

Audit and Risk Committee Meeting
held on Thursday 2 November 2023 at 11.30am-1.30pm on Campus

Present:

Andy McGoff	Chair/Board Member
David Hamer	Board Member
Margaret McLean	Board Member

In attendance:

Ingrid Earp	Board Secretary (Minutes)
Roddy Henry	Principal
Mary Slater	Director of Operations and Business Development

Chloe Main	Internal Audit, BDO
Jeremy Chittleburgh	External Audit, C&T

Apologies for absence: Colin Pritchard, Board Member

#	Agenda item
Part A – Opening Business	
1.	<p>Welcome, Apologies and Declaration of Interest The Chair welcomed everyone to the meeting.</p> <p>Apologies for absence were received from Colin Pritchard and there were no declarations of interest.</p>
2.	<p>Minutes of the Previous Meeting, 11 May 2023 (Paper 1) The minutes of the previous meeting were accepted as an accurate record.</p> <p>Action Log (Paper 1a) A number of additional actions were noted as closed and the action log updated accordingly.</p> <p>The action from a previous meeting to discuss pension fund contributions was extended to include the Director of Operations and Business Development.</p>
3.	<p>Matters Arising There were no matters arising not covered in the Action Log.</p>
Part B – For decision	
4.	<p>Audit Committee Annual Report (Paper 2) The paper was discussed. Members noted that it could be added to by indicating how the Committee had discharged its responsibilities or the papers and minutes could be referred to.</p> <p>Action ARC01:A3 Committee Chair and Board Secretary to amend the Committee Annual Report to indicate how the Committee discharged its responsibilities.</p> <p>External Audit noted that the production of the report was welcome.</p>

5/6. External Audit Annual Report and Annual Accounts & Annual Report (Papers 3&4)
J Chittleburgh thanked the Board for the appointment of CT as external auditor.

After conducting the Audit CT are in a position to declare the College is financially viable and a going concern. Sources of income, finance systems, collection of income and procedures for dealing with bad debt were all examined along with general fraud and financial management controls. One point to note was that journal entries should have appropriate narratives to ensure transparency.

The pension asset was reflected in the previous year's accounts, however, this is not an asset that can be drawn on and so is not included in the accounts this year and the prior year accounts have also been restated to remove the asset.

It was noted that there is a more general discussion to be held around the pension fund contributions which was an outstanding action from a previous meeting.

New auditing standards have been introduced and as a result some items for action have been identified:

- The server room does not have a smoke alarm. This is being fitted this week.
- The College appears to be carrying an amount of stock so this should be regularly reviewed.
- The fixed asset register should also be reviewed regularly and work will take place to tidy this up.
- A capitalisation policy should be established with regular reviews.
- The College should explore maximising the return of monies on deposit.
- A GDPR report should be included in Board business on an annual basis.
- Consider a specific policy on handling of reserves – why would the College have them, what is the plan for handling them? The College has the option of building up reserves and so a longer-term plan around this would be welcome.

Action ARC01:B5 The Principal to link a policy or guidelines around reserves to the longer-term strategy.

Action ARC01:B5 CT to circulate the Charities Technical Document.

Action ARC01:B5 CT to amend the year end date in their report to July from March in the treasury management section and to correct the date from 2032 to 2023.

It was noted that there is still some tidying up to do around the non-recoverable VAT and the back pay that was still under negotiation.

J Chittleburgh thanked the Director of Operations and Business Development and her team for their full co-operation and the Principal also noted the great work of the Director and her team and that everyone at CT had been very responsive and helpful too.

Decision ARC01:B5 The Committee accepted the report and recommended its approval to the Board subject to the (non-material) amendments noted.

The Committee Chair said that he felt the management accounts sent to Board going forward would be much more informative than previously. He asked J Chittleburgh if there was a better way for the College to manage VAT better. In response J Chittleburgh said it may be possible to establish a trading subsidiary, but this was something to not be entered into lightly.

7.	<p>Audit Letter of Representation (Paper 5)</p> <p>Decision ARC01:B7 The Committee noted the draft letter and agreed the contents.</p>
8.	<p>Internal Audit Annual Report (Paper 6) C Main for BDO explained that over the year there had been three internal audits carried out all with moderate levels of ratings apart from the staff recruitment one which was minimal.</p> <p>Decision ARC01:B8 The Committee approved the Internal Audit Annual Report.</p>
9.	<p>Internal Audit Plan 2023-24 (Paper 6) This is year two of a three year plan. The suggestion items for the 23-24 internal audit plan are:</p> <ul style="list-style-type: none"> • Student Support • Curriculum Planning • Cyber Security <p>The Committee Chair said that cyber security is considered a risk and the College is working towards Cyber Essentials accreditation but is there anything else that could be done? It was noted that it may be possible to work with the College insurers for this area to get an assessment of where the College is currently sitting with this. It's also important to focus on back up arrangements and recovery plans as much as trying to prevent a cyber attack which is very difficult. The Chair suggested having the cyber security audit completed in time for the report to go to the March Board, however the Principal was anticipating carrying out the cyber security audit in May.</p> <p>Action ARC01:B9 Committee Chair and Principal to agree timings and order of audits.</p> <p>Decision ARC01:B9 Subject to agreeing the order of the audits the Committee approved the plan.</p>
10.	<p>Risk Management Policy and Risk Register (Paper 7) The risk management internal audit had noted one medium and two low findings with a moderate level of assurance. One of the items noted was the inclusion of a risk appetite statement, a session on this was held at the recent Board Planning Day and the Principal is pulling the outcome from this together to take to Board on 23 November 2023.</p> <p>The Principal talked through the revised Risk Management Policy which has been updated to include the recommendations from the risk management audit, the risk appetite statement and a revised risk register. Unfortunately, the Members had not received the policy prior to the meeting so this will be circulated and all Members invited to comment on it asap.</p> <p>Action ARC01:B10 Board Secretary to circulate amended Risk Management Policy and ask for comments and feedback by a given date.</p> <p>The Chair said that the policy and procedure is a document that needs to be used but how do we do that? The Principal noted that he found the discussion around risk appetite and tolerance at the Board planning day very useful when it came to thinking about working with the policy. Other Members felt that this is key to Board business and the</p>

	<p>management of the College on a daily basis and that perhaps it should be sent round with every set of papers as a useful reminder.</p> <p>C Main said that the new version of the Policy was much better and the section on risk tolerance was good.</p> <p>The Principal talked through the draft revised register which has been amended in line with the audit recommendations and the various discussions at Board.</p> <p>Regarding the draft revised risk register the Committee Chair said that it is a big step forward from previous versions and he felt it would be useful to reference the risk register in the accounts and the revised risk management policy and that it will be a document that is referred to throughout the year.</p> <p>Decision AC01:B10 Committee approved the draft revised risk register and recommended it for approval to Board.</p> <p>Aciton ARC01:B10 Board Secretary to add to agenda for next A&R meeting.</p>
11.	<p>Follow Up Audit (Paper 9) C Main (BDO) noted that reasonable progress is being made with the revised financial policies to be taken to Board on 23 November 2023.</p> <p>The Committee noted the paper.</p>
Part C – For discussion	
12.	<p>Monitoring of Audit Recommendations (Paper 10) The Director of Operations and Business Development talked through the paper and the various timelines.</p> <p>The Committee noted the progress being made in this area.</p> <p>Action ARC01:B12 Dir of Ops and BD to add in a tab for External Audit Recommendations and report on those too in future papers.</p>
13.	<p>Annual Self-Evaluation Outcomes (Paper 11) The outcomes were noted and the Committee agreed to carry out another evaluation mid-year if possible.</p> <p>Action ARC01:B13 Board Secretary to add self-evaluation to next Committee meeting agenda.</p>
Part D – For information	
14.	There were no items for information.
Part E – Closing Business	
15.	There were no items of any other business.
16.	<p>Date of next meeting Thursday 29th February 2024 11.30am – 1.30pm on Campus.</p>