	

	<p>Terms of Reference - new clause regarding NCDS has been added. The committee approved the changes.</p> <p>Resolved that: (i) the Cycle of Business and Terms of Reference were received and approved by the committee (ii) the Terms of Reference to be recommended to the Board for approval</p>	
4.12	<p>Committee's annual self-evaluation The Clerk asked for the committee self-evaluation form to be sent back by 10 July.</p> <p>Resolved that the Committee's annual self-evaluation was received by the committee and to be completed by 10 July.</p>	
4.13	<p>Any Other business There was no further business.</p>	
4.14	<p>Items to be taken forward to next Board Meeting 1. Risk Register 2. Terms of Reference</p>	Clerk
4.15	<p>Date of Next meetings 1. 25 September 2024 at 13.00</p>	
	<p>Close of Meeting Meeting closed at 15.31</p>	