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| **MINUTES** | | | | | | |
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| *Audit & Governance No 33* | | | | | | |
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| Date: |  | *06/06/2023 (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, Robin Newton-Syms and William Hodges* | | | | |
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| Attending: |  | *Alison Robinson (Principal) and Joanne Sherrington (Deputy Principal)* | | | | |
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| Clerks: |  | *Ron Matthews (Clerk)* | | | | |
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| Guests: |  | *Allan Foster, Jane Butterfield (Internal Auditor) and Karen Musgrave (External Auditor)* | | | | |
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| ***Public* Minutes** | |
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| Item number: | Item description: |
| (and category) |  |
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| **23.23** | ***Attendance of College Management*** |
| ***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".  Members welcomed Charlotte Walsh, the Financial Statements Auditor, and Jane Butterfield, Internal Auditor, to the meeting.  **Resolved:**  **That College Management Staff and Auditors attend the meeting**. |
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| **24.23** | ***Apologies for Absence*** |
| ***Record*** | There were no apologies all members being present. |
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| **25.23** | ***Minutes of Previous Meeting*** |
| ***Decision*** | The public minutes of the Audit & Governance Committee meeting number 32 held on Tuesday 31 January 2023 (published on the Governors Extranet) were agreed and signed as a true and correct record of the meeting. |
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| **26.23** | ***Declarations of Interest*** |
| ***Record*** | There were no declarations of interest made in respect of the public items on the agenda. |
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| **27.23** | ***Financial Statement Audit Plan and Regularity Audit Plan for the year Ended 31 July 2023*** |
| ***Decision*** | Consideration was given to the Audit Plan prepared by RSM, the College Financial Statement and Regularity Auditors, for audit work relating to the year ending 31 July 2023.  Karen Musgrave from RSM External Auditors was present at the meeting.  The purpose of the document was to explain the scope of the audit of the financial statements, the regularity assurance engagement, the proposed approaches and to highlight the key risks that the auditors would be focusing on.  **Financial Statements -**The primary responsibility of the External Auditors, as detailed in the engagement letter dated 19 November 2021, was to form and express an opinion as to whether the financial statements of Myerscough College prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (F&HE SORP 2015) and UK GAAP show a true and fair view.  The audit would take into consideration the recent publication of the Post 16 Audit Code of Practice 2022/2023. The decision of the ONS on 29 November 2022 had not changed the requirement for the regularity conclusion, however it had extended the framework of authorities applicable to FE colleges (including subsidiaries) from 29 November and as a result extended the scope of the approach to the regularity limited assurance conclusion.  **Regularity Assurance –** The Auditors responsibility was to form a conclusion that 'during the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and the income received has not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them'.  In addition RSM would provide an independent reasonable assurance report in connection with the Teachers’ Pension Contributions for the year ended 31 March 2022.  Audit & Governance Committee noted that the timetable had been agreed with Management.  Key risks affecting the Audit Plan were identified.  The Audit Plan showed that the estimated fees for 2023 were £34,650 (2021 £31,000) with an additional £1,350 (2022 £1,250) for the Teachers' Pension provision. The increase in fees was required to meet the provisions of the Post 16 Audit Code of Practice for 2021/2022 in respect of regularity and propriety and the additional requirement as a result of the reclassification of the College.  Karen then responded to questions from Governors regarding the Plan.  Following discussion, Audit & Governance Committee concluded that the proposed Financial Statements and Regularity Audit Plan were satisfactory and gave value for money.  **Resolved:**  **That the Financial Statements/Regularity Audit Plan for the year ending 31 July 2022 be recommended to Corporation for approval.** |
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| **28.23** | ***RSM Report - Emerging Issues in FE*** |
| ***Decision*** | The Audit and Governance Committee received a report from RSM, the College Auditors, on emerging issues Spring 2023.  Karen Musgrave responded to questions from Governors on behalf of RSM.  Governors felt that the document had provided useful information and requested that it be distributed to all Governors.  **Resolved:**  **That the report be received.** |
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| **29.23** | ***Internal Audit Reports*** |
| ***Decision*** | The Internal Auditor, Jane Butterfield, presented six reports, four of which were on assurance reviews of various services within the College.  The first report was a review of Human Resources with two routine recommendations, the first of which was that 'Line Managers be fully reminded of the need to complete the ARD with their employees in a timely manner. This will ensure that employee performance is formally measured with plans developed to improve and support any areas of concern'.  Management reported that this action was now in place.  The second recommendation was that 'All employees leaving the College be invited to take part in an exit interview. Responses will help shape the College and inform future improvements'.  Again Management reported that this action was now in place.  Governors considered the above and accepted the Management responses.  The second review concerned Learner Numbers with just one routine recommendation that 'The Individualised Learner Record Production Policy and Procedure be updated to include details regarding a formal review cycle'.  Management reported that the Policy and Procedure will be updated to include a formal review cycle.  Governors accepted the Management response.  The third review was on Full Cost Recovery and AEB Courses with no recommendations.  The final review was on Subcontractor Controls with three routine recommendations the first of which was to 'Obtain confirmation from subcontractors regarding the completion of relevant CPD training on an annual basis'.  Management responded that CPD records will be requested as part of the annual due diligence process and subcontractors will be asked to provide an update within the QPMMs.  Governors accepted the Management response.  The second recommendation was to 'Bring the individual subcontractor risk assessment template in line with the College's Strategic and Operational risk register templates through the inclusion of a mitigating controls section and adequate RAG rating'.  Management response was that the risk assessment template be updated to include the details requested, to be in place from the beginning of the new contract year.  Governors accepted the Management response.  The final recommendation was to 'Obtain performance data from subcontractors as part of a uniform dashboard to be utilised during regular meetings and aiding consolidation into the College’s performance reporting templates'.  Management response was that this would be requested and included within QPMMs from the beginning of the next contract year.  Governors accepted the Management response and were pleased with the College's subcontracting provision when there were reports of poor performance around the country. The Deputy Principal, Finance and Corporate Services, confirmed that the College took subcontracting very seriously and for this reason was managed by an Assistant Principal.  The final two reports were the Follow Up Review, which listed Tiaa's work over the year and their Annual Report which confirmed that they had met their contractual requirement of 32 days.  Governors asked that when the management response indicated that the decision would be implemented prior to the Audit and Governance Committee meeting that the report would confirm that the response had actually been implemented. The Deputy Principal, Finance and Corporate Services, indicated that she would ensure that this was the case.  Governors were also pleased to note that generally there were no strong recommendations included in the assurance reviews and that the College was delivering good and sound services.  Jane Butterfield confirmed this and that she worked with only one other college providing a similar performance.  **Resolved:**  **That the report be received and the responses of Management be noted.** |
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| **30.23** | ***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 2020/2021 one recommendation remained outstanding which had now been completed.In 2021/2022 a total of 11 recommendations were made, of which 7 (64%) had been implemented, 1 (9%) was no longer applicable, 1 (9%) was not yet due, 1(9%) operational with 1 (9%) outstanding.  In 2022/2023 a total of 5 recommendations had made, of which 4 (80%) had been implemented with 1 (20%) not yet due.  Governors asked why the recommendation in January 2022 for Governors to refresh their eligibility declaration to replace those lost in the cyber-attack had not been completed.  The Clerk responded and acknowledged the delay, due in part to the use of remote meetings, and indicated that all relevant documentation would be completed in the autumn cycle.  **Resolved:**  **That the report be received.** |
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| **31.23** | ***Internal Audit Plan 2023/2024*** |
| ***Decision*** | Jane Butterfield, the Internal Audit representative, presented the above report and responded to Committee member questions.  The plan had been driven and agreed by Management based on the College’s risk profile and the view of priorities for coverage in the forthcoming year.  The suggested Audit Plan assignments for 2023/2024 were:         1. Cyber Security  2. Key Financial Controls - Income and Debtors  3. Sub-Contracting Controls        4. Admissions and Enrolments including Marketing        5. Estates Management      6. Safeguarding  The Plan included a follow up allocation, which would be utilised to test the degree of implementation achieved in relation to actions agreed by management in the previous academic year, and would serve to inform the adequacy of the College’s own action tracking process.  The Committee retained the option to amend the Plan during the year should the need arise.  Governors asked about the cost of the service for 2023/2024. The Deputy Principal, Finance and Corporate Services, replied that it was the original contract price plus an inflationary increase.  In relation to Safeguarding a Governor enquired if this review covered the wider aspects such as site access etc. The Deputy Principal replied that it did not but would look to see if that aspect of safeguarding could be incorporated elsewhere.  **Resolved:**  **That the Internal Audit Plan 2023/2024 be recommended to Corporation for approval.** |
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| **32.23** | ***Co-opted Governor Rosie Bryson*** |
| ***Decision*** | Co-opted Governors are appointed for a one year term of office which can be renewed for a period of up to eight years, similar to full Governor appointments.  Rosie Bryson's term of office was coming up for renewal and the Committee reviewed her appointment.  **Resolved:**  **That Corporation be recommended to reappoint Rosie Bryson as a Co-opted Governor for a further term of office of one year.** |
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| **33.23** | ***Statutory Risk Register*** |
| ***Decision*** | Audit and Governance Committee considered the Strategic & Governance Risk Report for 2022/2023 as presented by the Deputy Principal, Finance and Corporate Services.  **Resolved:**  **That the Strategic Risk Register Report be received.** |
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| **34.23** | ***Managing Public Money*** |
| ***Decision*** | The Deputy Principal, Finance and Corporate Services, reported that as a result of the reclassification of the College as public sector there was now a requirement to complete a return by 31 March 2023 to the Department for Education on Managing Public Money. A copy of the return was attached to the agenda.  **Resolved:**  **That the report be received.** |
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| **35.23** | ***Subcontracting Report*** |
| ***Decision*** | At the meeting held on 31 January 2023 a report was presented by the Assistant Principal, Liverpool and Partnerships, detailing the present levels of committed subcontracting arrangements for 2022/23. Governors expressed confusion as to why the report had come to the Committee and what they were being asked to consider as the financial costs were already included in the budget. A similar report was presented to the F & R Committee to monitor the level of expenditure and in addition, the Q & S Committee monitored the performance of the subcontractors.  The Deputy Principal, Finance and Corporate Services, undertook to review the overall reporting of the subcontracting provisions and report back to the next meeting. The Committee considered the report of the Deputy Principal outlining the way forward for future subcontracting reports.  The proposals were as follows:  **Summary of Reports:**   |  |  |  | | --- | --- | --- | | **Committee:** | **Report:** | **Delivered by:** | | A&G | Annual Subcontracting Internal Audit Report | Internal Auditors | |  | Policy and Procedure | AP Liverpool and Partnerships | |  | Sub-Contracting Outcomes (End of Year) | AP Liverpool and Partnerships | | F&R | Proposed Sub-Contracting Levels and Organisations (start of year) | AP Liverpool and Partnerships | |  | Sub-Contracting Outcomes (End of Year) | AP Liverpool and Partnerships | |  | In year Changes to Subcontractors | AP Liverpool and Partnerships | |  | H&S, Reputational and Legal Issues | DP F & CS | |  | Monthly Finance Report | DP F & CS | | Q&S | Sub-contracting Quality and Delivery (including the items listed above). | AP Liverpool and Partnerships |   **Resolved:**  **That the proposals for future subcontracting reports be agreed.** |
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| **36.23** | ***Data Returns Report*** |
| ***Decision*** | The Committee considered the Data Returns Report and noted the completion of all statutory data returns within the required time frames.  **Resolved:**  **That the Data Returns Report be received.** |
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| **37.23** | ***Post 16 Audit Code of Practice 2022/2023*** |
| ***Decision*** | The Clerk submitted the Post 16 Audit Code of Practice 2022/2023 for consideration by the Committee.  The main change, apart from those reported by the External Auditor, related to the ONS reclassification of Colleges as Public Sector and related to elements that now required Government approval:      Managing Public Money return;      Annual Review of Subcontracting Controls;      Senior Pay Controls for Colleges;     Requirement for Write Offs and Losses;      Requirements for Special Payments;      Requirement for Indemnities, Guarantees and Letters of Comfort;      Requirement to seek authority for Novel, Contentious  and Repercussive Transactions;      Requirement for Asset Disposal.  **Resolved:**  **That the reports be noted.** |
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| **38.23** | ***Governance Quality Improvement Plan 2022/2023*** |
| ***Decision*** | The Committee considered progress on the Governance Improvement Plan for 2022/2023.  The Clerk reported progress on the individual items in the plan. He reported that quotes for a review of commercial systems for the possible replacement of the Governor Portal system had been received and were currently being evaluated.  A small number of Governors would be invited to serve on the assessment team, together with a range of officers, to review the submissions received and attend demonstrations.  The training issue was still ongoing due to technical problems being experienced by the ETF.  **Resolved:**  **That the report be received.** |
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| **39.23** | ***Timetable of Meetings 2023/2024*** |
| ***Decision*** | Audit & Governance Committee considered a draft timetable of meetings for the next academic year, based on current practice, although the Clerk reported that the dates of some meetings had changed slightly.  Following discussion it was  **Resolved:**  **That the draft timetables of meetings for 2023/2024 be submitted to Corporation for approval.** |
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| **40.23** | ***Committee Membership 2023/2024*** |
| ***Decision*** | Audit & Governance Committee considered the recommendations for Committee Membership for 2023/2024.  The report indicated that vacancies remained for two Student Governors for the next academic year although the existing Student Governors may return.  **Resolved:**  **That the Committee recommend the Committee Membership, as presented, to Corporation for approval.** |
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| **41.23** | ***Annual Cycle of Business 2023/2024*** |
| ***Decision*** | The draft Annual Cycle of Business for the Committee for 2022/2023 was attached for consideration.  **Resolved:**  **That the Annual Cycle of Business be approved.** |
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