

MINUTES OF THE AUDIT COMMITTEE MEETING

Tuesday 12th November 2024 at 6.00pm
Meeting held via Microsoft Teams

Present:

Mark Nelligan (Chair)
Tom Clark
Natasha Meade
Sophie Cook
Emma O'Brien

Catherine Biscoe – External Auditor, Buzzacott
Andrew Thomson – Internal Auditor, Wylie Bisset

Stephanie Wiles, Director of Finance and Estates (Advising Officer)
Dan Hards, Principal, (Advising Officer)
Kate Parsons, Assistant Principal for Student Services (Advising Officer)
Peter Henning, Director of IT (Advising Officer)
Catherine Davies, (Clerk)

1. DECLARATIONS OF INTEREST

There were no declarations of business interest.

2. APOLOGIES FOR ABSENCE

Apologies were received and accepted from Jane Duscherer.

3. DRAFT REPORT AND FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31ST AUGUST 2024

The Chair asked that any minor amendment adjustments and typos were sent directly to the Director of Finance and Estates and this meeting would focus on the key issues in the report.

The Chair asked the Director for Finance and Estates if it was appropriate to refer to the ESFA's scorecard for Sixth Form Colleges (page 10) and the Director replied that she would amend the report to remove this reference as the scorecard was no longer relevant.

The External Auditor highlighted the new Conclusion in the Governance Statement (page 22) which is a new requirement of the accounts.

The Chair drew attention to the Statement of Regularity, Propriety and Compliance – Non-Financial Issue on page 23. He gave a summary of the issue which has resulted in a settlement agreement deemed to be both novel and contentious (as categorised by the ESFA). The External Auditor added this is a breach of the Academy Trust Handbook.

The Committee agreed with the wording regarding the non-financial issue on Page 23 of the draft report.

The Director thanked Trustee, Tom Clark, for his advice re the non-financial issue and advising on adding wording noting that the Trust acted in good faith and no further action will be taken by the ESFA in respect of the breach.

The Chair thanked the Director of Finance and Estates and her team for their hard work.

The Board recommended the draft Report and Financial Statements for the financial year ended 31st August 2024 to the Board of Trustees.

4. POST AUDIT MANAGEMENT REPORT AND LETTER OF REPRESENTATION 31ST AUGUST 2024

The External Auditor, Catherine Biscoe, introduced the Post Audit Management Report and thanked the Director of Finance and Estates and her team for their assistance in the smooth audit process. She made the following points:

- The audit ran smoothly and the timetable for overall completion was met.
- There is a modification to the Regularity Assurance Conclusion as discussed in Item 3 of the Minutes (non-financial issue). There was also a modification to the Regularity section regarding the same issue.
- A risk was highlighted in the Fund Accounting regarding the level of general reserves of the College which is more than 20% of the operational income for the year and above the ESFA suggested maximum.
- The Report included an overview of the Accounting Estimates and the estimated value of the Local Government Pension Scheme (LGPS) which is capped at nil on the balance sheet.
- Professional Ethics – the non-audited services provided by Buzzacott were noted.
- Observations - 1 x B grade observation regarding authorisation of bank reconciliations was made and the external auditors were satisfied with the response.
- 2 audit adjustments were advised regarding presentation of the accounts. (Appendix 1 of the report).

The External Auditor asked the Committee if they were aware of any irregularities regarding fraud or suspected fraud and the Chair replied that he was not aware of any allegations of fraud.

The Chair thanked the External Auditor for the report and commented on the useful benchmarking data concerning the LGPS.

The Committee approved the Post Audit Management Report and Letter of Representation.

(Catherine Biscoe left the meeting).

5. MINUTES OF THE LAST MEETING HELD ON THURSDAY 6th JUNE 2024

The Minutes of the previous meeting of 6th June were approved as an accurate record.

6. MATTERS ARISING

There were no matters arising.

7. INTERNAL AUDIT REPORT: BUSINESS CONTINUITY

Andrew Thomson introduced the Business Continuity Report. The audit provided a “Substantial” assurance and made 1 low level recommendation regarding a template for recording business continuity events. Mr Thomson explained that although there was only 1 low level recommendation the report was graded “Substantial” rather than “Strong” due to an outstanding medium grade recommendation within the Follow Up Review from April 2024 related to Disaster Recovery Testing. The Business Continuity Report did not raise a recommendation regarding Disaster Recovery Testing arrangements to avoid duplication.

The Committee discussed the issue of testing of the IT Systems and the prohibitive cost that had delayed this testing taking place. The Director of IT, Peter Henning, who joined the College in August 2024, updated the Committee with a proposal as follows:

- The IT Department is considering renting 2 or 3 servers from a public Cloud provider for a few days and would restore the full database plus MIS and Sage accounting databases (which are currently hosted at the College site) to the temporary servers. Testing would take place to ensure the data was fully backed up.

The Director of IT offered to scope the cost of this exercise which would identify which business functions could be completed from a different site.

The Chair asked that the Director of IT to share his proposal when finalised with the internal auditors to ensure it met the recommendation for Disaster Recovery Testing as detailed in the Follow Up Report of April 2024.

The Committee approved the Internal Audit report: Business Continuity.

Action: Director of IT to share proposal for disaster recovering testing with internal auditor for approval.

8. AUDIT COMMITTEE INTERNAL AUDIT SCRUTINY REPORT

Andrew Thomson introduced the internal scrutiny report which stated the auditor is of the opinion that the College has adequate and effective risk management, control and governance processes to manage its achievements of the College’s objectives and has proper arrangements in place to promote and secure value for money.

Mr Thomson then turned to the areas of audit undertaken in 2023/24, The audit findings in the areas of Staff Recruitment and Retention, Funding Review and Follow up Review were graded “Strong” and Business Continuity which was graded “Substantial”. The Committee noted the grading scale is from Strong, Substantial, Weak to No.

The Committee approved the Internal Audit Scrutiny Report.

(Andrew Thomson left the meeting).

9. STRATEGIC RISK REGISTER UPDATE

The Principal introduced the risk register.

Risk 2 – Impact of the pandemic on exam outcomes. The Committee agreed to reduce the impacts and remove the risk in the Summer of 2025.

Risk 4- Level 3 Review. No change as more information is due from the DfE in January 2025.

Risk 5 – 580 GLH. The extra 40 GLH are part of the core funding and supervised academic study is a permanent element of the student study programmes. The Committee agreed to reduce the impacts and remove the risk in the Summer of 2025.

Risk 6 – Use of AI. No change.

Risk 8 – Change to staff terms and conditions. The Committee agreed to increase the risk impacts as at present no pay agreement has been reached with the NJC or unions for support or teaching staff.

Risk 9 – Cyber Attack. The Committee discussed the College having Cyber Essentials certification as it is not a funding requirement. A more bespoke option is being considered by the Director of IT. The Director of IT added legal advice was required regarding whether Cyber Essential is mandatory in terms of the ICO and data protection. The Principal asked the Director of IT to seek legal advice.

Risk 11- National Shortage of trained teachers. No Change

Risk 12 – Inexperience of SLT. No change to the impact scores as the new Assistant Principal has been appointed.

Action: Director of IT to seek legal advice regarding whether Cyber Essentials certification is mandatory in terms of the ICO and data protection and report back to the Committee at the next meeting.

The Committee approved the Strategic Risk Register.

10. DISASTER RECOVERY REPORT OCTOBER 2024

The Director of IT reported that there were no notable cyber attacks this year. The Director gave an overview of a new approach to testing of the backup restoration plans which will result in an automated process taking place on a regular basis rather than the manual process that currently takes place twice a year.

11. DATA PROTECTION REPORT OCTOBER 2024

The Assistant Principal for Student Services and Data Protection Officer introduced the report. Senior staff have completed training in Data Protection including a bespoke afternoon of training and all staff have completed on-line training. The Principal added that the Data Protection Officer role is now held by a member of the SLT rather than by the Director of IT.

There were 10 breaches of data in the past year and 3 required reporting to the ICO but no further action was taken.

12. DATA PROTECTION POLICY 2024

The Committee approved the Data Protection Policy 2024.

13. ANY OTHER BUSINESS

None.

14. DATE OF NEXT MEETING – Thursday 5th June 2025

*The meeting closed at 7.05pm
Attendance was 83%*

Signed and Date

Note: Following the meeting the Clerk circulated the Hymans Robertson commentary regarding the LGPS to the Committee and asked for comment to be sent to the Director of Finance and Estates.

SUMMARY OF ACTIONS:

A1-001	Director of IT to share proposal for disaster recovering testing with internal auditor for approval.
A1-002	Director of IT to seek legal advice regarding whether Cyber Essentials certification is mandatory in terms of the ICO and data protection and report back to the Committee at the next meeting.

SUMMARY OF TRUSTEE CHALLENGE [C] / SUPPORT [S]

C/S	Minute	Topic
S	3	The Director thanked Trustee, Tom Clark, for his advice re the non-financial issue.
S	3	The Chair thanked the Director of Finance and Estates and her team for their hard work.