

**Minutes of the
Audit Committee
Thursday 16 March 2023
By Zoom
4pm**

Present: Luke Ferebee (Chair)
Dennis Buckley
Matthew Glass
Faheem Mir
Raj Randhawa (Part)

In attendance: Caroline Biddle (CB) Executive Director of HR
Jonathan Creed (JC) ICCA
Pat Jones (PJ) Deputy CEO - Finance
Saeed Keynejad (SK) Director of College Information Services
Stephen Walker (SW) Deputy Director Finance - Control
Rachel Nicol (RN) Group Director of Governance (Minutes)

AC/1/23 Apologies for absence

There were no apologies for absence.

AC/2/23 Declarations of Interest

There were no declarations of interest relevant to the matters on the agenda.

AC/3/23 Matters arising not covered elsewhere on the agenda

The Committee welcomed Faheem Mir to his first meeting of the Committee.

AC/5/23 Follow up on recommendations 2021-2022

The Deputy CEO Finance presented the report outlining items to be resolved including:

-Recommendations around the Data Protection Officer (“DPO”)

-College Information Systems (“CIS”), recording of attendance, action plan and work being carried out.

-Cyber security and recommendations from the audit. Positive progress has been made in establishing authentication and security practices following a number of cyber attacks in the region.

-How realistic are the dates for the GDPR recommendations given the recruitment position? ***PJ will speak to SK as date may need to be pushed back***

The report was noted

AC/6/23 Internal audits

The internal auditor introduced the report and outlined the activity that had taken place including internal audits on:

HR and safer recruitment – The overall conclusion reported was reasonable assurance overall in terms of design and application with the review carried out in context of keeping children safe guidance and own internal guidance

One high priority and 2 medium recommendations were highlighted and the action plan referred to.

Staff training is provided to ensure practices are consistent and compliant with policy. Further work is being done to understand how many staff have gone through the safer recruitment training but assurance given that every interview panel has at least one member who has received the training.

Use of recruitment software Octo was raised. The audit and follow up work by the team has identified anomalies which can result in duplication of scores. Although this was confirmed not to have impacted any appointments due to manual checking it is being resolved to avoid additional work. The system tracks staff through onboarding, although of around 250 staff who were successful at interview and offered employment, not all had completed the onboarding process.

The high priority recommendation related to the monitoring of the single central record (“SCR”), any anomalies identified have been resolved.

The internal auditor commended the positive management responses and timely implementation dates following conclusion of the audit.

Questions centred around:

-Where does Bedford sit in relation to other colleges? It was confirmed that it is very rare to find a SCR absolutely clean and management of gaps once identified was prioritised. The level of gaps, sample size and reasons were discussed (including restricted access to the 6th floor, hybrid records between electronic systems and paper files and resource restrictions) Assurance was taken from the Executive Director of HR that the position has been resolved and a monthly audit is now carried out.

-*Why aren't there checks on social media?* Social media checks have commenced but they don't need to be included in the SCR (but are included on the recruitment check list)

-*How does the risk change with CBC now on board?* The SCR will be added as a separate tab. The Head of HR has carried out an audit and the Executive Director of HR will sample audit the data. All new starters and in progress are being managed by Bedford College.

HR and payroll

The report concluded with a substantial level of assurance and no recommendations. A number of reports have been prepared since the Tresham merger with various transitions.

-*What now happens with CBC?*

CBC had an outsourced payroll service due to run until June 2023 and an implementation plan was under consideration. It was however reported that the outsourced provider refused to fulfill the contract until June without a 3 year contract extension. The College therefore agreed to bring the payroll inhouse from the point of merger. All teams have worked together to bring about an effective attachment of payroll and are confident that payroll will run effectively. Any additional payments required in the short term will be handled the following month or via a one off payment

The report was noted

AC/7/23

ONS decision

The Deputy CEO-Finance presented the report and confirmed the College is now classified as public sector.

The paper highlighted the main issues for colleges including live issues for Bedford College:

-It is considered unlikely currently that the ESFA will take over private debt.

-A number of formula based capital grants have been released and the College did apply.

-Sale of assets and proposals under consideration were highlighted and consideration given to accommodation requirements for students. Any sale proceeds should be retained.

-Severance payments- any relevant cases need to be carefully considered for compliance with managing public money, pension strain and requirement for DfE consent.

-Debt write offs, capped at £250k, with colleges addressing with the ESFA the potential to review the threshold.

-Letters of comfort for subsidiaries, notional cap of £45K.

-Senior pay controls

-Schools purchasing power has been looked at but they haven't tended to get better deals, including with insurance.

-Plans for financial handbook. The College will take part in consultations.

-Consideration of Treasury to move to a 31 March year end and unease of sector. The Deputy CEO Finance has suggested that AoC make an approach to the unions as more staff would be needed in finance to manage the process which will impact on funding available to service the students.

The update was noted and the position will continue to be monitored.

AC/8/23 Update on tender for audit services

Jonathan Creed withdrew for the item

The Deputy Director Finance-Control presented the report.

The current arrangements for internal and external auditors and the regulatory requirements under the Post 16 Audit Code of Practice (the P16ACOP) to retender every 5 years was explained. The last tender for the external auditors was understood to be in 2018.

It was explained that demand for auditors is greater than supply and that to carry out tenders for both auditors in the same year would be challenging.

The Chair provided further insight of the market with audit firms turning down smaller jobs or more complicated jobs

The recommendation was to carry out a tender exercise for external auditors in the current academic year using a framework.

It was explained that P16ACOP doesn't have the same requirement for tender in respect of internal auditors and the recommendation is to review the position for 2024-2025. CBC was confirmed not to have any audits outstanding. It was therefore recommended to retain the internal auditors for the forthcoming academic year.

The Audit Committee confirmed their support for the recommendations to the Corporation as follows:

- 1. That ICCA is retained as internal audit provider for 2023-2024**
- 2. MHA are retained as the financial statements auditors for 2022-2023 with tender to be carried out for 2023-2024 onwards**
- 3. Buzzacotts to conclude CBC accounts and audit for period ending 28 February**

AC/9/23

Key risks

The Deputy Director Finance - Control presented the report and the highest risks including:

-Management capacity, (citing merger, recent or imminent changes in roles such as CEO and Principal Northamptonshire.

-ONS regulations highlighted in previous report.

-CBC monitoring, likelihood of visit post-merger.

-Staff recruitment in the sector, problems recruiting to vacancies

-Pensions, initial triannual evaluation liability now reduced on review to more manageable level.

-Financial control. (impact of cost of living, high energy prices (circa £2m increase).

Discussion centred around:

-Any plans in place to reduce consumption of electricity and costs?

Work is being done, behaviour being monitored as well as peaks and troughs. The College is running some sustainability groups with campaigns going out. The need for systematic action was recognised including, shut downs overnight, movement sensors, LEDS.

It was reiterated that due to the de-carbonisation agenda and reduction of gas use there will be an increase in electricity use. This is being mitigated through use of PV panels, river water heating and further work to mitigate the consumption.

The College is conscious of use by students, the impact on substations and the ability to sell back electricity to the grid where not used.

The Committee further discussed the operation of the pension adjustment, movement and impact of defined contributions.

Raj Randhawa joined the meeting

Opportunities were discussed. It was confirmed the merger has completed and that principals are looking at adult provision and Princes Trust activity and appropriate geographical reach. Local skills events have been planned. Grant bids provide additional opportunities and there has been a successful bid supporting the upgrading of accommodation at Shuttleworth.

The Committee further discussed opportunities around media coverage centred on the merger and financial opportunities.

The Committee questioned how the College look to remove risks from the register and whether the environment generally feels more risky. It was agreed that there is older narrative that will be reflected on but that in general terms it is considered that risks are increasing in the sector, particularly in terms of the financial pressures. Further consideration of how realistic risk assessment is will be considered.

The report was noted

AC/10/23

Aston update

The Deputy CEO presented the report.

A post acquisition 2 year review had been carried out and the table presented set out planned objectives against performance. Information was provided on outcomes, in particular the high level of achievement of students but the financial position now shows marginal losses.

The report set out the history and regulatory changes since Covid in particular the caps on subcontracting within each funding stream posing challenges for progressing work in Northamptonshire. Rules provide that the host is supposed to provide substantial elements of programme and there are restrictions on underwriting of subsidiaries following the ONS determination.

Having reflected on all the changes the Executive proposed that the staff of Aston be transferred to the College and activity moved across. The transfer was confirmed as supported by the Aston Board and the paper had also been shared with the Resources Committee.

Questions included:

-What needs to change to make it more profitable? More support around learners to keep them on programme, support from Director of Apprenticeships and business development team. Aston have already picked up work from other areas of the College. Costs will be managed centrally with savings from payroll and support work being absorbed into College.

-What is the likely reaction on branding? Aston is based in Northamptonshire and the College is currently keeping the brand. Future consideration of this will sit with the Executive Director of Marketing and Student Recruitment.

The Committee supported the recommendation for the transfer from a strategic and risk management point of view.

The report was noted

AC/12/23 Update Data Protection Officer

The Director of College information Services (“CIS”) joined the meeting. The Committee was informed that the DPO has resigned for new opportunities and that the College was in the second round of advertising the post. The Director of CIS had met with some outsourced contractors as there was the likelihood of a gap in support prior to a new appointment.

Questions included:

-Is there any resource or similar responsibility within CBC? The Acting Principal carried out the lead role at CBC

-Is there any internal options? Significant training would be required and it is not believed that we have skills within the group.

-Is this level of resource required? It was not considered that the College had over resourced the data protection function and activities are time consuming including HR requests, audits, process mapping and supporting training and compliance. Other

similar sized college groups are understood to have similar if not greater resource, although potential to combine the role with wider compliance may be considered.

How will the whole remit be picked up under the outsourced arrangement? It will not be a like for like service but the College will have access to a helpdesk service, advice and reporting.

The Committee was updated on the insurance position.

The Audit Committee will be updated at the next meeting.

The update was noted

AC/13/23 Minutes 17.11.22

The minutes of the meeting held on 17 November 2022 were agreed as an accurate record of the meeting.

AC/14/23 Next meeting

The next meeting will take place on Monday 19 June at 4pm