

QUEEN ELIZABETH SIXTH FORM COLLEGE

Minutes of the Meeting of the Audit Committee held on Thursday 16th February 2023

Committee Members Present Emma Chawner, Chair
John McCann
Jenny Pan

Apologies Stephen Heath

In attendance Tim Fisher, Principal
Lee Glover, Haines Watts, Internal Auditor (*via Teams*) [Item 1 only]
Lisa Marron, Vice Principal – Finance, Resources & Information
Nicola Wade, Acting Clerk

Ref:		Actions
1/23	<p><u>Internal Audit Plan Update on Outstanding Actions</u></p> <p>In order to allow the Auditor to leave the meeting early, this item was brought to the top of the agenda.</p> <p>The Principal and Vice Principal proposed a change to the scope of the Internal Audit (IA) from ‘Performance Management’ to ‘Skills Agenda’, due to the importance of the national skills agenda and the focus being place upon the College in this area. They wish to ensure via an audit that the College has a robust process in place and is compliant in all areas. It was suggested that the audit takes place around April time and the senior manager lead would be the Assistant Principal (Personal Development).</p> <p>Governors asked if any frameworks are in place for the College to work towards. The Principal confirmed that there are several pieces of government guidance in this area including the ‘<i>Skills and Post-16 Education Bill</i>’; ‘<i>Accountability Agreements</i>’ guidance and statutory guidance on reviewing ‘<i>How well the education or training provider meets local skills needs</i>’.</p> <p>The Auditor acknowledged that this is a new area of scope and so would need to establish the audit parameters, but would work with the College to achieve this.</p> <p>The Vice Principal referred to the IA tracker, which itemises actions airing from past Internal Audits The tracker had been requested by the Committee and circulated prior to the meeting. Some items appear to be outstanding and the Vice Principal requested confirmation from the Auditor that they have been completed.</p> <p>Governors asked if it is standard practice for IA to look back over all actions. The Auditor explained that they take review a sample of ‘completed’ actions and ask for evidence to validate the accuracy of the tracker, but it is for management to report against the tracker, rather than IA.</p>	

Ref:		Actions
	<p>Governors asked to see an exception report and for 'Follow Up Audit' to be an item on the next agenda.</p> <p>The Committee accepted the Internal Plan Update on Outstanding Actions and agreed to recommend the amendment to the Internal Audit Plan to the Board for approval.</p> <p>The Auditor left the meeting.</p>	VP/Clerk
2/23	<p><u>Appointment of Committee Chair</u> The Committee unanimously approved the appointment of Emma Chawner as Committee Chair.</p>	
3/23	<p><u>Declarations of Interest</u> Emma Chawner declared that her husband, James Chawner, has been appointed as Finance Officer at the College and this has been recorded on the Register of Interests.</p>	
4/23	<p><u>Minutes of the Meeting held on 17th November 2023</u> The minutes were approved as a true record and signed by the Committee Chair.</p>	
5/23	<p><u>Matters Arising</u> None that were not covered by items on the agenda.</p>	
6/23	<p><u>Update on actions from Annual Accounts</u> Ref: 18/22 - The Vice Principal referred to the two recommendations from the Annual Accounts and provided updates:</p> <ul style="list-style-type: none"> a) Procurement Procedures (IT) – training has taken place and procedures have been updated b) Debit Balance within Creditors – accounts need to be separated out at year end and this will be reported in more detail to the Finance & Resources Committee <p>The Committee discussed the possibility of bringing together the Audit and Finance & Resources Committees, retaining the different Chairs, when deemed appropriate in order to provide greater assurance. The Clerk is to explore options regarding Committee structures further.</p> <p>The Committee accepted the update.</p>	Clerk
7/23	<p><u>Tender of Auditors (Internal & External)</u> The Vice Principal reminded the Committee that audit tenders were due to be reviewed at this meeting. However, due to strategic conversations currently taking place, the Principal and Vice Principal should like to recommend a pause in the retendering of auditors so as to avoid the possibility of needing to terminate a contract early.</p> <p>Governors questioned how long the current auditors have been contracted for and whether or not the College was content with their work. Governors added that audit firms might be unwilling to tender for such an uncertain contract and might also increase their fees due to this uncertainty. They stated that regulations permit auditors to remain in contract for up to seven years.</p>	

Ref:		Actions
	<p>The Principal and Vice Principal confirmed that they are content with the service received from the current Internal and External Audit providers and that they have both been in contract for five years.</p> <p>The Committee agreed to recommend to the Board the proposal to pause the re-tendering of auditors and for the External Audit contract to be extended to cover the 2022-23 year end accounts. The Internal Auditor is already contracted to the end of July 2023 and should be asked to extend the contract until the end of December 2023.</p>	
8/23	<p><u>Risk Register (new format)</u></p> <p>The Vice Principal presented the Risk Register in its new format and informed the Committee that some of the narrative is due to be removed following this meeting. She summarised the details and confirmed that there are no 'red' (very high risk) areas.</p> <p>Governors discussed the differences in approach to mitigating against financial risk factors beyond the College's control, such as inflation, pay awards and levels of funding for post-16 provision, compared to those that the College has some influence over, such as student numbers. Governors agreed that a distinction should be drawn between the two types of financial risk.</p> <p>Governors discussed the need for the Board to have a high level oversight of the key risks faced by the College, including an exception report highlighting the most significant risks and those that have increased.</p> <p>Governors new to the Board questioned whether the College has a Reserves policy, as this will act as a key control. The Vice Principal confirmed that a Reserves policy is to be presented at the next Finance & Resources Committee for consideration.</p> <p>New Governors questioned the Senior Managers' decision to set reputational damage as a moderately high risk and asked whether they feel it remains high and have there been any incidents in the past five years. The Principal confirmed that there had been an incident recently with the potential to cause reputational damage and that reputational damage is considered to be a genuine risk. Governors were content with this and asked whether the College employs a PR firm in order to help mitigate against potential reputational damage. The Principal confirmed that it does.</p> <p>New Governors also questioned whether the Audit Committee receives reports on all audits that are commissioned by the College, not just those carried out as part of the Internal and External Audits, including health & safety; safeguarding; MIS and cyber security etc. Governors highlighted the legal duty of the Board to take responsibility for many of these areas. The Vice Principal agreed to ensure that all such audits are shared with the Audit Committee and that these would be included on future agendas.</p> <p>Governors suggested that the current building project should be included on the Risk Register and the Principal and Vice Principal agreed.</p> <p>Governors suggested that the reference to using Google as a resource for storing teaching materials be clarified further to explain that this is a means of reducing risk, and making data more secure, as it is backed up. They questioned the automatic application of new security updates, stating that it is not best practice to automatically apply updates, which</p>	<p>VP</p> <p>VP</p> <p>VP</p> <p>VP/Clerk</p> <p>VP</p>

Ref:		Actions
	<p>might have glitches, but to rather consider and apply updates as appropriate. Governors also asked for details of the IT Infrastructure Review and Penetration Testing to be shared with the Committee. The Vice Principal agreed that this information should be shared with the Committee and confirmed that checks have taken place to ensure appropriate insurance cover is in place.</p> <p>The Vice Principal agreed to take the feedback from this Committee and work with the Principal to make amendments to the Risk Register and to provide the Board with regular update on the high level risks.</p> <p>The Committee accepted the Risk Register.</p>	<p>VP</p> <p>P/VP</p>
9/23	<p><u>Risk Management Policy</u> The Committee reviewed and approved the Risk Management Policy with no changes.</p>	
10/23	<p><u>Risk Management Strategy</u> Governors asked who the 'owners' of the strategy are and whether reviewing the Risk Register three times per year at Audit Committee meetings is enough. The Principal replied that the Senior Management Group is the College's designated 'risk management group' and that they review the Risk Register frequently and consider emerging risks on a weekly basis. He also confirmed that any significant new risks or significant increases in existing risks are reported to the Chair of the Board.</p> <p>Governors questioned the College's stance of being 'risk averse' stating that the College should be prepared to accept risk, but act prudently. The Principal and Vice Principal agreed and confirmed that the College's risk appetite has recently been reviewed by the Internal Auditor.</p> <p>The Committee confirmed that they are satisfied with the current arrangements and approved the Risk Management Strategy, with the consideration over the College's stated stance on risk to be updated.</p>	<p>VP</p>
11/23	<p><u>Risk Management Annual Report and Audit Report</u> The Committee reviewed and accepted the Risk Management Annual Report, including the Audit Report.</p>	
12/23	<p><u>Value for Money (VfM) Strategy</u> Governors noted that under Item 4 of the Strategy, the 'robust tendering process' refers to compliance with EU regulations and questioned whether this should be amended. The Vice Principal agreed to check and amend as necessary.</p> <p>The Committee approved the Value for Money Strategy.</p>	<p>VP</p>
13/23	<p><u>Value for Money (VfM) Annual Report</u> Governors questioned whether it is necessary to present a standalone VfM Report as its contents are already included within the College's Annual Accounts and Financial Statements (AAFS) document. The Vice Principal replied that in addition to what is included in the AAFS, the VfM Report also includes details of future VfM activities and queried whether the Committee had in the past requested additional assurance in this</p>	

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	<p>area. Governors agreed that the information should be consolidated where possible, whilst still providing the necessary assurance.</p> <p>The Committee accepted the Value for Money Annual Report and approved the actions for 2022-23 included.</p>	VP
14/23	<p><u>Confidentiality</u> References to specific details of strategic conversations are to remain confidential.</p>	
15/23	<p><u>Date of the next meeting</u> Thursday 18th May 2023</p>	

Summary of Actions:

Ref:	Action summary	By whom
1/23	Internal Audit Actions Exception Report and Follow Up Audit to be included on the next agenda	VP/Clerk
6/23	Review Committee structure options	Clerk
8/23	Ensure all College audits are shared with Audit Committee and included on future agendas	VP/Clerk
8/23	Update the Risk Register to remove narrative no longer required; include the building project and distinguish between financial risks that the College has no control/some control over.	VP
8/23	Ensure Board is provided with regular updates on high level risks	P/VP
10/23	Update College's stance on risk in RM Strategy	VP
12/23	Check and amend reference to EU regulations on VfM Strategy	VP
13/23	VfM Report - consolidate information where possible	VP