

East Coast College

Audit Committee Meeting 9am 2 May 2023 Video Conference

Present:	Giles Kerkham (GK) Rob Evans (RE) Roland Kaye (RK) and Teresa Sharman (TS)	
In attendance:	Wendy Stanger (Director of Governance) Urmila Rasan (Deputy Chief Executive) Lucy Wharry (Head of Finance) Suzanne Rowlett (RSM Internal Audit) Adam Smith (ScruttonBland External Audit.) and Mike Kelf (MIS Manager for item 5)	
	Confidential Private Session with the Internal and External Auditors	Action
	A private session was held with the Internal and External Auditors. No issues of concern were raised.	
A/23/05/1	Membership and Apologies	
	Apologies - David Shaw (DS) and from Urmila Rasan (Deputy Chief Executive) who would attend part of the meeting. Teresa Sharman (TS) was welcomed to her first meeting.	
A/23/05/2	Declarations of Interest	
	There were no new declarations of interest	
A/23/05/3	To approve the Minutes of the meeting of the Audit meeting held on 6th December 2022 and any other matters raised previously not otherwise included in the Agenda	
	The minutes of the meeting of 6 th December 2022 were agreed as a true record.	
A/23/05/4	To review the post-meeting action log	
	The action log was reviewed and it was noted that all were complete.	
A/23/05/5	Funding Audit – Verbal Update	
	<p>The Deputy Chief Executive and MIS Manager updated the Committee on the Funding Audit. The report was expected mid-May with the clawback amount to be calculated when the final ILR was run. As was reported to the Board the main funding compliance issues were with apprenticeships.</p> <p>Governors challenged how far back errors identified in the audit went. The MIS Manager advised that the rules changed in 2018/19 to a more complicated system and sector wide colleges were struggling with the rules. With apprenticeships one error can result in the full programme's funding being clawed back. The Deputy Chief Executive advised that the funding audit system had also changed. It has been recognised that the complexity of the funding rules had caused issues across the sector and there are to be some rule changes.</p>	

The Internal Auditors commented that it was a sector wide issue and referred the Committee to the paper in the Progress Report at agenda item 6.1 on 'Funding Assurance Reviews – Common Issues.' Governors concluded that there needed to be pressure by the sector to simplify the rules.

Governors challenged if there had been errors in off the job training funding compliance. The MIS Manager advised that the improvements made by the College had resulted in no material errors identified during the audit.

Governors commented that the estimated clawback was high as a percentage of the College's income. The Deputy Chief Executive advised that the income at risk was higher than the College's annual income as with apprenticeships clawback could be over the total period of the apprenticeship.

The Committee discussed apprenticeships and whether given the compliance issues, the low contribution rates and in some areas, quality concerns the College should continue providing apprenticeships or specialise in certain areas only. It was noted that this would change the College's educational character and a community and employer need not met.

The Deputy Chief Executive advised that given the funding audit it was proposed to not carry out a mock funding audit and instead use the resources for the subcontracting audit. This audit was an annual requirement where subcontracting was over £100k but it was now a more detailed review. This change in the audit requirements may mean that subcontracting was not cost effective at its current level.

The Committee agreed the following actions:

- **Funding Audit Action Plan to be reviewed at the July Audit Committee.**
- **Funding Audit Action Plan to include how the College team are trained and updated on the funding rules.**
- **Mock Funding Audit not to be carried out in the academic year 2022/23 and the budgeted resources used for the Subcontracting Audit.**
- **Corporation to be asked to review in detail the future of apprenticeships and how if retained quality and funding compliance can be improved.**

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Chair

The Deputy Chief Executive and MIS Manager left the meeting.

A/23/05/6	Internal Audit Reports	
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A/23/05/6.1	Progress Report	
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Internal Audit presented a progress report on the internal audit programme together with sector and general updates.

A/23/05/6.2	Enrolment – Learner Journey	
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Internal Audit presented the Enrolment – Learner Journey Audit. This was reasonable assurance with one medium and three low priority actions. Overall the College had a lot of manual processes compared to other colleges and additional information for consideration on how this could be improved had been included in the report.

Governors commented that the report again highlighted funding compliance. Staff need to recognise that we do not get paid for teaching but for compliance with the rules and the data.

The Committee thanked the internal auditors for a comprehensive report and noted that all actions had been agreed by the College.		
A/23/05/7	To review the Risk Register	
A/23/05/7.1	Strategic Risk Register	
A/23/05/7.2	Tactical - Finance and General Purposes	
A/23/05/7.3	Tactical - Quality and Standards	
A/23/05/7.4	Tactical - Curriculum Development	
A/23/05/7.5	Tactical - People	
A/23/05/7.6	Tactical - Governance Remuneration & Search	
<p>The Committee reviewed the risk registers and the minute extracts.</p> <p>Governors queried the process for the risk register reviews. The Director of Governance advised that the tactical risk registers were reviewed termly by the Committees, with the date of the review noted on the register, each risk on the strategic register was linked to the tactical risks and these were listed on the strategic register in the mitigation column. The Strategic Register was reviewed after the tactical registers had been reviewed.</p> <p>Governors commented that when the Committees were considering the Audit Committees questions there needed to be a yes/no response and that an overall risk summary would be useful for the Committee and Board's understanding and review of risk.</p> <p>The Committee agreed the following actions:</p> <ul style="list-style-type: none"> • That the risk register report to the Audit Committee and Board should include a governance summary report which highlighted issues of concern and main changes since the last review. • Risk register guidance to be re-circulated to the Committee. 		<p>UR</p> <p>WS</p>
A/23/05/8	Fraud Register	
The fraud register was noted and that it was again a nil return.		
A/23/05/9	Board Assurance Mapping	
The Board Assurance Mapping was noted. The Director of Governance clarified that the date and the RAG rating was based on the last review of that assurance area.		
	Policies for Approval	
A/23/05/10	QD036 Whistleblowing - no material changes	
The Director of Governance advised that the policy had been reviewed with no material change.		

The Committee resolved to recommend the Whistleblowing Policy to Corporation for approval.		
A/23/05/11	Managing Public Money	
A/23/05/11.1	ONS Guides	
<p>The Director of Governance advised that following the Office for National Statistics' reclassification of colleges into the central government sector in November 2022, the College is now subject to the government's financial management framework set out in Managing Public Money and the report set out the areas of the College's policies that required amending to comply. The revised policies would be brought to the next committee for approval. Specific area guidance had been set out in the DFE's Bite Sized Guides. These are:</p> <ul style="list-style-type: none"> • College requirements regarding asset disposals • College requirements for indemnities, guarantees and letters of comfort • College requirements for special payments, including severance, compensation and ex-gratia payments • College requirements for write-offs and losses • Senior pay controls for colleges <p>And the requirements would be detailed in a financial handbook due next year.</p> <p>The Committee noted the changes that are to be made in the College's policies in order to meet the MPM compliance requirements.</p>		
A/23/05/12	Post Audit Code, Accounts Direction and Regularity Audit Questionnaire	
<p>The Director of Governance advised that the Post Audit Code, Accounts Direction and Regularity Audit Questionnaire had been amended to take account of Managing Public Money. The summary paper set out the main changes.</p> <p>The Internal and External Auditors left the meeting.</p>		
A/23/05/13	External Audit Tender	
<p>The Director of Governance presented the report and advised that the Post 16 Audit Code requires Corporations to ensure that the external audit contract is put out to tender at least every 5 years. It is proposed the CPC Framework is used for a tendering process to appoint external auditors as from the 2022/23 audit.</p> <p>Governors queried if using the framework would maximise choice and whether tendering at this stage in the year would attract firms. It was noted that RSM would not be able to tender as they were the College's internal auditors and also provided other support.</p> <p>The Director of Governance advised that firms were pulling out of the sector and were not tendering as was seen when Internal Audit was tendered. A value for money analysis could be carried out if there were only one or two tenders.</p> <p>The Committee agreed the following actions:</p> <ul style="list-style-type: none"> • Expressions of interest to be built into the tender process 		UR

	<ul style="list-style-type: none"> • Timetable to be detailed to enable External Auditor appointment at the 4th July Corporation. • Consideration given to retendering if insufficient interest. 	UR UR
A/23/05/14	Agenda Planning	
July Committee <ul style="list-style-type: none"> • Funding Audit Report and action plan. • External Audit Tender – this may need an additional one item meeting. 		
A/23/05/15	Review of Meeting	
<ol style="list-style-type: none"> 1. Confidential Items: Detail of audit findings. 2. Risk Management: None 3. Health and Safety: None 4. Equality and Diversity: None 5. Media: None 6. How did the meeting go: Good meeting. 		