

MINUTES

Audit & Governance No 38

Date: 04/06/2024 (Tuesday)

Time: 18:00–20:00

Venue: *Via Teams*

Committee: *Audit and Governance*

Present: *Barbara Godby, Debbie Clayton, Robert Wallace (Chair), Robin Newton-Syms (Vice Chair) and Tyler Cockerill*

Attending: *Joanne Sherrington (Vice Principal) and Wes Johnson (Principal)*

Clerks: *Ron Matthews (Clerk)*

Guests: *Elton Dsouza, Jane Booker, Jane Butterfield (Internal Auditor) and Karen Musgrave (External Auditor)*

Public Minutes

Item number:
(and category)

Item description:

31.24

Decision

Attendance of College Management

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 Karen Musgrave, Financial Statements Auditor, and Jane Butterfield, Internal Auditor, to the meeting.

Resolved: That College Management Staff and Auditors attend the meeting.

32.24

Record

Apologies for Absence

Apologies had been received from Debbie Clayton and Barbara Goby.

33.24

Decision

Minutes of Previous Meeting

The public minutes of the Audit & Governance Committee meeting number 37 held on Tuesday 16 April 2024 (published on the Governors Extranet) were agreed and signed as a true and correct record of the meeting.

34.24

Record

Declarations of Interest

There were no declarations of interest made in respect of the public items on the agenda.

35.24

Decision

Financial Statement Audit Plan and Regularity Audit Plan for the Year Ended 31 July 2024

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 2024. 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 also 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 2023/2024. 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 2024. 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 2024 were £36,000 (2023 £34,650) with £1,850 (2023 £1,750) for the Teachers' Pension provision and for LSIF grant £3,000 (2023 N/a) giving a total of £40,850. The increase in fees was required to meet the provisions of the Post 16 Audit Code of Practice for 2022/2023 in respect of regularity and propriety and the additional requirements because 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 2024 be recommended to Corporation for approval.

36.24

Decision

External Audit Recommendations - Follow Up

The Committee considered the report of the Director of Finance which indicated that the External Audit for 2022/2023 undertaken by RSM contained several recommendations. An appendix to the report contained a summary of the recommendations, including progress on their implementation. Whilst implementation dates were not stipulated in the summary, the actions would be reviewed by RSM during the audit for 2023/2024. The outstanding recommendations would be reviewed at each meeting of the Committee.

Resolved: That the report be received.

37.24

Decision

Internal Audit Reports

The Internal Auditor, Jane Butterfield, presented five reports, three of which were on assurance reviews of various services within the College. The first report was a review of Cyber Security with two important, two routine and one operational recommendation. The first

important recommendation was that the cyber security risk register had not been reviewed since April 2022. The recommendation was that the register be reviewed on a regular basis. Governors expressed some concern about the lack of a review. The Vice Principal did reassure the Committee that the cyber security risks were reviewed as part of the overall College risk register. Management reported that update risks were reported to the College Risk Register but the Cyber Security Risk Register would be kept updated. The second important recommendation noted that Onefile, used by apprentices, and the Parent Portal did not currently have Multifactor Authentication on the systems. Management reported that Onefile was a 3rd party system and Multifactor Authentication had only recently become available. This would now be implemented. Parent Portal was due to be discontinued shortly and the replacement would have Multifactor Authentication. The first routine recommendation was for the College to develop an Asset Management Policy that covers the life cycle of assets from acquisition to disposal. The Deputy Principal informed Governors that the College did have an asset register where details of all the IT equipment was recorded and that a policy would be created for asset management and disposal. The second routine recommendation was that the College Business Continuity Plan was dated November 2022, despite the changes having been made up to 2024. The recommendation was that the Plan version control records be updated to reflect the most recent review and to include the date of the next scheduled review. Management accepted the recommendation that the Plan be updated. The operational recommendation was that the Information Security Incident and Breach Policy and Procedure be reviewed more frequently than the current three year cycle. Management accepted the recommendation. The second assurance review concerned Income and Debtors which had resulted in no recommendations. Governors wished to pass on their thanks to the finance team for this result. The third assurance review was the annual one required of Subcontracting Controls which also had no recommendations. Again, Governors wished to pass on their thanks to the Assistant Principal, Centres and Partnerships for the good result. The Vice Principal reported that a change in regulations now required the subcontracting provision to be audited once every three years rather than the present arrangements of every year. The Internal Audit programme for next year, which appeared later in the agenda, included a review next year. She would liaise with Jane to review whether this remained necessary. 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.

Resolved: That the reports be received and the responses of Management be noted.

38.24

Decision

Internal Audit Progress and Summary Report

The Committee received and noted the above report which contained information detailing progress to date on all recommendations made. In

2023/2024 a total of 8 recommendations had been made of which 5 (62%) had been implemented with 3 (38%) ongoing.

Resolved: That the report be received.

39.24

Decision

Internal Audit Plan 2024/2025

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 2024/2025 were: 1. Equity, Diversity and Inclusion 2. HR and Payroll 3. Sub-Contracting Controls 4. Lesson Observations 5. Marketing, Applications and Conversions 6. Estates Management 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 Vice Principal confirmed that the review of Lesson Observations would cover wider issues than just the actual lessons. The Committee retained the option to amend the Plan during the year should the need arise. There would be some flexibility if the assurance review of subcontracting controls did not go ahead. Governors asked about the cost of the service for 2024/2025. The Vice Principal replied that it was the original contract price plus an inflationary increase.

Resolved: That the Internal Audit Plan 2024/2025 be recommended to Corporation for approval.

40.24

Decision

Strategic Risk Register

Audit and Governance Committee considered the Strategic & Governance Risk Report for 2023/2024 as presented by the Vice Principal.

Resolved: That the Strategic Risk Register Report be received.

41.24

Decision

Subcontracting Report

The Committee considered a report of Assistant Principal, Centres and Partnerships, on the subcontracting activities and performance for the year. The work carried out by subcontractors enables the College to deliver education and training programmes to learners who would not otherwise be enrolled at Myerscough College, due to either geography or the specialist nature of the support they required. The report outlined the various contractors, student numbers and performance. Due to cost subcontracted student numbers had been reduced over recent years.

Resolved: That the report be received.

42.24 *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.

43.24 *Post-16 Audit Code of Practice 2023/2024*

Decision The Clerk reported that the Audit Code of Practice for 2023/2024 had been received in March 2024. From the College's point of view there was very little change to the current requirements. Similarly, Karen Musgrave, on behalf of RSM, also reported that there was very little change to the current audit requirements.

Resolved: That the report be received.

44.24 *Governance Quality Improvement Plan*

Decision The Committee considered progress on the Governance Quality Improvement Plan for 2023/2024. The Clerk reported progress on the individual items in the plan. He reported that the new Governor Portal system had been installed but was in the process of being populated. It should be up and running for the new academic year and appropriate training for Governors would be arranged. The remaining items were ongoing.

Resolved: That the report be received.

45.24 *Timetable of Meetings 2024/2025*

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, including a proposal to move the Audit & Governance Committee in January to February each year. Following discussion it was

Resolved: That the draft timetables of meetings for 2024/2025 be submitted to Corporation for approval.

46.24 *Committee Membership*

Decision Audit & Governance Committee considered a report on proposals for Committee Membership for 2024/2025. The report indicated that a vacancy remained for one Independent Governor. The vacancy for an HE Student Governor would be addressed at the start of the next academic year.

Resolved: That the Committee recommend the Committee Membership, as presented, to Corporation for approval.

47.24 *Annual Cycle of Business 2024/2025*

Decision

The draft Annual Cycle of Business for the Committee for 2024/2025 was attached for consideration.

Resolved: That the Annual Cycle of Business for 2024/2025 be approved.

