



**CALDERDALE COLLEGE
AUDIT COMMITTEE MEETING**

**Draft Minutes of the Meeting held on 22 June 2023 via MS Teams at
5.00pm.**

Present:

Rachel Court	External Governor (Chair)
Chris Reeve	Co-Opted Governor

In Attendance:

Andrew Harrison	Vice Principal – Corporate Resources
Jonathan Creed	ICCA
Richard Lewis	RSM (from item AC/23/120)
Jane Taylor-Holmes	Clerk

Agenda: There were no items of other business.

Min. No	Minutes	Action
1	AC/23/118 - Apologies for absence Apologies were received from Katherine Disley, External Governor, Jenny Grainger, External Governor and Greg Scully, External Governor	
2	AC/23/119 – Confirmation of eligibility, quorum and declarations of interest No notice had been received of any member becoming ineligible to hold office. There were no declarations of interest in agenda items.	
3	The meeting was not quorate, it was agreed that the meeting would be held inquorate and any items for approval and recommendation to the Board would be approved via email after the meeting.	
4	AC/23/120 – Minutes of previous meetings Resolved – The minutes of the meeting held on 23 March 2023 were approved as a true and accurate record.	

Min. No	Minutes	Action
	AC/23/121 – Matters Arising	
5	Committee members reviewed the matters arising matrix and the comments made in relation to progress.	
6	Mrs J Taylor-Holmes, Clerk to the Corporation confirmed that the H&S link governor role was now fully in place. Mr A Wright, External Governor had received the Health & Safety papers in advance and provided comments.	
7	In relation to the action arising from item AC/23/107, Mr A Harrison Vice Principal – Corporate Resources explained that a media training company who had been recommended and worked within the sector had been approached and would be providing training it was aimed to complete the action by the next meeting.	
8	It was agreed that a further update would be provided in relation to the action arising from AC/23/107. Mr Harrison confirmed that Policies were in place but work continued to finalise guidance. It was aimed to complete the action by the next meeting.	
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10	Committee members noted the actions taken in relation to the ONS decision to reclassify Colleges as public sector.	
11	In relation to the action relation to confirmation of timely submission and that there were no validation errors in relation to ESFA mock funding audit. Committee members agreed that this would be reported by exception and the action would be removed. Mr Creed confirmed that this would be reviewed as part of the mock funding audit.	
12	In response to a question from Committee members, Mr Harrison confirmed that there were 14 returns to the ESFA throughout the year; R014 was submitted around November for the final close out. There was an action to review the returns to date for annual report.	
13	In relation to providing a business continuity update for all Governors; it was agreed that this would be scheduled as part of the Governor Development Days in 2023/24.	Action: Mr Clark / Mr Malone / Mrs Taylor-Holmes 2023/24

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14	It was agreed that the Matters Arising matrix would be updated in advance of the next meeting to reference comments regarding dates and progress.	Action: Mrs Taylor-Holmes November 2023
15	Mr Harrison provided an update on progress in relation to the Schedule of Policies. Mr Harrison explained that there were still number of policies outstanding and it have been agreed that SLT would take more ownership about the progress of outstanding policies. Policy information had been previously held and actioned by the Quality Team however, there was a plan in place to include policy review within the remit of the Executive Administrative Team to ensure that plans were in place to ensure that Policies were up to date and that there were reminders and chasing communication when required.	
16	It was agreed that an update would be provided to the next meeting.	Action: Mr Harrison November 2023
17	Committee members discussed the link between assurance around compliance with Policies and the Schedule of Policies; it was agreed that this would be further considered as part of Appendix C.	Action: Mr Harrison November 2023
18	All further matters arising from previous meetings were completed, for completion at a future meeting date or on the agenda for discussion.	
	AC/23/122 – Health and Safety	
19	Mr Harrison provided the Health and Safety update. It was noted that in addition to the regular report, the Annual Report 2022/23 and the Development Plan 2023/24 were provided.	
20	Mr Harrison explained that he had included a position statement regarding Mental Health First Aiders; this included reference to the number of people trained however, the College was not currently asking Mental Health First Aiders to report on their activity. Mr Harrison explained that there were plans in place to re-launch the project in September and as part of this a Lead Mental Health First Aider role would be developed which would support learning and development in this area.	
21	Mr Harrison confirmed that, following areas of focus identified from Mr Wright, Link Health & Safety Governor, management walk arounds had commenced. The aim of	

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	<p>this was to demonstrate that management were being seen and showing interest in Health and Safety. Other visits were planned before the end of term. Mr Wright had confirmed that he was pleased that the visits had commenced.</p>	
22	<p>Mr Harrison referred to the challenge in relation to near-miss reporting, work continued to improve staff engagement. Mr Harrison explained that the College would be re-doubling efforts to embed this in terms of awareness and understanding of near miss reporting. It was both an aim to train staff but also to include this in student induction. Committee members suggested that it may be useful to develop a target in relation to near miss reporting. This would be further considered.</p> <p>Health and Safety Annual Report 2022/23 and Development Plan 2023/24.</p>	<p>Action: Mr Harrison November 2023</p>
23	<p>The Executive Summary provided a summary of key actions completed in 2022/23. Mr Harrison referred to the report and the work undertaken during 2022/23 and it was agreed that some additional governance and oversight commentary in relation to the appointment of Mr Wright as Link Governor and additional reporting to the Board would be added.</p>	<p>Action: Mr Harrison July 2023</p>
24	<p>In response to the question from Mr C Reeve, Co-opted Governor, it was agreed that the work to raise the profile of near miss reporting and to re-launch the Mental health First Aider project were to be added to the 2023/24 plan section. It was agreed that the amendments would be made in advance of submission to the Board on 13 July.</p>	<p>Action: Mr Harrison July 2023</p>
25	<p>Resolved: Committee members noted the Health and Safety update and it was agreed that the Health and Safety Annual Report 2022/23 and the Development Plan 2023/24 would be presented to the Board meeting on 13 July, subject to amendment agreed above and approval by Committee members not present by email.</p>	
	<p>AC/22/120 Internal Audit Reports</p>	
26	<p>Mr J Creed, ICCA provided the internal Audit Reports.</p>	
27	<p>In relation to the FECTF Estates Capital project, Mr Creed explained that the review of stage 5 had been completed; this covered the procurement of contractors. Committee members noted that substantial assurance had been provided with no issues or concerns raised.</p>	

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28	Mr Harrison confirmed that work had now commenced and all three Contractors were on site.	
29	In relation to the Follow up and the IT recommendation; Mr Harrison commented that there were a couple of IT recommendations both in relation to disaster management and testing. The College had undertaken an exercise to review systems and there had been differentiation and prioritisation agreed to how systems would be brought back on in the event of a complete failure.	
30	In response to a question around the discrepancy between the assessment in the follow up report and the College management review; Mr Harrison confirmed that this was a timing issue and that the College was of the belief that all actions had been completed. In relation to priority; Mr Harrison confirmed that the IT Manager had contributed to the prioritisation of systems into gold, silver and bronze priority.	
31	When discussing the robustness of business continuity in the event of a complete IT failure and testing; Mr Harrison explained that regular testing of systems in isolation was regularly occurring. It was agreed that the requirement was that the College was happy and confident that the approach to testing was about as robust as can in relation to elements of the system and that the College could demonstrate that systems could be recovered when tested. It was agreed that the two recommendations would be confirmed as completed.	
32	Mr Reeve asked what other Colleges did and whether the College was able to positively compare to other similar educational establishments to ensure that a comparing against benchmark.	
33	Mr Creed confirmed that the College was not an outlier and was approaching the matter in a similar way to others.	
34	Mr Harrison confirmed that the College had servers on both sites; these were able to operate independently which was one of the mitigation measured in place.	
35	It was agreed that the revised IT Disaster Recovery Policy would be shared with Mr Creed and Committee members considered whether this may be part of the review of the full Disaster Recover Policy in November.	

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36	In relation to the Sub-Contracting Certificate Standard (External Assurance) review; the annual external review on subcontracting; Mr Creed referred to the work being undertaken and the annual question whether this review did fit within the framework. It was noted that the work undertaken by the College did substantially comply with everything that the ESFA desire the College look at.	
37	It was noted that there was one recommendation in relation to ensuring that contracts were signed in advance of the commencement of work.	
38	The College was required to submit the report to ESFA by 31 July, it was noted that the previous requirement had been the submission of a certificate. Mr R Lewis, RSM confirmed that the ESFA had 12 weeks to assess the report and issue their findings. There were three options; pass, not pass or no longer required to deliver.	
39	Mr Harrison commented that the College was committed to ensuring that contracts with the remaining contractor (Project Challenge) were signed on time and that variations were dealt with in a timely manner.	
40	Mr Creed confirmed that there was no requirement to conduct this review on an annual basis and this would now be completed as part of the three-year cycle.	
41	Resolved: Committee members received the internal Audit reports.	
	AC/23/124 – Audit Recommendations and Actions	
42	Mr Harrison provided an overview of progress towards the agreed actions arising from Internal and other Audit reports.	
43	It was noted that the report would be updated as internal audit had now completed follow up and including the agreed position in relation to the IT and Disaster Recovery outstanding actions.	
44	Resolved: The Committee noted the progress in relation to Audit recommendations.	
	AC/22/125 – Internal Audit Strategy & Annual Plan 2023/24	

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45	Mrs Court explained that an initial meeting had been held between Mr Creed, Mr Harrison, Mrs Taylor-Holmes and herself to discuss the approach taken, the plans within the College and the areas of high risk where support may be needed for the 2023/24 year and the following three years to ensure that there was a robust plan in place.	
46	Committee members discussed the removal of the sub-contracting work bearing in mind the comments made in relation to the new three-year review rather than annual review. This was agreed.	
47	Committee members discussed the apprenticeship report and the new digital apprenticeship system to be implemented; it was noted that ICCA would be looking at the implementation of new system and then testing this through with the mock funding audit.	
48	In relation to the capital project management, it was noted that this would review the ongoing project management arrangements in place.	
49	Two other reviews had been recommended; student journey focusing on initial point of enquiry to the funding qualifying period and keeping students on track to achieve and HR performance management.	
50	The annual review of follow up of previous recommendations was also included.	
51	Committee members discussed the allocation of 33 days, bearing in mind the removal of the Sub-Contracting work. It was agreed that 33 days provision would be maintained and that there was flexibility to remove the days or re-deploy the days; this would be discussed during 2023/24.	
52	Mr Lewis commented on the importance of apprenticeships and that this was also within the RSM emerging issues document which had been circulated to Committee members. In the sector there was also a focus on CV fraud and ensuring that qualifications were as stated on application.	
53	Other areas for suggested future audit included payroll, cyber security, procurement possibly regarding key controls and compliance with guidance relating to the ONS decision on reclassification.	

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54	Mr Harrison confirmed that; in relation to payroll, this would be considered when the new digital system was in place. It was noted that the new HR system would be implemented from September 2023 with the new payroll element from the new financial year.	
55	In relation to cyber security; it was noted that the College was subject to rigorous review as part of the Cyber Essentials accreditation	
56	In relation to procurement and the ONS decision on reclassification; Mr Harrison confirmed that this was now a separate risk on the risk register and the Financial Regulations had been updated to include consent requirements.	
56	Committee members reviewed the fees and it was noted that Internal Audit fees were lower than the 2022/23 academic year.	
57	Resolved – Committee members approved the Internal Audit and Annual Plan 2023/24.	
	AC/23/126 – Financial Statements Audit Plan for Year Ended 31 July 2023	
58	Committee members received the Audit Plan for year ended 31 July 2022.	
59	Mr Lewis described the work to be undertaken and the responsibilities and remit of the work. The plan set out the timetable and scope of the work.	
60	Mr Lewis referred to the ONS decision on re-classification and confirmed that six bitesize guides had been published. This would result in additional work to be undertaken in relation to value for money and risk.	
61	Committee members reviewed the risks and approach and discussed how the risks had been identified. It was noted that RSM were required to conduct a true and fairness assessment as the ESFA grant funding, management override area in relation to potential bias and judgement and the pension scheme liability; Mr Lewis confirmed that there were some changes in this area last year.	
62	RSM were also required to make an assessment of going concern; to assess the future of the College.	

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63	Mr Lewis explained that RSM would also provide an assessment of the reasonableness of accruals; how this is reviewed and internal challenge in relation to this. Regularity around public sector; had there been compliance with the ONS rules and regulations would also be reviewed and the key assessments around transactions and value for money.	
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70	Mrs Court referred to a conversation following on from last year and questioned the experience of the team who would be working on the audit. Mr Lewis explained that this had been discussed as part of the debrief with Mr Harrison after the last audit. Mr Lewis confirmed that an	Action: Mr Lewis July 2023

Min. No	Minutes	Action
	experienced staff team were in place and provided some assurance around this.	
71	Mrs Court asked about the proposed timescales for the audit and questioned whether there was enough time at the end of the process. Mr Lewis confirmed that the final fieldwork would be undertaken in October, work would be completed week commencing 16 November for the Committee meeting on 23 November. Mr Lewis explained that he was confident that the schedule would be achieved.	
72	Resolved: Committee members approved the Financial Statements Audit plan for Year Ended 31 July 2023.	
73	Mr Lewis referred Committee members to the RSM 'Emerging Issues' publication. In particular, Committee members were referred to information included on ONS reclassification; borrowing and sale of assets, novel and contentious and consent, audit practice changes in relation to management of public money and the corporate governance reviews required. It was agreed that this could be used as checklist around checks and points raised and the sustainability and environmental declaration. Points from Ofsted inspections were also noted.	
74	It was agreed that the 'Emerging Issues' publication would be shared with the Governing body. It was also suggested that this would be reviewed against the risk register to ensure that all emerging issues were referenced. Mr Harrison confirmed that all matters were included within the risk register.	Action: Mrs Taylor-Holmes July 2023
75	Resolved: Committee members received the sector 'Emerging Issues' publication.	
	AC/23/127 Risk Management <ul style="list-style-type: none"> Risk Register 	
76	In relation to the ONS risk; Mr Harrison confirmed that the ONS risk had been added as requested in relation to issues previously mentioned. Mr Harrison described the mitigation in place and the scoring provided.	
77	Mr Harrison referred to the plans to reduce the scoring for three areas, comments were made as follows; major infrastructure failure had been reduced to reflect the investment in IT infrastructure, in relation to the failure to	

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	recruit suitably trained staff, this had been reduced to reflect the introduction of a number of programmes which had seen some moderate improvement in recruitment. Mr Harrison also referred to changes proposed to the risk descriptions to ensure that these are accurate and linked to the risk, for example the loss of income risk being linked to the budget as there was the expectation that the expenditure would reduce in-line with expenditure.	
78	Committee members noted the seven risks with a residual score of ten or above. It was noted that there were no risks with a residual score of above 12.	
79	Mr Harrison commented that six of seven risks were within the remit of the Finance and Resources Committee. It was noted that the Finance and Resources Committee was due to meeting on the 29 June and would be considering the risks. It was suggested that the Committee review the risk appetite and scoring of those risks.	Action: F&R Committee June 2022
80	Mr Reeve commented positively on the improved risk descriptions and asked about the risk appetite for three risks where the risk was appetite was defined as adverse. It was agreed that it would be helpful to RAG rate risk appetite to assess whether the risk was the inside or outside of risk appetite.	Action: Mr Harrison November 2023
81	Mrs Court and Mr Reeve agreed that there could be a more structured update to the progress notes; what is the College doing in relation to the risk appetite and an explanation around the action taken but also a comment around 'what next'.	Action: Mr Harrison November 2023
82	A comment around why the score had been provided and whether the risk was inside or outside risk appetite, if it was outside risk appetite what the College was doing. Following on could be to gain assurance that Committees were reviewing the risks and gaining further assurance, comments or updates from the College as needed.	Action: Mr Harrison / Committees February 2024 (possible as part of the Governor Development session in February)
83	Committee members reviewed risk F12 and the health and safety and agreed that the progress would be updated to confirm that the Committee had reviewed the risks and were comfortable with the update provided.	
84	It was agreed that the Finance and Resources Committee would be asked to confirm that they had reviewed the risk allocated to the Finance and Resources Committee and that they were comfortable with the update provided.	Action: F&R Committee June 2022

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85	It was agreed that the Committees would be encouraged to use the risk register to help support the identification of where further assurance was needed or whether the Committee needed any further input from managers or a deep dive. It was agreed that it would be suggested that this would be a topic for the September Governor development day.	Action: Mrs Taylor-Holmes September 2023
86	In review of the Audit Committee risks; it was suggested that as the Health and Safety was now a separate risk, the Health and Safety aspects would be removed from the non-compliance risk. In discussing the impact of the non-compliance risk, it was suggested that the impact may be reduced should the Health and Safety risk be removed and this would be changed from 4 to 3. Risk appetite remained averse; with controls in place this had been assessed as a 6 within risk appetite. There was a question raised in relation to what the College could do to reduce the risk to a 1 in terms of likelihood. In relation to the risk, it was agreed that a schedule of applicable legislation would be collated and how this was managed; data protection, employment related legislation, equalities legislation, equal pay etc. it was agreed that this would be included and considered against materiality.	Action: Mr Harrison November 2023
87	Committee members reviewed the Fraud risk and the impact of 5, likelihood of 1, it was agreed that this was appropriate.	
88	In relation to the Health and Safety risk, there was a discussion around the likelihood of the risk and the likelihood; 2 – in 2-3 years someone might be killed or seriously injured. It was agreed that this would be reviewed further.	Action: Mr Harrison November 2023
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Min. No	Minutes	Action
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91	Resolved; Committee members approved the items on the risk register with a number of suggestions made.	
	AC/23/128 - Policies	
	<ul style="list-style-type: none"> Health & Safety Policy 2023/24 	
92	Committee members discussed the Policy. It was agreed that information on the governance arrangements including the Link Governor role and the reporting to Board.	Action: Mr Harrison July 2023
93	Resolved: Committee members recommended the Policy to the Board for approval subject to the amendment and approval by other Committee members by email.	
	<ul style="list-style-type: none"> Risk Management Policy 2023/24 	
94	Mr Harrison explained that the Policy had been presented as part of the annual review of the risk appetite for submission to the Board for approval.	
95	It was agreed that Committees would be asked to review risk appetite for each risk against the risk appetite statement at the Governor Development session in September and updates provided to the Audit Committee.	Action: Governor Development Day September 2023
96	Resolved: Committee members recommended the Policy to the Board for approval subject to approval by other Committee members by email.	
	<ul style="list-style-type: none"> Financial Regulations 	
97	Resolved: Committee members noted the content of the Financial Regulations and that these would be presented to the Finance and Resources Committee meeting for approval under the Finance and Resources Committee Terms of Reference.	
	AC/23/129 - External Assurance reports	

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98	Committee members received the regular reports on projects and noted the positive assurance received.	
99	Resolved: Committee members received the external assurance report.	
	AC/23/130 - Deep Dive Proposals for 2022/23	
100	Committee members considered the deep dives and areas of shared interest and agreed that the following would be included;	
101	Audit and risk and risk appetite Sustainability and ESG Business continuity planning Cyber security joint with F&R	
102	It was agreed that the above would be included in the Governor Training and Development Plan, which would be developed in conjunction with the Search & Governance Committee and Board.	Action: Search & Governance Committee December 2023
	AC/23/131 - Items to be reported to the Board	
103	Items to be recommended to the Board for approval; <ul style="list-style-type: none"> • Health and Safety Policy 2023/24 • Risk Appetite statement – within Risk Management Policy 	
104	Items to be provided to the Board for information; <ul style="list-style-type: none"> • Health and Safety Annual Report 2022/23 and Development Plan 2023/24 • RSM 'Emerging Issues' publication. 	
105	It was agreed that the following would be reported to the Board for information: <ul style="list-style-type: none"> ➤ Noted the proposed changes to the process for reviewing Policies. ➤ Health and Safety update had been received. ➤ Internal Audit Annual Reports; substantial assurance in relation to the second internal review of the Estates Capital project, positive progress follow-up and received the Sub-contracting (External Assurance) for submission to the ESFA by the end of July 2023. ➤ Progress against Audit recommendations remained good with action agreed in relation to the close of outstanding actions in relation to IT / Disaster Management. ➤ Received and approved the Internal and External Audit Plans. The internal audit plan would be reviewed in year 	

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	<p>in relation to the plan for three additional days which had been 'freed up' by the requirement to complete the Sub-contracting (External Assurance) three-yearly rather than annually.</p> <ul style="list-style-type: none"> ➤ Reviewed the risk register and confirmed work to be undertaken to further improve reporting and consideration by the Committees. Some suggestions had been made in relation to the two risks allocated to the Committee; Health and Safety, likelihood to be considered and in relation to non-compliance with legislation; H&S to be removed, relevant legislation to be included along with an assessment of compliance against the separate legislation. ➤ Financial Regulations had been considered and noted that these were for approval by the Finance & Resources Committee. Noted the changes made to reflect the ONS decision to reclassify. ➤ Pleasing to see positive external assurance report. ➤ Deep dives / areas for focus suggested to be included in the Governor and Board Development Plan. 	
106	<p>AC/23/132 – Dates of Future Meetings</p> <p>Audit Committee – 23 November 2023, 21 March 2024, 20 June 2024</p>	
107	<p>AC/23/133 - Meeting in the absence of Management</p> <p>No issues identified.</p>	

Signed as a true and accurate record

Chair Rachel Court

Date 27 November 2023