

# Minutes

## AUDIT MEETING

Date:	18 September 2023	Time:	4PM
Chairperson:	Chris Wilson	Location:	UCN Room 284

Present	Name	Role
<b>Membership</b>	Chris Wilson (CDW)	External Member - Chair
	Javid Iqbal (JI)	External Member
	Stuart Compton (SC)	External Member
	Tim Major (TM)	External Member
<b>Apologies</b>	Tom Rossiter	External Member
<b>In Attendance</b>	Cathy Wright (CW)	Vice Principal – Central Services (VPCS)
	Don Everitt (DE)	Interim Finance Director (On Teams) (FD)
	Jo Houghton (JH)	Vice Principal – HE & Skills (VPHES)
	Iain Wolloff (IW)	Principal & Chief Executive
	Lee Hunt (LH)	Deputy Principal & Vice Principal – FE & Curriculum (VPFEC)
	Elizabeth Clayton (EC)	Internal Auditor - Mazars (On Teams)
	Chris Mantel (CM)	External Auditor – Alliotts (On Teams)
	Heather Large (HL)	Clerk to the Corporation
<b>Quorum</b>	Three members required	Meeting quorate, four members present

### AGENDA ITEMS

Item No.		Reports
1.	<b>APOLOGIES FOR ABSENCE</b> Apologies for absence were received and accepted from Tom Rossiter.	Verbal
2.	<b>DECLARATION OF INTERESTS</b> No declarations of interests were made.	Verbal
3.	<b>ELECTION OF CHAIR AND VICE CHAIR</b> Christopher Wilson was duly nominated and unanimously elected as Chair of the Audit Committee. There were no nominations for Vice Chair and the Chair asked that the remaining members of the Committee consider the role in time for the next meeting.  <b>Action: All to consider the role of Vice Chair by the next meeting and submit their nominations to the Clerk.</b>	Verbal

4.	<p><b>MINUTES OF THE PREVIOUS MEETING</b></p> <p>The Minutes of the Audit Committee held on the 20 February 2023 were duly reviewed and the numbering was noted to be slightly out of sequence which the Clerk amended.</p> <p><b>The Committee accepted the minutes as an accurate record.</b></p>	Paper (3)
5.	<p><b>MATTERS ARISING FROM THE MINUTES</b></p> <p>The Chair asked the Interim Finance Director about the budget management and invoicing progress and noted that it was not going to be implemented until the 1st of April. Data migration from the previous financial system to the current system had been delayed by technical issues and he asked if that had been resolved. The Chair was informed that the migration has in fact been delayed until October 2023 and this was as a result of a decision to focus on the closing of accounts for 2022/23, as the implementation of a new system part way through the academic year would cause confusion.</p> <p>The Audit Committee asked for an update on the request to the ESFA for the College to utilise the planned capital receipt to support the revenue costs of the PFI. It was confirmed to the Audit Committee that this is still ongoing as ESFA have yet to give full agreement to this.</p>	Verbal
6.	<p><b>INTERNAL AUDIT REPORTS</b></p> <p><b>6.1 Subcontracting</b></p> <p>The agreed scope of work was to undertake a review of the compliance with the Standard in line with the ESFAs Subcontracting Guidance - GOV.UK (<a href="http://www.gov.uk">www.gov.uk</a>). The review was to specially identify and report any compliance errors and their impact in relation to the following agreed area of scope: • Pre-award activities • Contract award and management • People • Administration • Managing relationships • Managing performance • Payments and incentives • Risk management • Contract development and/or termination • Provider development. The Audit Committee were advised this was a very positive annual review that had been undertaken by a specialist funding team and the College was compliant in all ten areas of review.</p> <p><b>6.2 Follow Up</b></p> <p>The College tracker reported a total of nine outstanding actions due to be implemented at the time of the review for the subject areas of Core Financial Controls and Cashflow Forecasting, Budget Management and Invoicing, and Risk Management. Of these nine recommendations, two were categorised as Priority 2 and seven as Priority 3. A summary of the nine recommendations included in the follow up review, broken down by status, was presented to Audit Committee and the Committee were assured that these are all being monitored, in progress, and will be signed off.</p> <p>Audit Committee questioned if the cash flow training had been completed by the end of June, this was confirmed. Audit Committee questioned why the segregation of duties had been delayed and were informed that this is difficult to deal with at present but once the new PO system is implemented there will be a clear audit trail showing segregation of duties. It is primarily due to the delay in the implementation of the new PO system.</p> <p>Audit Committee asked for an update on the goods received note (GRN) recommendation and were advised that usually in a College environment a GRN is not routine. The new PO system is still in the testing phase with procedures and workflow being finalised for allowing a GRN system. This has been delayed but</p>	<p>Paper (7)</p> <p>Paper (14)</p>

	<p>should be in place by December 2023. The Interim Finance Director assured the Audit Committee that he has no concerns regarding the implementation.</p> <p><b>6.3 Core Financial Systems</b></p> <p>This Audit was largely positive, and Audit Committee were informed that the Internal Auditors had provided the College with substantial assurance over the adequacy, design, and effectiveness of its budget management and invoicing control framework. The College has Financial Regulations in place which clearly set out payment and income responsibilities as well as a robust framework around invoicing which includes clear guidance to staff in submitting purchase orders for approval and in-built controls within the finance system. However, on reviewing the payroll reconciliations for the months of April, May, and June 2023 none of them had been signed off by the preparer or the reviewer. Where payroll reconciliations are left unsigned by the preparer and reviewer, the College may lose traceability for cases where outstanding differences were left unidentified.</p> <p>Audit Committee were informed that the College uses Civica for its payroll and HR functions and use a template spreadsheet on Excel for raising purchase orders which requires manual input. There were three invoices where POs could not be provided. It was ascertained one was not required but an explanation as to the other two could not be provided. The recommendation was for the College to consider if further controls or processes are required to ensure that all necessary POs are appropriately raised and available upon request. Once the GRN system is in place this will ensure PO's are matched and allocated.</p> <p>Audit Committee were informed that Internal Audit reports will be provided to the Committee in November meeting for Safeguarding, Apprenticeships and Learner Numbers.</p> <p><b>Action: Internal Auditors to provide Audit Reports on Safeguarding, Apprenticeships and Learner Numbers at November Audit Committee meeting.</b></p>	Paper (26)
7.	<p><b>RISK REGISTER</b></p> <p>Audit Committee were informed that the Risk Register has been re-written and re-designed by the Risk Management Group (SLT), utilising a format created for education providers to meet DfE expectations. The new Risk Register addresses each of the key risk areas typically found in education and seeks to document:</p> <ul style="list-style-type: none"> <li>• Key risks</li> <li>• Secondary risks associated with each key risk area</li> <li>• A risk rating for each secondary risk, if no action were to be taken</li> <li>• An outline of the current risk control measures</li> <li>• A current rating of risk, based on the control measures</li> <li>• An action plan, for any risk rated as red or amber</li> <li>• Identification of the overall SLT risk owner.</li> </ul> <p>There are four main risks highlighted which are Safeguarding, Quality of provision, Income, and Competition – which is new.</p> <p>Audit Committee asked if reinforced autoclaved aerated concrete (RAAC) issues were in existence at the College and were assured there are none as the building is too modern. JI questioned whether the PFI contract expiration was included as a specific risk in the register and it was confirmed that this was the case.</p> <p>Audit Committee asked that completion dates be included for planned actions and, whilst the plan recognised the operational risk, felt there could be more added in terms of strategic risks, which could include for safeguarding the new regulations on who you can employ, the types of checks needed for staff and costs of these or duties from public bodies the College enters into contract with. The Committee felt</p>	Paper (43)

	<p>there could be more practical advice included on the register on managing risks in specific places, activities and with equipment and resources. Overall, Audit Committee felt there should be more assurances recorded when a risk has been completed.</p> <p><b>Action: Principal to update Safeguarding risk register with more strategic and comprehensive updates given on assurance.</b></p> <p>Audit Committee reviewed the Risk Register Excel spreadsheet and asked for:</p> <p>Risk 8 – Leadership Risk – Asked to see the revised SLT/CLT structure document  Risk 11 – People/Staff Risk – Asked to see the document on the implementation of the new appraisal process for 2023/24 and how training and resources are being implemented.</p> <p><b>Action: Principal to provide the revised SLT/CLT structure document and details of the new appraisal process at the next meeting.</b></p> <p>Audit Committee asked on Risk 22 (Fraud Risk) who carries out the training for the new Finance Director and Finance Manager. It was explained as the Interim Finance Director will be leaving at the end of this week there will be a limited handover but the new Finance Director is an experienced and well trained individual. Any necessary training will be discussed on induction and implemented.</p> <p>Audit Committee questioned Risk 24 (Natural disaster risk) and if the Mitie Plan is regularly reviewed for robust and rigorous effective handling of potential risks. It was explained to the Committee that the Estates Team are responsible for most of the practical applications within the Plan.</p> <p>Audit Committee challenged Risk 28 (Social Media and On Line Risk) asking who is responsible at the College for this risk. It was explained that this would be dependent on the issue at the time as it could cover a wide range of concerns but primarily it’s the responsibility of the Senior Leadership Team. An explanation was given on how IT monitor and filter any potential risks in this area including Ransomware and cyber protection.</p> <p><b>Action: Audit Committee asked for the Principal to update the risk register to show actions being implemented for the risk, better recording, levels of mitigation and how they are measured. Furthermore, actions should be recorded that have been taken to record and manage the risk. Dates should also be included for progress and completed actions.</b></p>	
<p><b>8.</b></p>	<p><b>HEALTH AND SAFETY</b></p> <p>Audit Committee asked if the issues with the pilot online reporting process have been resolved. This was confirmed as a work in progress but has significantly improved as the practice becomes more bedded in. Audit Committee asked if the first aiders all received their Annual Training in January 2023 which was also confirmed. Audit Committee were informed the first Fire Drill of the new academic year was conducted this morning which highlighted an issue with the Control Panel in one of the buildings which was investigated and resolved. Audit Committee asked if the fire evacuation procedure has been resolved for the Portakabin, which was confirmed.</p>	<p>Paper (44)</p>

	<p>Audit Committee expressed their support in the College's effort to ensure the health and safety policy and measures are having a good impact and to keep communications up regularly and review Health and Safety with staff on guidance and ensure there are accurate records and practical tools in place to help the College plan, budget and keep people safe. Audit Committee recommended that Health and Safety procedures with contractors supplied by agencies should also be included in regular communications, perhaps at induction or during their time at College.</p>	
9.	<p><b>SIGNIFICANT INCIDENT REPORT</b> Audit Committee noted that there had been no significant incidents to report.</p>	Paper (44)
10.	<p><b>INTERNAL AUDITORS MEET WITH COMMITTEE</b> Audit Committee asked if the Recommendations pages of the Internal Audit Reports could not use the grey font as it makes it very difficult to read on screen.</p> <p><b>It is to be noted that the Internal Auditor left the meeting at 17.18 hours.</b></p>	Verbal
11.	<p><b>SLT MEET WITH COMMITTEE</b> Audit Committee were informed by the College of their experience of internal audit during the previous year. It was noted that a re-tendering process was currently being undertaken for the provision of internal audits in 23/24.</p>	Verbal
12.	<p><b>APPOINTMENT OF AUDITORS</b> Chris Mantel from Alliotts (External Auditor) joined the meeting at 5.28pm and presented. Audit Committee were advised that Auditors, as part of their duties, have identified 'informed management' as part of the audit planning for another year. There has been liaison with members of management or senior employees (including the Finance Director) who have the authority and capability to make independent management judgements and decisions and the audit would be signed off by the Corporation. The external audit plan for the year ended 31 July 2023 has confirmed, there is no fraud or suspected fraud that has occurred during the year, there has been no breach of any laws and regulations significant to the College or any ongoing or potential legal proceedings.</p> <p>Provision for External Auditor services for another year has been provided along with costs (up by 10%) and the outline of the Audit includes financial statements and regularity assurances including a management letter which will include a summary of significant matters encountered or discussed, materiality, fraud, risk business and audit risks. A list of Alliot's key deliverables and timings, along with a full list of deliverables and audit team fees along with responsibilities of governance and quality control is also included.</p> <p>Audit Committee thanked the External Auditor for the Audit Report and contract and agreed that the re-appointment of external auditors will be reviewed after the Principal has reviewed the costs and a decision made by the Chair of Corporation and Principal as to whether sign off should be with Audit Committee or Corporation.</p> <p><b>Action: Principal to review External Auditor contract costs and discuss with Chair of Corporation whether Corporation or Audit Committee should sign off.</b></p>	Verbal
13.	<p><b>AOB</b> There was none.</p> <p style="text-align: center;"><b>Meeting Closed at 17.55 hours.</b></p> <p><b>Date of Next Meeting: Monday 13 November 2023 at 4pm – UCN Room 284</b></p>	Verbal

**Signed:**

*C.D. Wilson*

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Chris Wilson (Nov 22, 2023, 10:45am)

**(Chair)**

**Date:**

22 Nov 2023



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**Parties involved with this document**

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