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| Chair | Richard Smith Morgan |
| Corporation Members | Nazia Faiz |
| Co-opted Members | Thana Nathan – online (item 1 -7) |
| Auditor | Katharine Patel - Auditor (External - Buzzacott) Ashley Normal – Auditor (Internal Audit – TIAA) |
| Officers in attendance | Gerry McDonald: Group Principal & CEO Suri Araniyasundaran: 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 for absence which were accepted by the committee |
| 3. | Declaration of Interests None received. |
| 4. | Audit matter for consideration – members and auditors only – taken as item xx Minuted separately – see Part 2 |
| 5. | Minutes of the Last Meeting held on 5 October 2023 The minutes of the meeting were agreed as drafted. |
| 6. | Matters Arising and Action Points from the Meeting The action points were reviewed and would be addressed during the meeting with two items for the March 2024 meeting. |
| ITEMS FOR DISCUSSION, DECISION OR ACTION | |
| 7. | Year End 2022/23– Taken as first item 7.1 Financial Statements, Auditors’ Management and Regularity Report and Letters of Representation The External Auditor, Katharine Patel from Buzzacott, introduced the post audit report. It |

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| | <p>had been a positive process with good cooperation from the team. The auditors had completed the regularity audit and the report gave feedback on financial performance and the audit risks which had been identified and discussed at the June 2023 Audit meeting. Page 1 covered audit progress. There had been a number of changes in the finance team which had resulted in slower progress this year. The Group Finance Director had been under a lot of pressure but had very helpful and cooperative throughout. There were a few outstanding items but most has been cleared. The Auditor thanked the Group Finance Director for his work.</p> <p>The Oxford School of English accounts were being treated separately but also needed to be filed by 31 December. The school had been brought into NCC mid year and had been wound up as a separate business. There had been limited controls and financial systems in place as it had been a small family business and NCC were introducing their back office systems to improve systems and controls. A separate post audit report would be issued. The majority of the work had now been completed but it was still ongoing. It should be signed off before Christmas and there would be a call with the Deputy CEO and Group Finance Director in the next few days to finalise the report.</p> <p>Work on the ILR was complete and the regularity audit had concluded. There was some information on IT systems and security that was outstanding and the OSE audit was almost there. The other outstanding items were routine and would be dealt with at final approval stage which would allow sign off of the accounts, subject to the Board's agreement. In response to questions, it was confirmed that there were no issues which would affect the going concern of the college at this point, subject to no material post balance sheet events, management confirming none at this point. Liquidity was discussed and it was noted that current liabilities included a number of non cash items.</p> <p>The CEO confirmed that he was expecting the statement from the GLA on Tuesday NCC and this would be supplied as soon as it was available.</p> <p>The External auditor confirmed that it was an unqualified, unmodified opinion. The TPS certification had been submitted. The accounts on page 4 of the report showed the position with the actuarial adjustments removed. The Group Finance Director would confirm the final reporting position which was shown in this report as £424k surplus. The figure was expected to be £469k. The was in a year when break even had been planned.</p> <p>ACTION – Group Finance Director to confirm final reporting figure</p> <p>There were no concerns around the balance sheet or going concern. There were a few changes from last year which reflected the new ESFA accounts direction and the Managing Public Money requirements which the college was now subject to. A new FE college handbook was due next year and there was an expectation that the July year end would stay, which had been a real concern at the time of reclassification.</p> <p>The External auditor confirmed that there was nothing to highlight from the systems and controls audit. There were no material changes around income recognition. There had</p> |

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| | <p>been some significant capital works and also the sale of land which had all been reviewed.</p> <p>The accounting estimates showed the LGPS surplus which was not on the balance sheet as under accounting standards it was not recoverable. The discount rate had increased and the next revaluation would be in March 25. Page 15 of the report set out the detail of the subsidiary companies which were no longer trading. A corporation tax return would be completed for OKN1 before final sign off. There were no letters of representation required this year for the subsidiaries.</p> <p>Page 17 set out the details of the letter that the Board must sign confirming the responsibilities around internal controls and fraud.</p> <p>Appendix one gave the detail of the audit observations – The work on systems would bring OSE into line with the college’s record keeping and cash was no longer accepted for payment. The issue around due diligence of any future acquisitions was noted.</p> <p>The observation on the depreciation of assets was a housekeeping point. The Group Finance Director would ask the relevant teams to double check if the assets were still in existence.</p> <p>Appendix three set out the ratios which were good and included a strong EBITDA with no borrowing and a good cash position. There was a discussion about the benchmarking data. The College was in a strong position with no borrowing and much of the cash was in short term investments, so this was not included in the benchmarking calculations, even though it was invested for less than a year. The College was operating within its own KPIs targets which was key. It was noted that the College was more of an outlier on payroll, but this was a consistent position rather than a sudden change.</p> <p>There were no post balance sheet events expected. The materiality threshold was £2m. There were no pending acquisitions or disposals. The full GLA payout would be around £200k which was not material.</p> <p>There was discussion of sector issues including the ONS reclassification and the new FE College Financial Handbook which was expected in March 2024. NCC had confirmed that there was no RAAC in any of its buildings and they were waiting for an update on the building at Ilford which was owned by Redbridge council.</p> <p>TPS contributions would go up to 28.6% which was a 5% increase, and this would be noted in the new version of the accounts. There was a separate grant paid to cover this and there was a risk if that was ever withdrawn. It would have huge implications across the whole education sector and at NCC it would cost around £4m. Cessation of government funding was discussed and it was agreed that this would be added to the Risk Register.</p> <p>The Chair thanked the external audit team for their work. The committee was reassured</p> |

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| | <p>by the fact that there were no audit adjustments and only some small housekeeping recommendations. The committee agreed to approve the report and to recommend the accounts to the Corporation for formal sign off.</p> <p>Action - The Audit Committee recommended the Financial Statements and the Statement of Governance Controls to the Corporation</p> <p>Action - The Audit Committee recommended the Letter of Representation for Board to sign</p> <p>7.2 Audit Committee Annual Report The Director of Governance introduced the item which was a report of the committee’s work throughout the year. The items highlighted in yellow would be confirmed once the accounts were signed off at Corporation. The principle conclusion from the report would feed into the Chair’s statement and comments on governance and internal control in the financial statements. This would mirror the statement the CEO made in the accounts. The report followed a similar format than in previous years setting out the work for the year. The committee discussed the report and agreed that it should be reported to the Corporation and form part of the evidence for the CEO to sign the regularity statement. The new Deputy CEO would be added to the report.</p> <p>There was a discussion about attendance online and in person and how that might help to attract new Board members.</p> <p>Action – The Audit committee agreed the Annual Report which was recommended to the Corporation</p> <p>Thana Nathan left the meeting at 6.02pm</p> |
| 8. | <p>Risk Management</p> <p>8.1 Risk Management Policy The Chair and Deputy CEO had discussed the approach and the policy and would meet in January to scope out should be covered. The policy would come to the March meeting. There needed to be a fit for purpose approach rather than one which was over engineered. It was noted that the additional column showing changes was helpful.</p> <p>8.2 Risk Register There would be an item at the strategy day to look at the risk appetite of the Board. This was on 1 February and the discussion would feed into the policy for sign off by the Board at its March meeting. It was noted that there was a new item 12 which resulted from the upcoming changes to the underlying model to generate funding. The amount per course would increase but overall funding envelope would not change. The College would deliver to less students but with the focus on skills and meeting the needs of the local economy, funds would run out. Last year NCC had deliver over 100% for both GLA and ESFA funded training. NCC was the 5th biggest provider in the country. The College was</p> |

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| | <p>feeding into discussions at the GLA on the cap and how this would work.</p> <p>It was noted that the risk profile had improved. Commercial income was red but it had less overall impact at around £0.5m. There was a new strategy in place.</p> <p>There was a discussion about pension risk and whether that should be included but it was agreed that there were few mitigations that could be put in place. It was agreed that it was something that the Board should be sighted on and that pressure should be kept up on the government via lobbying. Cyber security risk was an item for the register. The ransomware audit had been completed. It was an operational risk that was managed every day but the CEO would think about how it could be made more specific. It was similar to safeguarding in that it was operational but there were some specifics that could be mitigated. The CEO would look at how to differentiate it to make it a specific risk that could be monitored with mitigations in place.</p> <p>ACTION – CEO to update the register for the March meeting around Cyber. Deputy CEO and Chair to meet to agree scope and format of policy with Board discussion to feed into policy. Rick Management Policy for March Audit committee meeting.</p> |
| 9. | <p>Attempted Fraud There were no items to report.</p> |
| 10. | <p>Internal audit reports – Apprenticeships and Ransomware There were two reports to review since the last meeting. The progress report was included in the pack with the full reports available for reference. Both had offered reasonable assurance. There were some minor issues around funding and some targets on progress and systems. There were some suggestions around additional training and testing on ransomware. There were increased risks in the environment in which the College was operating. The CEO confirmed that training was rolling out across the team. Progress against the annual plan was in hand. Safeguarding and learner numbers were in progress. The Deputy CEO confirmed that they had pushed back the procurement audit into 2024/25.</p> |
| 11. | <p>Any Other Business The Chair thanked Nazia Faiz for her work as a committee member and wished her well for the future.</p> <p>The CEO and Director of Governance would look at any training that the Board might need, particularly the Chair, around ransomware.</p> |
| 12. | <p>Date of next meeting The meeting was scheduled for 29 February 2024 at 5.30pm</p> |