

**MINUTES OF THE AUDIT COMMITTEE**  
**HELD ON TUESDAY 14 NOVEMBER 2023**  
**AT 5pm IN THE EXCHANGE BOARD ROOM AND VIA MICROSOFT TEAMS**

**PRESENT:**

Chris Johnson	Member (Chair)
Taiyab Sufi *	Member
Nadia Begum	Member
Sharjeel Salahuddin	Co-opted Member
David Swift*	Co-opted Member

**IN ATTENDANCE:**

Dr Zubair Iqbal*	Associate Board Member
Jennifer Eastham	Vice-Principal: Finance and Corporate Services
Jason Burgess	Beever and Struthers – External Audit
Helen Knowles	Beever and Struthers - External Audit
Kashif Azeem	RSM - Internal Audit
Sarah Horeesorun	Director of Governance

\* indicates participating via Microsoft Teams

The meeting commenced at 5pm and was quorate.

The Chair welcomed everyone and extended a special welcome to Nadia Begum, FE Student Governor as it was her first Audit Committee meeting, and to guests from Beever and Struthers who, as the Colleges External Auditors, would be presenting Item 6 on the Agenda.

**1. PRESENTATION ON A RISK THEMED TOPIC: FRAUD**

Kashif Azeem, RSM, provided an update on Fraud given that this was the subject of a recent RSM Newsletter and Counter Fraud was an agenda item at this meeting.

Members were updated on the most frequent fraudulent approaches being seen at the moment which ranged from identity theft and people impersonating others to secure employment, to people 'dual working' and getting payment for doing one job whilst actually using that job to support another. Members were interested to hear about cases of 'ghost employees' where payroll was diverted to an employee that did not exist, fraudulent invoices and creation of fake companies to receive payments. There was discussion of the sophisticated technologies and the complexities of unravelling some of the fraud cases.

Kashif Azeem talked through the role of Internal Audit in testing processes and policies to ensure that effective controls were in place and stated that whilst fraud is not as common as it once was, the approaches now used are extremely complex and the amounts of money involved are large. The Vice-Principal: Finance and Corporate Services confirmed that all new members of College staff had compulsory training and awareness on checking the legitimacy of emails, calls, and where relevant, order numbers and invoices. Scam software was in place to reduce SPAM emails and staff know to remain vigilant regarding visitors to the College. The Audit Committee were assured that management checks were in place and that staff received regular Boxphish, cyber awareness and Safeguarding training. The Committee thanked Kashif Azeem for an interesting presentation.

**2. APOLOGIES FOR ABSENCE**

Apologies were received in advance from Dr Fazal Dad and Lisa Randall (RSM).

### **3. DECLARATION OF CONFLICTS OF INTEREST**

The Chair advised those in attendance that should members of the Audit Committee become aware of any potential conflicts of interest, they should be disclosed at the earliest opportunity during the meeting.

### **4. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON TUESDAY 19 SEPTEMBER 2023**

Having canvassed the Committee, and in the absence of any comment, the Minutes of the Audit Committee held on Tuesday 19 September 2023 were **AGREED** as a true and accurate record and were signed by the Chair.

### **5. MATTERS ARISING**

There were no Matters Arising.

### **6. DRAFT MANAGEMENT LETTER 2022/23**

Jason Burgess and Helen Knowles from Beever and Struthers, the Colleges' External Auditors, led on this item and reported that the annual audit had run smoothly and was substantially complete. There were no concerns raised and only one adjustment related to pensions, but this would not impact on reporting as it was just reclassification from one line to another. There were no recommendations and only a few small suggestions that had been actioned regarding:

-a potential underclaim in the population and a funding specialist was working with the MIS Team to resolve this.

-more detail added to explain the Pensions position.

- expansion of the economic use of building content and add a note on components of buildings/rooms/spaces to enhance the readability of the Report.

Discussion that followed covered revenue testing, impairment and timing and Beever and Struthers expanded on the activities around revenue testing, confirming that there were no concerns around impairment and that the external audit would be completed in time for presentation at the 8 December Corporation Board meeting.

The Going Concern part of the procedure would be completed right up to the point of signing of the Management Letter.

The Audit Committee noted that the external audit was near completion and thanked Jason Burgess and Helen Knowles for the update on the draft Management Letter 2022/23.

### **7. INTERNAL AUDIT REPORTS - PROGRESS & OUTCOMES**

- (i) Progress: Kashif Azeem, RSM, informed members that there was no additional progress to add to that already supplied in the Internal Audit Progress Report circulated. Members were canvassed for any questions and there were none on this Report.
- (ii) Key Financial Controls: This had been completed and there were no management actions.
- (iii) Curriculum Planning Framework Compliance: The walkthrough of systems had been completed, it was well developed and there were no issues identified.

An internal audit of Mental Health and Well-being had started that week and a report on this would be made at the next Committee meeting.

Referring to the Key Financial Controls and Payroll Report, a member queried mention of the Head of Finance completing bi-annual reconciliation checks of staff and payroll and was concerned that the frequency was not enough. Members understood this to mean that the reconciliation checks were completed every two years and requested that the frequency be increased. The Vice-Principal: Finance and Corporate Services agreed to look into the matter.

**Action: Vice-Principal: Finance and Corporate Services**

\*In a post meeting update, the Vice-Principal: Finance and Corporate Services had checked with the Head of Finance and confirmed that reconciliation between iTrent and Payrite was completed on a bi-annual basis (twice a year), ensuring all members of staff on the payroll system are current employees of the College and that salary payments were correct. It was confirmed that this was last undertaken during June and July 2023. As a point of clarification, it is helpful to know that **bi-annual** means twice a year and **biennial** every two years.

A member commented on a key finding of the Key Financial Controls and Payroll Report referencing the need for the College to review its internal Financial guidance to reflect the DfE, and ONS reclassification regulatory changes. The Vice-Principal: Finance and Corporate Services confirmed that the ONS updates and Financial Regulations were being considered by the Policy and Resources at its next Committee meeting on 27 November 2023.

The Chair thanked Kashif Azeem for the Reports.

## **8. INTERNAL ACTION POINT STATUS**

The Vice-Principal: Finance and Corporate Services informed members that since this Report was written the Patch Policy mentioned in the outstanding action has now been made available. MDM had been ordered and though this action was RAG rated as red, this action had moved on.

The Committee noted the update on the content of the Report.

## **9. AUDIT PERFORMANCE INDICATORS 2022/23: UPDATE AND PROPOSED FOR 2023/24**

Members were reminded that at their meeting on 19 September 2023, the Committee approved the performance indicators for monitoring in 2023/24 – these were listed in Appendix 1 to the Report along with supporting notes to help the Committee is assessing risk. This was the first Report for 2023/24.

The Vice-Principal: Finance and Corporate Services explained that the Debt Parameters measure was not coming out as favourably as liked as the College had to adjust its Pensions Strategy and this had impacted on the Debt Parameters measure. This was being closely monitored and managed. All of the other measures were performing and there were no issues.

A member requested an update on recruitment of the new Head of MIS. The Vice-Principal: Finance and Corporate Services confirmed that a very experienced new Head of MIS would be starting shortly. A request was made by the Committee if the new Head of MIS could review the effectiveness of I.T. security and report back on any deficiencies and controls in place to the Committee at a future meeting, bearing in mind and understandably, the timing of such a presentation as the person is new to the organisation.

**Action: Director of Governance/ Vice-Principal: Finance and Corporate Services**

The Audit Committee noted the performance against the approved performance indicators for 2023/24.

## **10. RISK MANAGEMENT - RISK REGISTER 2023/24 - UPDATE**

The risk rating for each risk listed on Appendix One to the Report was determined using the Board approved Risk Management Policy. Using the RAG rating, the Committee noted that three risks were currently rated as red and were satisfied with the mitigating actions and controls in place to effectively manage these.

The Vice-Principal informed members that the FE recruitment target had been met, the HE recruitment target had not been met and that there were no concerns with the income targets, with cost savings meeting any shortfalls. The temporary classrooms had arrived for use by classes decanting from the Victoria Building whilst it is renovated. No new risks had been identified and there were no questions from the Committee on the Risk Register Report.

## **11. COUNTER FRAUD STRATEGY – ANNUAL UPDATE**

The Vice-Principal: Finance and Corporate Services explained to the Committee that the Counter Fraud Strategy is reviewed annually and that having completed that exercise for 2023/24 the Policy remained fit for purpose and no changes were proposed. Staff complete Boxphish modules every three months and know to keep vigilant. Members were content with the Counter Fraud activities within the Strategy presented.

The Audit Committee **AGREED** the Counter Fraud Strategy for 2023/24 and that review of the Strategy would be biennial in the future.

## **12. AUDIT SCHEDULE 2023/24**

This Report was provided to the Audit Committee for information and contained the dates and details of both the Internal and External Audit schedules for 2023/24.

The Committee noted the schedule of audits in the Report

## **13. DATA RETURN MONITORING REPORT 2022/23 and 2023/24**

This Report was provided for information and confirmed that funding and data returns had all been submitted on time for 2022/23 and the initial schedule for returns 2023/24.

Members noted the content of this Report.

## **14. ANY OTHER BUSINESS**

There were no items discussed under Any Other Business.

## **15. REVIEW OF MEETING**

The Chair thanked everyone for their contributions to the Committee discussions.

The meeting closed at 6.05pm.

## **16. DATE AND TIME OF NEXT AUDIT COMMITTEE MEETING**

Tuesday 20 February 2024 at 5.00pm.