AUDIT COMMITTEE MEETING MINUTES	
Date:	Thursday 5 October 2023
Venue:	Board room
Time:	5.30pm

Chair	Richard Smith Morgan
Corporation Members	Nazia Faiz
Co-opted Members	Thana Nathan
Auditors	Dakshita Takodra
Officers	Gerry McDonald: Group Principal & CEO Imelda Galvin: Deputy CEO
Apologies	Stephen Critoph
Minutes	Elsa Wright – Director of Governance

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1.	**Welcome and Introductions** The Chair welcomed everyone to the meeting.
2.	**Apologies for Absence** Stephen Critoph had sent apologies which were accepted by the committee.
3.	**Declaration of Interests** None received.
4.	**Minutes of the Last Meeting Held on 20 June 2023** The minutes of the meeting were **agreed** as drafted. The Chair thanked Neil Yeomans for his work as the previous audit chair and for his commitment to the role.
5.	**Matters Arising and Action Points from the Meeting** The matters arising were complete. It was noted that there may be more guidance from DFE and HMT which would impact on the terms of reference for the committee and this would be kept under review.
	ITEMS FOR DISCUSSION, DECISION OR ACTION
6.	**Internal Audit Assignment Reports** The Deputy CEO confirmed that there had been three internal audits completed. The Apprenticeship report was still in draft form and would be on the December agenda. **6.1 Risk** There had been discussion between the executive team and the auditor about audit outcome and the recommendations. The recommendation about the scoring of the risk register was not accepted by the Executive. The College had not changed its approach since the previous audit by Scrutton Bland. The Chair asked whether the outcomes would have been different if the college had implemented a scoring mechanism. The internal auditor explained that there should be a

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	policy in place and that this was a compliance issue. The Deputy CEO would address this and a policy would be drafted for review at the December meeting. **ACTION – Deputy CEO to draft risk management policy for December Audit Committee** There had been a previous discussion a few years ago at the committee about the benefit of scoring and the Deputy CEO explained that she had seen a similar approach in a previous role. However, the approach taken at NCC was to use an objective process as scoring could be subjective and this could lead to the committee getting bogged down in the numbers and not addressing the risks. The approach was to have a real discussion about real issues and it was agreed that this could be better documented. It should not be a tick box exercise. In response to questions, the CEO confirmed that the Senior management team reviewed and evaluated the register frequently and that there was active management with changes made, as needed. It was agreed that a change in scoring would offer a helpful indicator to the Board if it went from, for example, 15 to 25. The Chair would have a discussion with the Deputy CEO about the approach and bring this back to the committee and the Board. The CEO confirmed that he did not see added value in scoring the risk. There was a discussion about the inclusion of cyber security. The Board was aware of the work that the College had done in this area to address and manage the risk. This was a dynamic and high level risk register. It was agreed that there should be more documentation of the discussion around it. It would be useful to have a further discussion about what the Corporation needed to be assured that risk was being managed. **ACTION – Corporation discussion around risk to be scheduled - February Strategy Day tbc** There was a discussion about the recommendation to link strategic priorities to strategic risk. The CEO explained that there might not always be a link and this would result in the executive not being able to give a high level of assurance which would make scoring problematic. The internal auditor said that the report had been reviewed after further discussion and that the recommendations in the report were worth considering. There would always be different aspects of risk, both strategic risks and some which were related to business as usual, but they would be aligned with strategic risks and sit under them. It would be helpful to document the College's risk appetite. The CEO felt that the current approach was active with each risk being reviewed rather than a score being deliberated. There were good conversations and engagement, and it was agreed that this could be captured and communicated more clearly. The internal auditor confirmed that it was a management decision on presentation, and this could be reflected in the policy which would be reviewed at a future audit committee. **6.2 Subcontracting** Overall, the report gave substantial assurance with two routine findings. This was a compliance audit. The committee noted the reports.

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7.	**Annual Internal Audit Report** The annual report from the internal auditor stated that NCC had reasonable and effective risk management, control and governance processes in place. The committee discussed the 5 year context which was on page 3 of the Annual plan. There was a discussion about where there might need to be change over time. The Deputy CEO explained that the procurement function was having a complete overhaul and therefore this might need to be pushed back to Q4 or into the following year to get benefit from it. It would be helpful to get the new process in place and then get assurance or not at that point. There were 60 days and with 7 major audits and there was a discussion about whether 4 deeper dives would be more useful. The committee would reflect on this over time. There were a number of annual audits required with the other areas based on the risk profile.
8.	**Risk Register** The CEO presented the report. The process was to focus on major risks by identifying, looking at the impact and then the mitigation in place. The next step was to state if the mitigation was effective or not. The register also identified who took management ownership of the risk, Corporation oversight and any additional sources of assurance. Reclassification had been identified as a new major risk which would impact on cash flow for major capital projects. This was a medium risk with no big live projects but this would increase if NCC needed to secure funding to realise asset sales. The risk of the new accountability measures had been dealt with and there was oversight and monitoring in place. Enrolment risk had been hugely reduced with more than 400 students over the target although it was recognised that this would not be realised until day 42, when students became funded. There had been a funded allocation target and a growth target and there was a reasonable expectation that the additional growth would be funded at 50% and 400 students were built into the budget. There was evidence that London colleges had recruited high numbers but other areas had not. Adverse community relations had been mitigated well but it was noted that there had been some, behavioural issues and serious safeguarding issues which did have an impact. There had been effective communications and the team monitored local social media. Safeguarding was still a concern with very high case numbers. There had been a slight reduction from 2022-23 but there were still a significant number of cases, above the pre covid numbers. A second Deputy Designated Safeguarding Lead had been appointed and there was a significant infrastructure with campus based teams. The level of cases meant that despite strong mitigation, the impact was still only medium. The data rules made it difficult to reduce the risk around apprenticeships. The college had improved its monitoring. Apprenticeships with poor achievements were discontinued as they did not deliver what the students needed. Distance learning data showed that there was a lack of engagement and this had been managed as closely as it could have been. New appointments allowed for better oversight and the risk was reduced further as the volume reduced. There was a discussion around capacity. There had been more successful recruitment but often staff moved on quickly. The mitigation had not been particularly effective, and there had not been enough traction with too much dependency on agency staff. Apprenticeship recruitment had been stopped as it was too difficult to get assessors. The

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	vacancies in the construction trades had now been filled with the use of market supplements. It was proposed to remove lockdown from the risk register. There was a discussion around the existential threat. Resilience came down to the management of the organisation. The CEO would look again at the income stream item and make some changes. There was a brief discussion about High Needs Students and the funding from the LA where there had been a huge timing problem in the past. There had been a lot of work in this area and with both a good contract manager and GCD, this had become more secure. Payment could take 3 months or more and with a number of Councils being declared bankrupt, this would always been a risk given the scale. The commercial strategy had delivered training to employers and their staff pre pandemic but with many still working from home, this had not recovered. Adult enrolment had been strong. The risk to create a single culture was low and mitigation had been effective. The CEO explained that there would be a new Strategic Intent document and the delay with the current SI had been mitigated well. The delay around capital projects was a high risk for NCC compared to other single colleges. It was noted that many of the risks were different across the sector but the size of the organisation did give it resilience. Political change, the complexity of funding in both devolved and non-devolved areas and the London factor all added to the risk. **8.1 Update on RAAC** A number of surveys had been completed and NCC had returned the DFE questionnaire in 2022. There had been some visual surveys and prioritised those buildings where there was no long term knowledge of the building's condition. A full breakdown was given in the report. The committee noted that was good that this work had already been completed and reported to committees and the board. It was confirmed that surveys for other materials such as asbestos had already been completed with one small block closed. The estate was known well. The Ilford provision was in the former Redbridge Borough Council head office on two floors within the block. The chance of RAAC was low but RBC were conducting a survey. Costs had been around £12k with a further £5k to spend.
9.	**Regularity Self-assessment report** The Deputy CEO introduced the paper. This was a requirement for the external audit and was self explanatory. The document had been reviewed and updated to ensure that the changes from the ONS reclassification were met. **The Audit committee agreed to recommend the regularity self-assessment for Corporation approval**
10.	**Attempted Fraud** The Deputy CEO introduced the report. There had been no fraud attempts detected since the June meeting. Governors thanked the Deputy CEO and her team for their work. The committee noted the helpful reports from TIAA.

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11.	**Whistleblowing Annual Report** The Director of Governance introduced the report. There has been no whistleblowing disclosures during the year. There was a government review in progress and the policy would be reviewed again once this was complete. The committee agreed the policy. **The Audit committee agreed to recommend the policy and report Corporation approval**
12.	**Any other business** There was a brief discussion around ESG or Environmental, Social and Governance reporting. The College had done a lot of work on the Green agenda which had been discussed at both Property Committee and Corporation. Emissions were measured and a strategy was in place. SALIX grants had been secured to deliver decarbonisation projects. Procurement and capital expenditure was embedded in the process. It was agreed that environmental risk should have a higher profile.
13.	**Date of next meeting – 5 December 2023 -**
14.	**Confidential items** See part two minutes