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| **MINUTES** |
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| *Audit and Governance Committee No 31* |
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| Date: |   | *08/11/2022 (Tuesday)* |   | Time: |   | *18:00–20:00* |
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| Venue: |   | *Via Teams* |   | Committee: |   | *Audit and Governance* |
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| Present: |   | *Barbara Godby, Debbie Clayton, Jane Booker (Chair), Robert Wallace and Robin Newton-Syms* |
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| Attending: |   | *Alison Robinson (Principal), Joanne Sherrington (Deputy Principal) and Steven Downham-Clarke (Vice Principal)* |
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| Clerks: |   | *Ron Matthews (Clerk)* |
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| Guests: |   | *Allan Foster, Jane Butterfield (Internal Auditor) and Karen Musgrave* |
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| ***Public* Minutes** |
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| Item number: | Item description: |
| (and category) |   |
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| **58.22** | ***Attendance of College Management and Internal and External Auditors*** |
| ***Decision*** | Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee states:"The Principal or any other senior manager who is responsible for the College's internal control and representatives of the External and Internal Auditors shall normally attend meetings at the invitation of the Committee, and the Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary".**Resolved:****That the Audit & Governance Committee confirm the attendance of College Management staff and the Internal and External Audit representatives.** |
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| **59.22** | ***Apologies for Absence*** |
| ***Decision*** | The Clerk reported that the FE Student Governor, Taylor Campbell, a member of the Audit and Governance Committee, had resigned from the Corporation due to study and work commitments.There were no other apologies for absence. |
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| **60.22** | ***Appointment of Chair and Vice Chair for the Academic Year 2022/2023*** |
| ***Decision*** |

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| The Committee considered the appointment of a Chair and Vice-Chair for the coming academic year.**Following due process it was** |

**Resolved:****1.  That Jane Booker be appointed Chair of the Audit**  **and Governance Committee for the Academic Year 2022/2023.****2.  That Robin Newton-Syms be appointed Vice-Chair of the Audit**  **and Governance Committee for the Academic Year 2022/2023.** |
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| **61.22** | ***Minutes of Previous Meeting*** |
| ***Decision*** | The public minutes of the Audit and Governance Committee meeting number 30 held on Tuesday 7 June 2022, published on the Extranet, were agreed and signed as a true and correct record.  |
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| **62.22** | ***Declarations of Interest*** |
| ***Decision*** | There were no declarations of interest made in respect of items on the public agenda. |
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| **63.22** | ***Governors Jane Booker and Barbara Godby*** |
| ***Decision*** | The Clerk reported that Governor Jane Booker would come to the end of her second four year term of office on 31 December 2022. Jane, as Vice Chair of Corporation, was eligible to serve a third term of four years and has indicated that she would like to do so.He also reported that Governor Barbara Godby would come to the end of her first four year term of office on 31 December 2022. Barbara was eligible to serve a second term of four years and has indicated that she would like to do so. The Committee was asked to consider both requests and to make a recommendation to Corporation. **Resolved:****1.   That Corporation be recommended to appoint Jane Booker for a**  **further term of four years effective from 1 January 2023.****2.   That Corporation be recommended to appoint Barbara Godby**  **for a further term of four years effective from 1 January 2023.** |
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| **64.22** | ***Financial Statement Auditors Report and Audit Findings Report for the Year Ended 31 July 2022*** |
| ***Decision*** | RSM’s Karen Musgrave attended the meeting and presented the Audit Findings Report to the Committee and responded to questions.**The external audit of the financial statements** for the year ended 31 July 2022 was almost complete. The report included the proposed Letters of Representation in respect of both the Financial Statements and Regularity Assurance. The letters would be signed after the Corporation meeting on 13 December 2022. The Auditors Report lodged within the Financial Statements stated:In our opinion the Financial statements:* Give a true and fair view of the College's affairs as at 31st July 2022 and of the Colleges deficit of income over expenditure for the year then ended, and have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting of Practice.

The Audit Findings Report highlighted key points:* RSM had nothing to report in respect of additional audit, accounting and regularity issues identified during their audit and regularity work.
* RSM had nothing to report in respect of impropriety issues from their work undertaken in respect of the regularity audit.
* A potential audit misstatement of £54,161 in relation to a judgemental extrapolated error in respect of purchase cut off testing, which was below the reporting threshold.

Karen also referred to the autumn edition of the Emerging Issues paper which had been produced by Stephany Mason, RSM's Head of Further Education and Skills.**Resolved:****1.   That the External Audit Findings Report for the year ended 31**  **July 2022 be commended to Corporation for approval.****2.   That the Auditors Opinion in respect of the Financial Statements**  **Audit and Conclusion in respect of the Regularity Audit for**  **2021/2022 be commended to Corporation for approval and**  **signatures.****3.   That the Letters of Representation be commended to Corporation**  **for signature by the Chair and Principal.****4.   That the Clerk circulate the Emerging Issues paper to the wider**  **Governing Body.** |
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| **65.22** | ***Internal Audit Reports*** |
| ***Decision*** | The Internal Auditor, Jane Butterfield, presented three reports on assurance reviews.The first report was an Assurance Review of Commercial Activity. There was one Routine Recommendation asking for the Aged Debtor report to be amended to show the aged profile of invoices and analysis by income streams. Officers were in discussion with the software suppliers to see if the system could be amended to meet this requirement and it was also outlined how the current system operated. The second report was an Assurance Review of Cyber Security and contained one Urgent and one Routine Recommendation.The urgent recommendation requested that encryption for laptops and other devices capable of storing data be implemented. Management had tested a solution with the ITC unit and would commence rolling it out across the laptop estate in a controlled manner as it could prove disruptive to normal operations. Governors expressed concern regarding the timetable to implement the recommendation. Officer agreed to explore the issue further and provide Governors with an update. The routine recommendation was that the group policy be updated to require a minimum password length of twelve characters as per the staff and student password policy. Management confirmed that this would be implemented at the next password change.The third report was the Internal Audit Annual Plan for 2021/2022, which confirmed that Tiaa had carried out all the actions identified in their original audit plan.The fourth report was the Follow-Up Report 2021/2022, which detailed all previous outstanding recommendations and the progress made. Overall, 12 recommendations had been implemented with none remaining outstanding. **Resolved:****1.   That Officers investigate and provide an update on the timetable**  **for the encryption of laptops and other devices.****2.   That the reports be received.** |
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| **66.22** | ***Internal Audit Progress and Summary Report*** |
| ***Decision*** | The Committee received and noted the above report, which contained information detailing progress to date on all recommendations made. In 2020/21 one recommendation remained outstanding, which was currently in progress.In 2021/22 a total of 11 recommendations were made, of which 6 (55%) had been implemented, 1 (9%) was no longer applicable, 3 (27%) were not yet due and 1(9%) was an operational action, with none outstanding.**Resolved:****That the report be received.** |
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| **67.22** | ***Teachers’ Pension Report*** |
| ***Decision*** | Audit & Governance Committee received the Teachers’ Pension Report.The Committee noted that RSM had provided an independent reasonable assurance report in connection with the Teachers’ Pensions Contributions for the year ended 31 March 2022, which had been submitted to the ESFA in accordance with their time frame.**Resolved:****That the Teachers’ Pension Report be noted.** |
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| **68.22** | ***Risk Register (full) 2022/2023*** |
| ***Decision*** | Audit & Governance Committee gave attention to the full risk register, a live document that is continuously updated. The risk register was sub-divided in line with the revised Strategic Plan - Learning, People and Sustainability.The College’s committees, at each meeting, reviewed the risk registers appropriate to their respective terms of reference and the Corporation reviewed the top 5 Operational Risks. Risk was measured by considering both **likelihood** and **effect** using a scale of 1 to 5. **Resolved:****1.   That the definitions for the College’s Risk Assessment remain fit**  **for purpose and commended to Corporation for approval.****2.   That the full College Risk Register be commended to Corporation**  **for approval.** |
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| **69.22** | ***Data Returns Report*** |
| ***Decision*** | Audit and Governance Committee considered the report which listed the completion and timing of statutory returns required by the relevant funding bodies for the year end 2021/2022 and the completed returns for the current year 2022/2023.All returns had been submitted on time.**Resolved:****That the Data Returns Report be received.** |
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| **70.22** | ***Draft Annual Report of the Audit and Governance Committee to the Principal/Chief Executive and Corporation*** |
| ***Decision*** | The Committee considered the Draft Annual Report of the Audit & Governance Committee to the Principal/Chief Executive and the Corporation for the year 2021/2022. Audit & Governance Committee noted that the report, apart from Audit matters, also reflected Governance matters according to its Terms of Reference. In accordance with the Joint Audit Code of Practice the Audit & Governance Committee was required to give assurance to the Board.  Members noted that the report stated:‘The Audit & Governance Committee is of the view that it has operated effectively and fulfilled its obligations as identified in its Terms of Reference.It is also of the opinion that the College’s audit arrangements, the internal control systems, value for money policy and procedures, financial controls, framework of governance, risk management and control are adequate, operating effectively and its processes secure economy, efficiency and effectiveness and can be relied upon.’The report was required to report any major issues that occurred after the end of the year in question and before the report was approved.The report would be signed by the Chair of Audit & Governance Committee and commended to Corporation for approval and onward transmission to the funding body.Members considered the Audit & Governance Committee terms of reference, attached as an appendix to the report, and agreed they remained fit for purpose.Also circulated with the report was the progress report on the Governance Quality Improvement Plan 2022/2023.**Resolved:****1.   That the draft Annual Report of the Audit & Governance**  **Committee to the Principal/Chief Executive and Corporation for**  **the year ended 31 July 2022 be accepted and commended to**  **the Corporation.****2.   That the Audit & Governance Committee Constitution and**  **Terms of Reference remained fit for purpose.****3.   That the Governance Quality Improvement Plan 2022/2023 be**  **received**. |
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| **71.22** | ***Annual Review of the Decision Making Process of Corporation*** |
| ***Decision*** |

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| The Provider Financial Assurance (PFA) review of the effectiveness of financial management and governance at Myerscough, undertaken in January 2003, recommended that the Corporation carry out a full review of its decision-making processes annually. This requirement arises from the press release issued by Baroness Blackstone in April 1999, which stated that each college must review annually its decision-making process and such reviews must be recorded in the Corporation minutes.Audit & Governance Committee therefore considered the following items, which made up the majority of the overall decision-making process and recommended for approval:**Instrument and Articles of Government, Corporation Structure, Code of Conduct and Standing Orders.**During the current cycle of meetings all Committees were asked to consider their Terms of Reference to ensure they remained fit for purpose. The Terms of Reference for the Audit and Governance Committee were considered under the previous item as part of the Annual Report to Corporation.**Resolved:****That the Committee express its satisfaction with the above and agreed that the documents attached to the decision-making processes remained fit for purpose.** |

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| **72.22** | ***Governor Training*** |
| ***Decision*** |

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| The Committee was asked to consider the following potential agenda items for the Governors’ Away Day on Friday 17 March 2023. * Sustainability training for Governors/strategy/targets for carbon zero
* ONS response/preparations
* SWOT and Accountability Measure priorities for year ahead
* AoC policy update
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**Resolved:****That the above items be agreed as the main focus for the Governors Away Event on 17 March 2023.** |
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