



**MINUTES OF THE AUDIT COMMITTEE
HELD ON TUESDAY 21 FEBRUARY 2023
AT 5pm IN THE EXCHANGE BOARD ROOM AND VIA MICROSOFT TEAMS**

PRESENT:

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| Chris Johnson | Member (Chair) |
| Taiyab Sufi * | Member |
| Sharjeel Salahuddin | Co-opted Member |
| John Whittaker | Co-opted Member |

IN ATTENDANCE:

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| Dr Fazal Dad* | Principal and Chief Executive |
| Jennifer Eastham | Vice Principal: Finance and Corporate Services |

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| Lisa Randall* | Partner, RSM - Internal Audit |
| Dr Zubair Iqbal | Associate Governor |
| David Swift | Observer |
| Sarah Horeesorun | Director of Governance |

* indicates participating via Microsoft Teams

The meeting commenced at 5pm.

The Chair welcomed everyone and requested that Agenda Items 2, 3, 4 and 5 be covered before the presentation at Item 1. This is reflected in the order of the minutes below.

2. APOLOGIES FOR ABSENCE

Apologies were received in advance from Kashif Azeem, RSM and Khadija Ibrahimova, FE Student Governor.

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 22 NOVEMBER 2022

The minutes of the Audit Committee held on Tuesday 22 November 2022 were **AGREED** as a true and accurate record and were signed by the Chair.

5. MATTERS ARISING

There were no other matters arising.

1. PRESENTATION ON A RISK-THEMED TOPIC – CAPITAL PROJECTS

The Vice Principal: Finance and Corporate Services gave a presentation on the risks associated with the Colleges' capital projects, given the large investment and number of projects being delivered at the same time.

The largest capital project was the renovation of the Victoria Building and there were major risks attached to this project given the size of the undertaking, potential slippage of the timeline and cost.

The Committee were pleased to learn of other successful funding bids and developments of the campus to include a fully functioning health-care ward, Cyber suite, remodelling of the Construction Centre and also the RATH building to support HEAT Phase 2.

In discussions it was acknowledged that these investments would create industry standard learning environments to benefit the students' experience and contribute to meeting the local skills needs.

The verbal presentation also updated the Committee on the plans to create a Business Hub in the Harrison Centre with large conferencing facilities. This would be marketed to local employers and attract new business to the College. This would be beneficial in terms of revenue, but also in promoting the College and potentially, engaging employers in shaping the Curriculum offer.

The College had been allocated funds by the ESFA to understand and reduce energy demands / consumption, and to reduce energy costs and carbon emissions. A series of projects had been identified, which included software to monitor usage, additional meters, LED / PIR lighting scheme, full survey of all renewable energy kit on site with a view to upgrading as required plus replacement of the older boiler system.

In discussions, the Committee recognised the potential risks associated with delivery of each of the individual projects, and the scale of the risk in totality. It was suggested that given the cumulative effect of the risks that consideration be given to adding this to the College Risk Register.

Action: Vice-Principal: Finance and Corporate Services.

Members were reassured that the risks were being managed effectively and thanked the Vice-Principal: Finance and Corporate Services for the detailed insight into campus developments.

6. RISK MANAGEMENT POLICY 2023-26

The College's risk management process is fundamental to the work of the Audit Committee and the regular review of the risks associated with the College, its operation and strategic direction.

The Vice-Principal: Finance and Corporate Services explained that, as part of the ONS Reclassification, Colleges were being asked to adopt public sector practices, for risk this is the 'Orange Book', no information has been shared on this matter at this stage, if changes were required, then the policy will be revised. An initial review shows that the processes are very similar.

Having reviewed this policy, as it was timely to do so, this policy remained 'fit for purpose' with only changes to job titles.

In discussion, RSM (College Internal Auditors) added that the current policy mirrors the 'Orange Book' with strategies, frameworks and procedures and examined inherent risk. The Principal and Chief Executive added that there would be a new College handbook released in two years and that this would bring consistency to the Sector and its management of risk.

A member enquired how the College measured its risk appetite and the Vice-Principal: Finance and Corporate Services explained that she was the College Risk Champion and that there were areas where she would gauge and evaluate the risk. However, for areas of high-risk, these would go to the relevant Committee and the Risk Register is routinely considered by both the Audit Committee and Corporation Board.

The Committee **APPROVED** the Risk Management Policy for 2023-26.

7. INTERNAL AUDIT REPORTS

Lisa Randall presented the final reports from the two recent Internal Audits conducted by RSM working with the College. The areas of work reviewed were (i) Cyber Security and (ii) Key Financial Controls Review.

The Vice-Principal: Finance and Corporate Services confirmed that the relevant Teams were responding to the management actions raised from both Audits.

Lisa Randall also provided the Committee with an update on progress made on the Internal Audit schedule and a status report. All activities were going to plan with no change in timings, good engagement by the College on planning, during audits and with follow-up. RSM will complete the final two assignments in March and report in June.

The Chair thanked Lisa Randall and RSM colleagues for the Reports.

8. INTERNAL AUDIT - ACTION POINT STATUS

The Vice-Principal: Finance and Corporate Services talked through this Report, explaining that the HR action was now completed and staff sickness reporting working effectively.

The Committee noted the content of the Report.

9. AUDIT PERFORMANCE INDICATORS 2022/23: UPDATE

The Audit Committee approved the performance indicators for monitoring during 2022/23 at its last meeting in September 2022. The indicators (in Appendix 1) assist the Committee in assessing risk and this Report highlighted that all but two of the eight indicators were RAG rated green and for the two remaining indicators, it was too early in the year to report.

The Committee **ACCEPTED** the Report and thanked the Vice-Principal: Finance and Corporate Services for the update.

10. RISK REGISTER 2022/23: UPDATE

The Vice-Principal: Finance and Corporate Services presented the Risk Register to the Committee who noted that:

- Two risks were currently RAG rated as red.
- No new risks had been identified.

Per Item 1, the Vice-Principal: Finance and Corporate Services repeated the need to add the Capital Projects to the Risk Register.

The Committee noted the update and current position and **AGREED** for the Report to be recommended to the Board for approval.

11. ANNUAL REPORT ON THE OPERATION ARRANGEMENTS RELATING TO THE SPORTS FACILITY

This report provided the Audit Committee with an update from the Sports Facility steering group, to enable its oversight and monitoring of the effectiveness of the Operational Agreement for the Sports facility.

In addition to the detail provided within the Report, the Vice-Principal: Finance and Corporate Services confirmed to members that on the whole the operational arrangements were working satisfactorily and that the temporary classrooms, needed throughout the refurbishment of the Victoria Building, would be sited on the Leisure Centre car-park.

The Committee **ACCEPTED** the Report.

12. AUDIT SCHEDULE 2022/23

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 2022/23.

The Committee noted the content of the Report.

13. DATA RETURNS MONITORING REPORT 2022/23

The Audit Committee received, for information, the schedule of returns for 2022/23. In reviewing the spreadsheet, a comment was made that there were some gaps. The Vice-Principal: Finance and Corporate Services assured the Committee that the process of updating the database was ongoing and that a post meeting update would be supplied.

Action: Vice-Principal: Finance and Corporate Services.

In a post meeting update, the Head of MIS confirmed that the database was as up to date as it could be and that it relies upon information from, for example, 4Cast. The frequency of the updates depends on the availability of the relevant information, all of which, differs.

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.

This was the last Audit Committee meeting for John Whittaker who was stepping down after 20+years as a Co-Opted member. The Chair and Committee thanked John for his commitment and dedication and the Principal and Chief Executive commended John on his long service supporting the College. A card and presentation was made to John who said that he will miss the Committee, but was leaving the College in the safe hands of a strong management team and a bright future.

The meeting closed at 6.30pm.

16. DATE AND TIME OF NEXT AUDIT COMMITTEE MEETING

Tuesday 6 June 2023 at 5.00pm.