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2022-23 Approved Audit Committee Minutes - 04-10-22.pdf

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AUDIT COMMITTEE MEETING MINUTES

Date: Tuesday 4 October 2022
 Venue: Board room
 Time: 5.30pm

Chair	Neil Yeomans
Corporation Members	Nazia Faiz
Co-opted Members	Thana Nathan
Auditors	Paul Goddard - Internal Auditor (Scrutton Bland)
Officers	Gerry McDonald: Group Principal & CEO Suri Araniyasundaran: Deputy CEO
Apologies	Cynthia Griffin
Minutes	Elsa Wright – Director of Governance

Item No	Item of business
1.	Welcome and Introductions The Chair welcomed everyone to the meeting.
2.	Apologies for Absence Cynthia Griffin had sent apologies which were accepted by the committee.
3.	Declaration of Interests None received.
4.	Minutes of the Last Meeting Held on 14 June 2022 The minutes of the meeting were agreed as drafted.
5.	Matters Arising and Action Points from the Meeting The minutes of the meeting of 14 June were agreed as drafted. Page 7 – Audit action plan. ONS decision was expected on 31 October and the detail would be in the implementation if a change was made to the status of colleges.
ITEMS FOR DISCUSSION, DECISION OR ACTION	
6.	Internal Audit Assignment Reports The Deputy CEO confirmed that the TIAA report set out the plan for 2022-23 with the first planning meeting the following week. Paul Goddard from Scrutton Bland introduced the report. It gave an update on the position since May and looked at recommendations from previous years and 2021-22 to give a final summary of the recommendations which was on p22 of the pack. The majority of the recommendations shown in the table above the GDPR audit had been implemented with



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	<p>some in progress and three not implemented. There had been five medium risk recommendations.</p> <p>The Deputy CEO confirmed that the intention was to implement the recommendations for all of the pre 2021 audits. Employer engagement was due to be delivered by December. There had been a lot of work on the payroll but there was still one error to correct and further exception reports would be run to check this. All the remaining recommendations were being actively worked on.</p> <p>For the later audits, it was agreed that it would be helpful for future reports to show if implementation was on schedule rather than stating it had not been implemented. The Deputy CEO confirmed that they were all on schedule. There were some IT items to follow up which the Deputy CEO would send to TIAA including three policies which were in progress.</p> <p>ACTION – Future report to show if implementation was on schedule rather than not implemented – Deputy CEO/Internal Audit</p> <p>The Deputy CEO confirmed that progress against the recommendations would be reported at the March meeting.</p> <p>ACTION – Director of Governance to note for March agenda</p>
7.	<p>Internal Audit Annual report</p> <p>The report was on p45 of the pack. The Internal Auditor confirmed that their opinion was that in all 4 areas: risk management; governance, internal controls; and efficiency and effectiveness, the College had adequate and effective processes.</p> <p>Appendix A set out all the reports that had been completed in the year with details of the assurance given and the number of recommendations across the audits. Annex B set out some trends across the sector with just over 20% given a strong assurance level across all clients. Over 60% of the audits at NCC had been given a significant assurance level with the remainder all being given a reasonable level of assurance. There was an increase in the number of high risk recommendations across the client profile with the College receiving medium and low risk recommendations only. The Internal Auditor thanked staff and governors for their cooperation in the audit process.</p> <p>The Chair asked the Internal Auditor about the state of internal control over the period of time that Scrutton Bland had audited NCC. The Internal Auditor had been pleasantly surprised at the way the College had handled the mergers using technology and learning from the recommendations and issues that had arisen. Development and progress had been good across all audit areas. Management was good at pointing out the areas where further work was needed.</p> <p>The Chair thanked the Internal Auditor and his team for their work and noted that all parties had learned from the process and the reports.</p>



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8.	<p>Risk Register</p> <p>The CEO commented that he was not sure that the source of assurance column added much to the register. The Chair noted that the aim was to try to make it useful and relevant and if this didn't add to it, it wasn't needed. Moving forward, there should be an explicit role for committees. For example, the CQS committee should report back to Audit on safeguarding on how they managed the risk and got their assurance. This would be the next step forward to ensure the risk register was a live and useful document.</p> <p>There was a discussion about Item 8 and the current mitigation around the failure to achieve the 16-18 allocation. The final allocation would be confirmed at day 42 and there was still work ongoing to hold onto learners. It was agreed that this should be included in the report. It was agreed that where the Corporation oversight was recorded as CEO to Corporation it would be helpful to show which committee this was monitored by. For example, enrolment would be a CQS responsibility. The final step would be for each committee to report back to audit on how the risks allocated were managed at committee level at the end of each year. The new accountability measures would be added for the next meeting.</p> <p>Governors asked about the risks where there was a low rating for the effectiveness of mitigation. Item 6 - staff recruitment and retention was an example where the College had used a number of different routes including using market supplements, specialist recruitment agencies and weekly monitoring and review by SMT. Item 8 on commercial income was another example where a combination of lock downs, increased working from home, and the difficulty of trying to re-engage businesses when their focus was elsewhere had led to little impact despite a focus by the team on trying to increase commercial income. The Chair suggested that the register could be supplemented with a note to explain the mitigations in place for those where there had been a low impact.</p> <p>The Risk register was in good shape and with the addition of reporting from the committees on how the risks were managed, it would help to ensure this was a useful process with a clear purpose. The CEO explained that there was an additional risk which had the potential to have a high impact. Industrial action over the pay settlement could impact on the retention of students as it was scheduled to take place over the next few weeks.</p> <p>The Director of Governance confirmed that the Risk register was reported to the Corporation in December and July. The changes would be made before then and the management of the risks and mitigations would be added to business plan and committee agendas.</p> <p>Governors asked about ESG reporting and how this was being implemented at the College. The Deputy CEO confirmed that the College was already collecting data and this would be reported in the annual report and accounts. This would include information about the carbon footprint and the work undertaken to improve energy efficiency. The narrative in the annual report and accounts would cover the social and governance impact alongside the environmental impact. There were reporting requirements for the OFS which the College would comply with.</p> <p>The CEO explained that the College was a member of an AOC reference group and work on Scope 1 and Scope 2 emissions capture had been completed. NCC was in the top quartile of</p>



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	<p>colleges and work on Scope 3 would take place this academic year. The Deputy CEO confirmed that the Modern slavery statement and paying the London living wage covered parts of the social responsibility. This would all be brought together in one report once the ESG reporting requirements were confirmed.</p> <p>ACTION – updated Risk Register to be reported to Corporation in December – CEO/Deputy CEO</p> <p>ACTION – risks to be allocated to committees, where appropriate. Deputy CEO and Director of Governance to set up reporting</p> <p>ACTION – Deputy CEO to ensure ESG reporting was in place</p>
9.	<p>Regularity Audit Self-assessment questionnaire</p> <p>There were no changes from the version seen at the June meeting except the timescale for the Governance review would be adjusted to show that it would take place during 2022/23.</p> <p>ACTION – the committee agreed the document with one small update. This would be reported to the Board</p>
10.	<p>Fraud and attempted Fraud</p> <p>There were no attempts to report.</p> <p>10.1 Post 16 Audit code fraud oversight</p> <p>The Chair thanked the Deputy CEO for the report. It would be helpful if the 10 questions to be answered explicitly in the report.</p> <p>ACTION – Deputy CEO to provide updated report for December meeting</p>
11.	<p>Whistleblowing Annual Report</p> <p>The Director of Governance introduced the report. There had been one disclosure in 2021/22 which was included in the report. Governors asked how the policy was communicated to staff. The policy was on intranet and on the website. There was a reference in the financial regulations to the whistleblowing procedure and all staff members were made aware of this when they joined the College. It was agreed that a sentence should be as part of the induction checklist.</p> <p>ACTION – Director of Governance to contact the Group Executive Director HR to include in induction checklist.</p>
12.	<p>Any other Business</p> <p>No items to report.</p>



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13.	Date of next meeting – 6 December 2022



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