THE CORPORATION OF EAST SURREY COLLEGE

AUDIT COMMITTEE

MEETING HELD ON TUESDAY 16 APRIL 2024, VIA MICROSOFT TEAMS

Meeting commenced: 16.30
Meeting ended: 18.15

Present
Alex Hayman	Independent Member	Chair
Dan Hards	Independent Member	
James Marshall	External Co-opted Member	

Apologies for absence
Grace Marriott	Independent Member
Karen Feenstra	Independent Member

In attendance
Lindsay Pamphilon	Chief Executive & Principal
Eva Dixon	Chief Operating Officer
Kam Dehal	Executive Director Commercial & Partnerships
Paul Goddard	Internal Audit Service: Scrutton Bland

Clerk to the Committee
Sue Glover	Director of Governance

AC.01.24   Declaration of Interests
Members and officers were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

There were no declarations of interest.

AC.02.24   Apologies for absence
Apologies for absence were received from

- Grace Marriott   -   personal commitments
- Karen Feenstra   -   business commitments

The Audit Committee agreed to accept the apologies for absence.

AC.03.24   Notification of any other business
Members were advised there was one item to be considered relating to the outcome of the ICO audit. It was agreed this would be taken under any other business at the end of the meeting.

AC.04.25   Unconfirmed minutes of the meeting of the Audit Committee held on 30 November 2023
The minutes of the meeting were approved and signed as a correct record.

AC.05.24 **Matters arising and action points from the minutes of the previous meeting**
Members reviewed the action points arising from the meeting, noting those items that would be dealt with under this agenda.

Members noted that all other Action Points arising from the meeting have been addressed to the satisfaction of the Committee and there were no other matters arising from the meeting.

AC.06.24 **Fraud, Irregularity and Whistleblowing matters**
The COO advised that following the restructure in the Finance department there is currently an interim Finance Director in post who will be reviewing how fraud is communicated and monitored across the College and the outcome reported to the next meeting.

Members were also informed that relevant training for staff relating to fraud is also being considered and it was agreed that the scope of this will be reported on to the Committee at the next meeting.

The Committee was advised that there were no matters to report.

AC.07.24 **Risk Management: Spring Term 2024**
The Chief Operating Officer presented, for consideration and approval, a report, which provided an update on the assessments and actions for the risks assigned to the Committee.

The strategic risks assigned to the Committee remain as follows:

- AC1 – Failure of the College MIS systems to capture and maintain quality of data and reporting resulting in incorrect decisions being made - 'fundamental' risk – no change
- AC2 – Severe business disruption – 'minor' risk – no change

Members considered and discussed the detail of the highlighted revisions to each of the risks, noting in particular that, although a new Director of MIS has joined the team and is settling in well, the risk relating to the recruiting and retaining qualified MIS staff remains high as there continues to be difficulty in recruiting staff to this area.

In discussion, members considered that the format of the risk register was difficult to read and thus was not easy to establish the correct rating of a risk and actions being taken to mitigate risks. The Committee was advised that the Board Assurance Framework being put in place would give a much simplified framework for risk management, and which would only incorporate up to 10 high level risks.

The Committee agreed that for now the proposed changes to the current risk register are made.

Resolved
The Audit Committee endorses and commends to the Corporation Board the Risk Register: Spring Term 2024 relative to the risks assigned to the Committee

AC.08.24 **Board Assurance Framework**
The Chief Operating Officer presented the Board Assurance Framework (BAF). Members were reminded that as the Committee had been unable to meet for its termly scheduled meeting before the Board when the BAF would have been considered, this was brought to the Board for consideration at the meeting held on 21 March.

The Board agreed that the plan for Risk Management and Board Assurance presented was appropriate and that this should move to the next step of engaging with the Board for the training exercise, which would establish the Board's appetite for risk. Where appropriate, the Audit Committee would be kept informed of the BAF's progress at each of its termly meetings.

The Director of Governance advised the Committee that a date for the training exercise is being arranged during this coming term, noting that

- the Executive team have
  - ➢ had a training session with internal auditors to review various options around risk management and board assurance
  - ➢ agreed the board assurance framework was aligned to the risks as preferred option
  - ➢ agreed the best way to manage college risks is to focus on key strategic risks and ensure risk levels within agreeable tolerance levels. Key risks were identified as a result of this exercise
- a further training session was held with College Management Team and the key risks developed by the Executive were discussed and adopted
- it is planned for the Board to go through the same training exercise and once finalised the College will adopt the new approach to risk management and assurance framework

In discussion, members were pleased to note the extent of the commitment to implementing the BAF and stressed the importance of this framework to further the controls and assurance environment for the College. The Committee endorsed the agreement of the Board that a high-level strategic risk register, containing no more than 10 risks, would be appropriate for the Board to monitor. Members were advised that this and the Board Assurance Framework presented had now been populated by the Executive and would be shared with the Committee.

In consideration of the risk register going forward, it was agreed that the risks should continue to align to relevant committees who would continue to monitor each of their assigned risks, but that the Audit Committee would maintain overall oversight of the whole high level risk register.

Resolved
The Audit Committee endorses the plan for Risk Management and Board Assurance approved by the Board and that the plan moves to the next step of engaging with the Board for the relevant training exercise

AC.09.24   Post-16 Audit Code of Practice for 2023/24
The Director of Governance presented for information the Post-16 Audit Code of Practice (the Code) for 2023/24.

Members were advised that the Code sets out a common standard for the provision of assurance in relation to funding of post-16 providers, setting out
- The overarching assurance arrangements forpost-16 providers
- The specific responsibilities within the assurance framework for sixth-form and further education corporations, and their external auditors/reporting accountants
- The requirements for independent training providers

Members considered and noted the key changes from the previous version. The Committee was reminded that the new College Financial Handbook had also been recently published and revised to fully set out how College's must comply following reclassification.

Agreed
The Audit Committee agreed to receive and note the document

AC.10.24   **Review of outstanding audit items – Audit Tracker**
The Chief Operating Officer presented the audit tracker, which reported on outstanding audit issues, together with a further report detailing outstanding audit actions.

Members reviewed the detail of both reports, commenting that there continues to be a number of items that are past the deadline stated with the revised deadline incomplete. The Committee reiterated that it has responsibility for monitoring the progress of all recommendations made following internal audits and having oversight of the risks associated with these and the impact they may have on the College should they not be implemented. It was important that there is a clear process in place for the monitoring of all audit recommendations so that the Committee has the confidence that all recommendations made are implemented and thus not putting the College at risk.

In discussion, members considered that the current document is more operational and perhaps going forward a single document is used that gives clear visibility and provides a platform for the committee to have comfort that audit actions are being delivered in line with previous discussions at the report stages. It was agreed that the Chair would have a discussion with the COO outside of the meeting to discuss further.

Agreed
The Audit Committee agreed that the Chair would discuss the format of the audit tracker report with the COO outside of the meeting

AC.11.24   **Internal Audit**

Risk and Assurance Progress Report – March 2024
Members received the Progress Report noting the internal audits that have taken place and those planned for the remainder of 2023/24.

Risk and Assurance Reports
The Committee received the following final Risk and Assurance reports

- Apprenticeship Recruitment and Employer Engagement
- IT Infrastructure and Cyber Security
- Student Recruitment Classroom based

<u>Apprenticeship Recruitment and Employer Engagement</u>
The Committee reviewed the detail of the report, noting:

Assurance Opinion: Significant *'governance, risk management and control arrangements provide significant assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy or operation of controls in practice should be improved further'*

Six low recommendation have been made and members noted the actions being taken to address these.

Members commented on the positive outcome and agreed it was a good position.

IT Infrastructure and Cyber Security
The Committee reviewed the detail of the report, noting:

Assurance Opinion: Significant *'governance, risk management and control arrangements provide significant assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy or operation of controls in practice should be improved further'*

One medium and two low level recommendation have been made and members noted the actions being taken to address these.

Members commented on the positive outcome and agreed that cyber security is a key area and should be considered as part of the board assurance exercise.

Student Recruitment – classroom based
The Committee reviewed the detail of the report, noting:

Assurance Opinion: Significant *'governance, risk management and control arrangements provide significant assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy or operation of controls in practice should be improved further'*

Three medium and three low level recommendation have been made and members noted the actions being taken to address these and were advised that a number have already been actioned.

The Committee were informed that the follow up audit by the internal auditor would monitor the progress made on each of the recommendations and the outcome of this audit would be reported to the Audit Committee in due course.

Multiply final audit report
Members reviewed the detail of the report, noting:

Assurance Opinion: Limited – risks are not being managed adequately with improvement in the design and application of controls required to achieve business objectives.

Members were advised that the contract with the subcontractor used last year by the College for this funding stream is under review as there are concerns with this provision. There will be a further discussion around subcontracting provision at the forthcoming Strategy meeting in May.

Resolved
The Audit Committee agreed to accept the
- Progress Report – March 2024
- The final internal audit reports for
  - Apprenticeship Recruitment and Employer Engagement
  - IT Infrastructure and Cyber Security
  - Student Recruitment – classroom based
  - Multiply final audit report

AC.12.24   **KPI Dashboard**
The Committee received the KPI Dashboard to 31 December 2023.

Members reviewed the KPI Dashboard for Actual against Budget and Actual against the same period for the prior year for:
- Tuition Fees
- Employer Engagement Income
- Additional Contract Income
- Staff FTEs
- Staff costs as a percentage of total income
- Cash balance at month end
- Supplier invoice payment days
- 12 month rolling cash flow forecast

Agreed
The Audit Committee agreed to receive and note the KPI Dashboard

AC.13.24   **Any Other Business**
Members were informed on the outcome of the audit by the Information Commissioner's Office (ICO).

In November 2023, the College requested an audit from the Information Commissioner's Office (ICO). The purpose of the audit was to provide the ICO and the College with an independent assurance of the extent to which the College is complying with data protection legislation.

The ICO is responsible for enforcing and promoting compliance with the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 (DPA 2018) and other data protection legislation.

The outcome gives a Limited assurance and there is already a full action plan in place for the College to address the recommendations made. The Audit Committee will be monitoring this action plan at their June meeting and will also receive an update on progress already made.

The Committee agreed that, whilst no-one likes to receive a Limited assurance, the College should be commended for taking the step to request this audit so that any gaps in data protection legislation could be identified and action taken to ensure that we are fully compliant.

There was no other business.

AC.14.24   **Dates of Scheduled Meetings: 2023/24**

Thursday 13 June 2024, commencing at 16.00

At the conclusion of the Part 1 meeting, members moved into a meeting restricted, in accordance with the requirements of the Instrument and Articles of Government and with Section 22 of the Freedom of Information Act 2000, to the members of the Corporation and to senior members of staff of the College.

SIGNED AS A CORRECT RECORD:

DATE: 13 June 2024