

## THE CORPORATION OF EAST SURREY COLLEGE

### AUDIT COMMITTEE

#### MEETING HELD ON THURSDAY 16 MARCH 2023, VIA MICROSOFT TEAMS

Meeting commenced: 18.00

Meeting ended: 19.30

#### Present

Alex Hayman  
Grace Marriott  
James Marshall

Independent Member                      Chair  
Independent Member  
External Co-opted Member

#### Apologies for absence

Ganesh Kumar

Independent Member

#### In attendance

Lindsay Pamphilon  
Eva Dixon  
Kevin Squire  
Kam Dehal  
Paul Goddard

Chief Executive & Principal  
Chief Operating Officer  
Assistant Principal Finance & Resources  
Executive Director Commercial & Partnerships  
Internal Audit Service: Scrutton Bland

#### Clerk to the Committee

Sue Glover

Director of Governance

#### AC.01.23 Declaration of Interests

Members and officers were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

There were no declarations of interest.

#### AC.02.23 Apologies for absence

Apologies for absence were received from

- Ganesh Kumar - personal commitments

The Audit Committee agreed to accept the apologies for absence.

#### AC.03.23 Notification of any other business

Members agreed that there was no other business to be considered.

#### AC.04.23 Unconfirmed minutes of the meeting of the Audit Committee held on 1 December 2022

The minutes of the meeting were approved and signed as a correct record.

**AC.05.23 Matters arising and action points from the minutes of the previous meeting**

Members reviewed the action points arising from the meeting, noting the item that would be dealt with under this agenda.

The Chief Operating Officer updated the Committee on staffing capacity in the finance department. There have been three vacancies, two have now been filled through internal promotion with one vacancy remaining for a junior level assistant accountant. Of the two filled, one is a finance manager for projects who has the responsibility for external audit and will be dedicated to preparing for the College's audit. The finance team is now up to full capacity and members were advised that the latest management accounts had been prepared on time.

The Committee were pleased to see that good progress has been made with regard to staffing capacity and that there is now a dedicated person for external audit.

Members noted that all other Action Points arising from the meeting have been addressed to the satisfaction of the Committee and there were no other matters arising from the meeting.

**AC.06.23 Fraud, Irregularity and Whistleblowing matters**

The Committee was advised that there were no matters to report.

The Internal Auditor took the opportunity to advise the Committee of an emerging risk relating to artificial intelligence, particularly in universities regarding plagiarism among students, which may start to emerge in FE Colleges.

**AC.07.23 Risk Management: Spring Term 2023**

The Chief Operating Officer presented, for consideration and approval, a report, which provided an update on the assessments and actions for the risks assigned to the Committee.

The strategic risks assigned to the Committee remain as follows:

- AC1 – Failure of the College MIS systems to capture and maintain quality of data and reporting resulting in incorrect information, resulting in incorrect decisions being made – upgraded from 'significant' to 'fundamental' risk
- AC2 – Severe business disruption – 'significant' risk – no change

Members considered and discussed the detail of the highlighted revisions to each of the risks, noting that

- AC1.1: 'Failure of enrolment forms and processes to ensure good quality and timely information is collected' has been downgraded from 'red' to 'amber' as a result of further improvements to systems and processes
- AC1.2: 'Failure of effective curriculum planning and subsequent monitoring of enrolments, resulting in known constraints being missed' remains 'red', although the residual score remains unchanged as it will take time to determine the impact of changes to systems and processes
- AC1.4: 'Failure to record Apprenticeships, their enrolments, and their data on a timely basis' – no change and remains a 'red' risk
- AC1.6 'Difficulty in recruiting and retaining qualified MIS staff' remains 'red' as there have been a number of resignations from the MIS team
- Risks AC2.7, AC2.8, AC2.10 are proposed to be removed from the register as they are no longer relevant

Members discussed the issues raised, commenting on the staffing situation in MIS and were advised there are a number of tasks carried out manually within MIS that resulted in long working hours for staff, which had contributed to the recent resignations. The MIS Team and Client Services teams have now been merged, which will help to cover any gaps. However, this is not a long-term solution and a number of ways to improve systems and processes are being considered, such as the use of an external host to manage the database, which will alleviate the need for dedicated staff at the college and also reduce the security risk of hosting in house. The planned forthcoming internal funding audit may also yield some suggestions on the structuring of this area.

The Committee agreed that the staffing of this area presented a substantial risk for the College and urged that there must be a clear plan in place before the risk manifests itself any further and asked to be kept informed on the progress of this at the next meeting

It was agreed that the proposed changes to the risk register are made.

### **Resolved**

The Audit Committee endorses and commends to the Corporation Board the Risk Register: Spring Term 2023 relative to the risks assigned to the Committee

#### **AC.08.23**

### **Review of outstanding audit items – Audit Tracker**

The Chief Operating Officer presented the audit tracker, which reported on outstanding audit issues.

Members reviewed the detail of the report, noting the progress of recommendations. Of the 30 recommendations received to date, 25 are outstanding of which 8 had been received from audits concluded in the current year.

The Committee commented on the number of items that are past the deadline stated with the revised deadline incomplete. The Chief Operating Officer confirmed that the college was unable to close items until there had been a follow up visit from the internal auditor. The Chief Operating Officer further reiterated that going forward, the annual internal audit plan would include follow up meetings to close out any outstanding audit actions. It was agreed that the outstanding items on the audit tracker will be updated to include the dates that recommendations were actioned, pending internal audit review. Additionally, the audit tracker would be updated to include descriptions of all outstanding items for completeness.

### **Agreed**

The Audit Committee agreed to receive and note the report, subject to this being updated with the correct revised deadlines as indicated above and presented to the Board at its next meeting

#### **AC.09.23**

### **Internal Audit**

### **Risk and Assurance Progress Report – March 2023**

Members received the Progress Report noting the planned internal audits for 2022/23.

It was noted that the planned Risk Management – Board assurance audit, which had been deferred from December due to inspection, would be taking place 22-23 March and the outcome presented at the next meeting.

## **Risk and Assurance Reports**

The Committee received the following final Risk and Assurance reports

- Income, Debtors and Procurement
- Human Resources - Recruitment

### **Income, Debtors and Procurement**

The Committee reviewed the detail of the report, noting:

***Assurance Opinion: Reasonable 'governance, risk management and control arrangements provide reasonable assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy or operation of controls in practice needs to be significantly improved'***

Three medium and one low recommendation have been made and members noted the actions being taken to address these.

Members commented on the amount of the aged debt at the time of the audit and, in response to questions, were advised that the debt chasing procedure being created as a result of the audit would be tracked and progress measured on a monthly basis by the Executive.

### **Human Resources - Recruitment**

The Committee reviewed the detail of the report, noting:

***Assurance Opinion: Reasonable 'governance, risk management and control arrangements provide significant assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy or operation of controls in practice needs to be significantly improved'***

One high, two medium and one low level recommendation have been made and members noted the actions being taken to address these.

The Committee were informed that the follow up audit by the internal auditor would monitor the progress made on each of the recommendations and the outcome of this audit would be reported to the Audit Committee in due course.

### **Internal Audit Planning document for 2023/24**

The Internal Auditor presented the initial Internal Audit Planning document for 2023/24.

The Committee were advised that the document gives an indication of the areas for internal audit, but does not represent a full plan as work would not be completed until later in the year. However, the initial document is presented to support discussions at this meeting so that an audit plan for 2023/24 can be agreed at the June meeting.

Members considered the proposed areas for 2023/24 and, in discussion, were advised that the forthcoming Risk Management – Board assurance audit would be reviewing the different sources of assurances gained by the College relating to controls and processes and the outcome from this review may indicate additional areas to include in the audit plan. It was agreed that the areas already indicated for 2023/24 were appropriate and that the document would be further updated in the light of the forthcoming Risk Management – Board assurance audit and presented to the June meeting.

## **Resolved**

The Audit Committee agreed to accept the

- Progress Report – March 2023
- The final internal audit reports for
  - Income, Debtors and Procurement
  - Human Resources - Recruitment
- Initial Internal Audit Planning document for 2023/24, acknowledging that this will be further updated and presented to the next meeting

### **AC.10.23 Preparation for External Audit for 2022/23**

The Chief Operating Officer presented on behalf of the external auditors suggested actions to improve accounts preparation and audit efficiency.

Members were reminded that following the significant delay in receiving the initial and final financial statements for the year ended July 2022, Buzzacott had been asked to check on the controls around preparation for the audit and whether more interim work could be undertaken ahead of the audit and to present some suggestions at this meeting.

The Committee considered the suggested actions, which included

- improvements to communications and a detailed internal timetable being set
- bringing some work forward, such as an interim audit being performed in July or August
- detailed lists of information required for interim and final audits discussed and agreed in advance

In discussion, members agreed that early planning and the identification of information required for the audit were sensible steps to take to mitigate the risk of any disruption to the timeliness of this year's audit. The Chair of the Committee made clear that communication and planning in the run up to the Audit Committee meeting where the financial statements and the external audit are considered, was also imperative in order to ensure that Committee members have the latest documents and information available for consideration at that meeting.

Members were also reassured that with the appointment of the Finance Manager for Projects, who has responsibility for external audit, this would also help to alleviate any issues regarding the timing.

## **Agreed**

The Audit Committee agreed

- to receive and note the report
- the actions being taken to improve accounts preparation and audit efficiency

### **AC.11.23 College Policies**

The Chief Operating Officer presented, for consideration and approval, the following policy:

- OSC55 – Public Interest Disclosure Policy and Procedure

The Committee was advised that

- a regular cycle of reviews ensures that College policies take account of any changes in legislation and remain relevant to College operations
- all policies are reviewed and approved by the College Directorate
- there are only minor updates required to title and dates of the policy

Members reviewed the document and agreed there was nothing further required.

**Resolved**

The Audit Committee approves and commends to the Corporation Board for approval

- OSC55 Public Interest Disclosure Policy and Procedure

**AC.12.23 Retaining Evidence in support of regularity**

The Director of Governance presented the statement by the retiring Chief Executive regarding regularity.

Members were advised that in order to comply with the Post-16 Audit Code of Practice, which states that

*‘an expectation that departing accounting officers provide a statement on regularity, propriety and compliance covering the reporting period up to the date of departure where possible’*

The Chief Executive on her retirement at 31 December 2022, had signed a statement to this effect.

The Committee reviewed the statement and were pleased to note that this was in place.

**Agreed**

The Audit Committee acknowledges the statement in place by the retiring Chief Executive evidencing compliance with the Post-16 Audit Code of Practice

**AC.13.23 KPI Dashboard**

The Committee received the KPI Dashboard to 31 January 2023.

Members reviewed the KPI Dashboard for Actual against Budget and Actual against the same period for the prior year for:

- Tuition Fees
- Employer Engagement Income
- Additional Contract Income
- Staff FTEs
- Staff costs as a percentage of total income
- Cash balance at month end
- Supplier invoice payment days
- 12 month rolling cash flow forecast

**Agreed**

The Audit Committee agreed to receive and note the KPI Dashboard

**AC.14.23 Any Other Business**

There was no other business.

**AC.15.23      Dates of Scheduled Meetings: 2022/23**

Thursday 15 June 2023, commencing at 18.00

**As there was no further business, the Chair declared the meeting closed.**

**SIGNED AS A CORRECT RECORD:**

**DATE:** 15 June 2023

A handwritten signature in black ink, appearing to read 'Alex Hup', with a stylized flourish at the end.