

MINUTES AUDIT COMMITTEE MEETING OF 24 NOVEMBER 2022

(All resolutions passed were the unanimous decision of the Audit Committee members present unless otherwise stated)

Meeting Title	Audit Committee
Date	25 November 2021
Members	Ms K. Driver(KD) Chair Mr L. Linton(LL) Mr M. J. Stone (JS) Ms M. Savage(MS) Mr N. Ratnavel(RN)
In Attendance	Mr M. Cheetham RSM Ms C. Biscoe Buzzacott LLP Mr P. Mayhew-Smith Group Principal / CEO Ms. R. Devan Director of Finance Mr R. Greenaway Deputy CEO Mr D. Thornton Director of Planning & Curriculum Information Services Mrs H Meredith Head of Governance
	The Finance Committee and other governors joined the meeting for Item 2 All governors were invited as Item 2 was convened as a Corporation Meeting
	The meeting took place remotely.
	<i>Item 1 was convened as a combined Finance and Audit Committee and Corporation Meeting so that the External auditors could present their findings at a Corporation Meeting. Item 1 was Chaired by the Chair of the Audit Committee as within the remit of the Audit Committee</i>
1.	2021/22 DRAFT YEAR END ACCOUNTS AND REGULARITY AUDIT CHECKLIST
1.1.1	Reconciliation of Year End Management Accounts to Budget RD presented a Reconciliation of the Year End Management Accounts to Budget and to the Financial Statements for the year ended 31 July 2022 highlighting: <ul style="list-style-type: none"> Education specific EBITDA of £4.852 million (7.42%) was reported for the year. The Financial Health score is 'Outstanding' The Financial Statement Auditors provided an unqualified audit opinion
1.1.2	The report set out a number of reconciliations aimed at providing assurance of the reliability and accuracy of in-year forecasts reported to the Committee during 20221/22 as well as the actual outturn in the July 2022 (year-end) management accounts. Management accounts are reviewed by every meeting of the Finance, Planning and Resources committee and are provided to the Corporation. RD presented a detailed commentary on the variances between budgets and forecasts. This reconciliation provided commentary on the July forecast and actual outturn which was unchanged from that reported in the year end management accounts.
1.1.3	It was resolved to note this reconciliation.
1.2 and 1.3	<u>Financial Statements to 31 July 2022 and Post-Audit Management Report</u>
1.2.1	Members noted that an unqualified audit opinion will be issued. The auditors made no adjustments to the draft Financial Statements prepared by RD. The Post-Audit Management Report was presented by Ms Biscoe, Buzzacott LLP, who highlighted the following:
1.2.2	<u>Public benefit</u> The disclosure that the college, as an exempt charity, needs to make to show how the college is delivering benefit to the public.

1.2.3	<p><u>Going concern basis</u></p> <p>The auditors were satisfied that the Group is a going concern and the Financial Statements are prepared on a going concern basis. In signing the financial statements governors are confirming that they believe STCG is a going concern for at least twelve months from approval of the financial statements. NR asked about the stress testing undertaken by the auditors in relation to going concern and CB confirmed the work undertaken and that college management have modelled scenarios including increases in expenditure.</p>
1.2.4	<p><u>Risk Management</u> is also the responsibility of the whole Corporation</p>
1.2.5	<p><u>Key performance indicators and other disclosures</u></p> <p>There was discussion about reference to the college not having a Reserves Policy. The College's Finance Policy includes a section about the minimum cash at bank figure to be retained at all times but it has no formal Reserves Policy. JM confirmed that the Finance Committee will review next year whether to introduce a formal Reserves Policy.</p>
1.2.6	<p><u>Unqualified audit opinion</u></p> <p>The Financial Statement Auditors' clean unqualified audit opinion is set out on Page 36 confirming that there were no issues with regularity, propriety or compliance.</p>
1.2.7	<p><u>Increase in net assets</u></p> <p>The Group's total reserves increased by £57,824,000 (2021 – £5,199,000) during the year, providing net assets of £72,751,000 at the balance sheet date (2021 – £14,927,000). The significant increase in net assets was due to the £63,174,000 actuarial gain on the LGPS pension liability this year.</p>
1.2.8	<p><u>Adjustments</u></p> <p>Other than presentational amendments which have no impact on the reported results for the year there were no adjustments to the figures.</p>
1.2.9	<p>JM asked about any outstanding matters and CB confirmed that the only outstanding points are usual final items such as receipt of the signed Letters of Representation and confirmation immediately prior to signing the financial statements that no significant events have taken place since the audit that would impact on the financial statements.</p>
1.2.10	<p>CB commended the work done by RD and thanked her for her assistance and KD thanked CB and the team from Buzzacott and RD and the finance team for the huge amount of work involved in the audit.</p>
1.4 1.4.1 1.4.2	<p>LETTERS OF REPRESENTATION for South Thames Colleges Group and KCTC Ltd adopting a standard format were presented by Buzzacott and reviewed. CB confirmed that the Bank had given the confirmations required in relation to covenant compliance.</p> <p>It was <u>resolved</u> to recommend that the Corporation approve the Letters of Representation for South Thames Colleges Group and KCTC Ltd.</p>
1.5 1.5.1 1.5.2	<p>REGULARITY SELF ASSESSMENT QUESTIONNAIRE</p> <p>RD confirmed that the checklist is a template provided by the ESFA completed to inform the work of the regularity auditors.</p> <p>It was <u>resolved</u> to recommend this checklist for signature by the Group Principal / CEO and Chair of the Corporation.</p>
1.6	<p>It was <u>resolved</u> to recommend that the Corporation approve the Post-Audit Management Letters on the year-end accounts 31 July 2022 for South Thames Colleges Group and KCTC Ltd.</p> <p>It was <u>resolved</u> to recommend that the Corporation approve the Financial Statements for year-end 31 July 2022 for South Thames Colleges Group.</p>
	<p><i>The members of the Finance, Planning and Resources Committee and other governors left the meeting at 7.15pm</i></p>

	<i>at which point there was a 10-minute comfort break. The meeting resumed at 7.25pm.</i>			
2.	WELCOME, APOLOGIES			
2.1	Apologies were received from Cllr Akinola. The Group Principal / CEO attended the meeting at the invitation of the Audit Committee. New members (LL and MS) were welcomed to the Committee and introduced to the rest of the committee.			
2.2	DECLARATION OF INTEREST Members confirmed that they did not have any new pecuniary or other interest in any item on the agenda other than interests which have previously been declared .			
2.3	INTRODUCTION TO THE ROLE OF THE AUDIT COMMITTEE FOR NEW MEMBERS KD welcomed the new members to the Committee and gave a brief introduction to the way in which the Committee works, encouraging new members to ask questions and not to be afraid to challenge and cross-check information provided to them.			
3.	REVIEW OF BOARD ASSURANCE RISK AREAS (PART 1) KD highlighted Risks 17, 17a and 22 which are allocated to the Audit Committee to review under the Board Assurance Framework to keep in mind during the meeting. These cover: Financial or reputational loss due to non-compliance with expectations and requirements of funding bodies and other regulators as well as fraudulent activities within and outside the Group			
4.	ELECTION OF CHAIR AND VICE-CHAIR			
4.1	Election of Chair Ms Driver was elected as Chair of the Committee			
4.2	Election of Vice-Chair Ms Savage was elected as Vice- Chair of the Committee.			
5.	MINUTES OF LAST MEETING 21 JUNE 2022 AND MATTERS ARISING			
5.1	<u>Accuracy.</u> The minutes were accepted as an accurate record by those present at the meeting to be signed by the chair.			
5.1.1				
5.1.2	<u>Matters arising</u> Members noted the following updates on the Action Log:			
	Committee to review how to deal with another IA tender in the future- possibly as part of committee TOR.	HM	Nov 2022	Needs to be reviewed
	Risk Register to include Risks 20 and 21	RG	June 22	Actioned
	Curriculum Development IA report to go to next meeting	RSM	Nov 22	Agenda Item 6.2
	RG to discuss the Amber Rag rating of progress on the Apprenticeship QIAP with the team and feedback to the Committee	RG	Nov 22	Actioned
	MC offered to share benchmarking/advice from ESG colleagues.	RSM	Nov 22	Ongoing
	Learner Journey IA to be moved to November/ December	RSM	Nov 22	Actioned
	Add payroll to the Key Financial Controls audit.	RSM	Spring 23	Actioned
	MC agree to ask RSM's counter-fraud team about any other action needed by the college re counter-fraud	RSM	Nov 22	See Briefing
	It was resolved to note the minutes.			
6.	AUDIT REPORTS AND RECOMMENDATIONS			
6.1.1	PREVIOUS AUDIT RECOMMENDATIONS TRACKER REPORT A Tracker Report of previous Audit Recommendations was presented by RG . There was just one outstanding recommendation. MS asked about recommendations from the June 2022 Quality Assurance review and RG will check and add any recommendations from that review to the Tracker.			
6.1.2	It was resolved to note the report.			

6.2	CURRICULUM DEVELOPMENT INTERNAL AUDIT REPORT The report identified two 'Medium' priority actions relating to
6.2.1	Centralised assessment of occupational and curriculum needs: Assessment of regional demand for courses is currently completed in each curriculum area/College without a central review. This may lead to a lack of challenge or joined up thinking in course provision. JS commented on the need for the processes linking together employer needs, evaluation of those and demonstration that the Group is acting on this to influence curriculum plans to be more transparent. RG reported on the report on market analysis work and the use of this by curriculum areas for curriculum planning made to the Governors' awayday.
6.2.2	Inconsistencies in performance against plan across the Group: The Group continues to see actual performance below that planned, with variations between the colleges. If these variations are not understood, appropriate remedial action cannot be put in place to address shortfalls in performance.
6.2.3	It was resolved to note the Report.
6.3	INTERNAL AUDIT ANNUAL REPORT 2021- 2022
6.3.1	Mr Cheetham, RSM, presented the Annual Internal Audit Report for the year 2022-22 which set out the following overall amber/ green opinion: <i>"The organisation has an adequate and effective framework for risk management, governance and internal control.</i> <i>However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. "</i>
6.3.2	KD asked if this was what MC would expect to see for an organisation the size of STCG. KD asked about any issues that the Committee should give more focus to and MC highlighted that from a financial risk perspective the committee will need to review the impact of any decision by the ONS to re-classify colleges into the public sector and whether to make any changes to the Internal Audit programme as a result. HM suggested that making changes to the 2022-23 Audit Programme at the end of March will be quite late to make changes to the current year's audits. PM-S suggested holding a briefing session for the Corporation in January to explore the impact of any changes further.
6.3.3	It was resolved to recommend the Internal Audit Annual Report 2021-22 to the Corporation.
7.	PRESENTATION ON MIS ASSURANCE CONTROLS
7.1	DT gave a presentation on action taken by the MIS team during 2021-22 in relation to ILR assurance reporting and compliance controls. The report highlighted the overarching strategies for ensuring compliance including: <ul style="list-style-type: none"> • Culture • Policy and procedures • Staff Training • Systems and reporting • Audit
7.2	Key controls used by the Group include: <ul style="list-style-type: none"> • ESFA / GLA funding software - DSAT, FRM reports • In-house compliance reports – suite of purpose-built reports • SCORE – data validation and funding maximization • ProAchieve – curriculum data checking • Compliance Monitoring and Progress (CMAP) • Internal audits • External funding audits

7.3	<p>In response to KD asking for evidence of how confident the committee can be in the controls. DT confirmed that</p> <ul style="list-style-type: none"> the Group has seen improved levels of funding compliance in all areas this was validated by internal and external audit outcomes including clean external funding audit outcomes in 2015, 2018 and 2021 therefore, the overall risk rating has reduced from medium to low
7.4	<p><u>Compliance Monitoring and Progress (CMAP).</u></p> <p>KD and JS asked about the impact of the CMAP internal monitoring process introduced last year. JS asked about problems with compliance with AEB at South Thames College last year. DT confirmed that problems with unmarked registers there saw a rapid improvement by December 2021 as a result of the CMAP process.</p> <p>KD asked about the sharing of findings from CMAP meetings internally to improve compliance across the Group. DT reports on any non-compliance issues monthly to the GLT and between CMAP meetings is in regular contact with Heads of Schools about compliance issues. As a result, there has been a positive impact on compliance. .</p>
7.5	<p>The Chair thanked DT for this presentation and asked him to thank the MIS team for all their work.</p>
8.	<p>GENERAL DATA PROTECTION REGULATIONS</p>
8.1	<p>The Director of MIS presented an update Report on GDPR implementation. The Committee noted that staff training on GDPR is mandatory for all staff.</p>
8.2	<p>There was one reported potential breach in the last 12 months. This was assessed in line with the ICO breach toolkit and no further external action was required.</p>
8.3	<p>It was <u>resolved</u> to note the Report.</p>
9.	<p>COUNTER-FRAUD</p>
9.1	<p>The Committee received the Fraud Register for South Thames Colleges Group with two reports about matters which are both under investigation.</p>
9.2	<ol style="list-style-type: none"> One was an incident of alleged fraud when a staff member marked students as present in lessons but allowed students to leave the college The report also contained an update on matters reported in March 2022
9.3	<p>It was <u>resolved</u> to note the Fraud Register.</p>
10.	<p>WHISTLEBLOWING REPORT</p>
10.1	<p>HM reported that a whistleblowing report had been received since the last meeting and that the allegations are being investigated for the college by the internal auditor service, RSM who hope to conclude their investigation by December 2022.</p> <p>It was <u>resolved</u> to note this report.</p>
10.2	<p>REVISED WHISTLEBLOWING POLICY RE EXAMS</p>
10.2.1	<p>HM presented a revised Whistleblowing Policy incorporating some changes relating to exam malpractice and extending the policy to apply to students because the 22/23 JCQ General Regulations require approved exams centres to have a written whistleblowing policy available which covers malpractice/maladministration relating to exams.</p>
10.2.2	<p>In addition to the changes proposed to the Whistleblowing Policy the College will add a detailed Appendix on Whistleblowing to the College Exams policy as Appendix 6 and it was agreed that HM should also cross reference that Appendix in the revised STCG whistleblowing policy.</p>
10.2.3	<p>It was <u>resolved</u> to recommend the revised Whistleblowing Policy for approval.</p>

<p>11. 11.1</p> <p>11.2</p>	<p>BOARD ASSURANCE AND RISK MANAGEMENT</p> <p>RG presented the Group Risk Register. The committee assessed the risks allocated to it (Risks 17, 17a and 22)</p> <p>Risk 17 covers failure to comply with the procedures and regulations connected to learner funding as set out by each funding body including the utilisation of expected compliance processes such as PDSAT. The presentation by the Director of MIS to the meeting had given the committee opportunity to raise questions in relation to this. NR asked whether the risks relating to declining student numbers are weighted according to the proportion of students in each area of provision. RG confirmed that the risks are weighted according to their financial impact.</p> <p>After discussion it was resolved that the Committee was satisfied that the risk level for each of the risks is correct and that sufficient controls and/or actions are being taken to manage the risks.</p>
<p>11.2</p> <p>11.2.1</p> <p>11.2.2</p>	<p>REPORTS FROM CORPORATION COMMITTEES UNDER BOARD ASSURANCE FRAMEWORK</p> <p>HM presented a report from Corporation Committees with extracts from their minutes this term in relation to their review of the risks delegated to them. The committee reviewed the assurance provided by each committee including a report from HM from the Finance Committee which had met immediately before the meeting. The HE Committee had flagged as a potential risk a change taking place from 1 April 2023 in relation to the Quality Assurance of Higher Education when the HE Regulator, the OFS, takes over HE Quality Assurance from the QAA. RG confirmed that the GLT is keeping this under review.</p> <p>After discussion, it was resolved to recommend the Risk Register for approval to the Corporation.</p>
	<p>CONFIDENTIAL SESSION</p> <p>The Audit Committee and auditors held a very short closed session to allow auditors to raise any matters of concern directly with the Committee.</p> <p>The Auditors and Committee confirmed that they had no matters of concern.</p>
<p>12.</p> <p>12.1.1</p> <p>12.1.2</p>	<p>SELF ASSESSMENT AUDIT COMMITTEE'S ANNUAL REPORT 2021/22</p> <p>The annual report of the Audit Committee is written for the Corporation and the Group Principal as the accounting officer of the College and must offer an opinion from the Audit Committee to both the Corporation and Accounting Officer.</p> <p>The Committee received and reviewed the draft Annual Report for the work of the South Thames Colleges Group Audit Committee. The following opinion was agreed:</p> <p>As specified in the Post 16 Audit Code of Practice (JACOP) the Audit Committee advises the Corporation on the adequacy and effectiveness of the Corporation's assurance framework. This is done through reports it recommends and refers to the Corporation throughout the year, reporting back by the Chair of the Committee and the submission of its minutes for consideration by the Corporation.</p> <p>There are no matters that the committee wishes to bring specifically to the attention of the Corporation, based on the information provided to them by the College; the work, reports and audit opinions of South Thames Colleges Group's Internal and Financial Statement & Regularity Auditors; and the opinions and assurances received from South Thames Colleges Group Corporation Committees, the Audit Committee's opinion is that that South Thames Colleges Group's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, value for money, solvency, and the safeguarding of assets are adequate and effective and that the</p>

<p>12.1.3</p> <p>12.1.4</p>	<p>Corporation should have confidence in relying upon them. The Committee is satisfied that where weaknesses are identified they have been responded to in an appropriate and timely manner. There have been no instances of material irregularity. The Committee is satisfied that the funds administered by the College for specific purposes have been properly applied and managed in accordance with relevant legislation and that the expenditure disbursed and income received during the year ended 31 July 2022 has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.</p> <p>The Committee is satisfied with the financial reporting of South Thames College Group and the performance of the internal and financial statement & regularity auditors.</p> <p>The Audit Committee considers that South Thames Colleges Group Corporation's responsibilities have been satisfactorily discharged and recommends this report to the Corporation.</p> <p>It was resolved to recommend the Annual Report for approval by the Corporation and the Chair of the Audit Committee was authorised to sign and date the annual report on behalf of the Audit Committee (subject to finalising this up to the date of the report) to provide the assurance required by the Corporation.</p> <p>The Chair thanked the HM for preparing this.</p>
<p>12.2</p> <p>12.2.1</p> <p>12.2.2</p> <p>12.2.3</p> <p>12.3</p> <p>12.3.1</p> <p>12.3.2</p> <p>12.3.3</p> <p>12.3.4</p>	<p>TERMS OF REFERENCE & SELF ASSESSMENT OF WORK OF COMMITTEE 2021-22</p> <p><u>Terms of Reference</u> Members considered the committee's Terms of Reference and it was agreed to recommend these for approval without amendment.</p> <p>It was resolved to recommend the Terms of Reference attached to these minutes) for approval by the Corporation.</p> <p><u>Planned Business for the Year</u> It was resolved to agree the revised Planned Business for the year as attached to the Audit Committee Annual Report.</p> <p>SELF ASSESSMENT OF WORK OF COMMITTEE FOR 2021-22</p> <p>The Committee considered a checklist of questions to prompt their self-assessment of the committee's effectiveness for 2021-22.</p> <p>The Committee held additional meetings last year in relation to the internal audit tender and this was carried out effectively. More thought might need to be given to the way in which the November meetings are run as holding Finance and Audit Committees back to back impacts on the time spent on Finance matters.</p> <p>HM asked whether the Committee would like any of its meetings to be held in person this year but the Committee preferred to keep these as virtual meetings as an effective use of time.</p> <p>Lewis Linton was attending his first meeting as a Co-opted Member having replaced Andrew Roberts and two governors had been appointed to replace governors who left the Corporation during the year.</p>
	<p>The External and Internal Auditors (CB and EG) left the meeting at 8.50pm</p>
<p>13.</p> <p>13.1.1</p>	<p>ANNUAL REVIEW OF PERFORMANCE OF FINANCIAL STATEMENTS AND REGULARITY AUDITORS</p> <p>The Committee undertook the annual assessment of the performance of the Financial Audit and Regularity Audit Service against agreed Performance Indicators.</p>

13.1.2	It was resolved to re-appoint Buzzacott to provide a financial audit and regularity audit service for the College Group for the period 01 August 2022 to 31 July 2023.			
13.1.3	RD asked whether the external audit needs to be put out to tender again in 2023. HM thought that the ACOP requires a re-tender every 5 years (ACOP para 29). Therefore, the external audit will need to be put out to tender again in 2026 for year ending 31 July 2026.			
	REPORTS NOTED <ul style="list-style-type: none">• Post-16 audit code of practice 2021 to 2022 Update September 2022• RSM Briefing: Post–16 Audit Code of Practice –A Fraud Focus			
Date of Next Meeting	<p>The next meeting was scheduled to take place on Monday 20 March 2022 @ 6:30pm. However, the Chair asked , if possible, for the date of the meeting to be moved. HM will try to find a new date following the meeting</p> <p>The meeting closed at 8.58 pm.</p> <p>Signed:Date:.....</p>			
Action points		Responsible	Deadline	Signed off
From this meeting				
1.	Committee to review how to deal with another IA tender in the future-possibly as part of committee TOR.	HM	March 2023	
2.	RG to discuss the Amber Rag rating of progress on the Apprenticeship QIAP with the team and feedback to the Committee	RG	??	
3.	MC offered to share benchmarking/advice from ESG colleagues.	RSM	??	
4.	RG will check and add any recommendations from the QA review (June 2022) to the Tracker.	RG	Dec 22	
5.	Review the impact of any decision by the ONS to re-classify colleges into the public sector and whether to make any changes to the Internal Audit programme as a result.	HM	Jan 23	
6.	Try to find a new date for the March 2023 Audit Committee meeting	HM	Jan 23	

AUDIT COMMITTEE TERMS OF REFERENCE

BACKGROUND

- 1.1 In fulfilling the requirements of its funding bodies the Corporation is required to appoint an Audit Committee.
- 1.2 The Audit Committee is a Committee of the Corporation and is not to be seen as an executive arm of the College. The role of the committee is to provide an independent view to the Corporation, on the Group's audit arrangements and systems of internal control and to provide an opinion as to whether it is operating in an economic, efficient, and cost-effective manner.
- 1.3 In advising the Corporation the Audit Committee is to make full use of the professional advice available from the financial statements, regularity and other audit and assurance providers.

AIM

- 2.1 This document sets out the terms of reference under which the members of the Audit Committee will carry out their duties.

DUTIES

Audit Committee Opinion

- 3.1 To produce an Annual Report for the Corporation and the College Accounting Officer, summarising the committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report. The report must include the Committee's view of its own effectiveness and how it has fulfilled its Terms of Reference. The report must provide the Corporation with a separate opinion on the adequacy and effectiveness of its organisation's systems of internal control and its arrangements for risk management, control, and governance processes, and securing economy, efficiency, and effectiveness (value for money).

Financial Statements and Regularity Auditors and Internal Audit Service

- 3.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors, internal audit service and other assurance providers, and to advise the Corporation on the scope and objectives of their work and establish that all such assurance providers adhere to relevant professional standards. The Group will retender the external audit service regularly, ensuring that this happens at least every five years though this may not necessarily lead to a different firm of auditors being appointed.
- 3.3 To consider and advise the Corporation on the annual audit strategy and audit plans for the IAS and consider and advise the Corporation annually whether there is a need for an internal audit function and if so, its remit and level and focus of internal audit activity.
- 3.4 To review the annual planning document of the financial statements and regularity auditors and approve the planned audit approach.
- 3.5 To advise the Corporation on matters of internal control and other issues included in the management letters and reports of the financial statements and regularity auditor and management's responses to these.
- 3.6 To consider any additional services delivered by the financial statements and regularity auditors or other assurance provider and ensure appropriate independence and objectivity is maintained taking into consideration relevant UK professional and regulatory requirements.
- 3.7 To meet with the external and internal auditors without management present, at least annually.
- 3.8 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the Financial Statements Auditor's management letter.
- 3.9 To review, in conjunction with management, the performance of the financial statements and regularity auditors and internal audit service on an annual basis and decide, based on this review, whether a competition for price and quality of the audit service is appropriate.

Sub-contracting Reports

- 3.10 To consider and advise the Corporation on independent assurance reports on subcontracting arrangements of the Group.

Board Assurance Framework and Risk

- 3.11 To consider and advise the Corporation on an annual review of the Board Assurance Framework to provide assurance of effective internal control and to review the adequacy and robustness of risk registers.

Other reports

- 3.12 To consider and advise the Corporation on relevant reports, for example by the National Audit Office (NAO), the Education and Skills Funding Agency (ESFA), other funding bodies and where appropriate, management's response to these.

Fraud and whistleblowing

- 3.13 To oversee the policies on fraud and irregularity and whistleblowing of the College Group, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity; that investigation outcomes are reported to the Audit Committee; that the external auditors have been informed, and that appropriate follow-up action has been planned / actioned, and that all significant cases of fraud or suspected fraud or irregularity are reported to the Chief Executive of the appropriate funding body.

Recommendation for approval of Financial Statements

- 3.14 To consider and recommend, together with the Finance, Planning and Resources Committee, the Annual Financial Statements of the College Group to the Corporation for approval.

Other investigations

- 3.15 To review or investigate any other matters referred to the Committee by the Corporation.

DELEGATED AUTHORITY

- 4.1 The Audit Committee has authority to:

- 1 appoint co-opted members (maximum 2) as required to meet the need for specific additional experience.
- 2 commission an investigation of any activity within its Terms of Reference and to do so has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit;
- 3 Obtain appropriate external advice when considered necessary.

- 4.2 Additional authority to be delegated by the Corporation when so resolved.

MEMBERSHIP

- 5.1 The Audit Committee is to comprise at least three members and no more than eight. Members of the Audit Committee may not also serve on the Finance Committee of the Corporation. The Committee can appoint up to two co-opted members. The Audit Committee must include at least one person, whether a governor or a co-opted member with recent and relevant accountancy, or audit and assurance, experience.
- 5.2 The Corporation Chair, the Head of Governance, the Group Principal / CEO, and other senior management staff may not be members of the Audit Committee. The Deputy CEO, Finance and Resources and Finance Director will attend all meetings of the committee and other senior managers may be invited to attend meetings as required.
- 5.3 Members of the Audit Committee will need to meet the independence requirements of the Corporation and to adhere to the Code of Conduct in place for governors and committee members.
- 5.3 The Audit Committee may co-opt advisers to attend meetings but must ensure that it maintains its independence when considering the appointment of members. Other members of the Corporation may, by invitation, attend Audit Committee meetings. These persons may speak and otherwise take part in the meeting on a consultative basis, but co-opted members would not normally be eligible to stand as Chair of the Committee.

- 5.4 There will be at least an annual *in camera* session with representatives from both external and internal auditors at which the Group Principal/ CEO and all staff and students will be asked to withdraw.

MEETINGS

- 6.1 The committee shall meet at least three times a year.

QUORUM

- 7.1 A quorum of the Committee shall be three members so long as there are at least two members present who are members of the Corporation.

CHAIR

- 8.1 The Committee members shall annually elect a Chair and Vice-chair at the first meeting of the academic year. No person may act as Chair unless they are also a member of the Corporation.

VOTING

- 9.1 Voting at meetings will be determined by a show of hands.
- 9.2 Co-opted members will have full voting rights.
- 9.3 The names and votes of members shall not normally be recorded in the minutes, but any member may request that his or her vote or abstention be recorded.
- 9.4 In the case of an equality of votes, the Chair of the meeting will have a second or casting vote.

CLERK

- 10.1 The Head of Governance shall act as Clerk to the Committee.

REPORTING RESPONSIBILITIES

- 11.1 The Chair of the Committee shall report formally to the Corporation on the proceedings of the Audit Committee after each meeting on all matters within its duties and responsibilities.
- 11.2 The Audit Committee shall make whatever recommendations it deems appropriate to the Corporation on any area within its remit where action or improvement is needed.
- 11.3 The Audit Committee shall draw any significant recommendations and matters of concern to the attention of the Corporation.

Reviewed November 2021
Next Review November 2022

AUDIT COMMITTEE

PLANNED BUSINESS FOR THE YEAR

AUDIT COMMITTEE	Winter 2022	Spring 2023	Summer 2023
Recurrent Matters			
Apologies	*	*	*
Election of Chair	*		
Minutes	*	*	*
Matters arising from the minutes	*	*	*
Terms of reference & Membership	*		
Planned Business for Year	*		
Financial Statements Auditor			
Financial Statement Audit Findings Report	*		
Review of Performance of FSA and establishment of annual performance indicators for the following year and annual re-appointment	*		
Internal Auditor			
Annual Internal Audit Plan	*		
Review of performance of internal audit service and establishment of annual performance indicators for next year and start of tender process for appointment of internal audit service	*		
Tender panel presentations and recommendation for appointment of internal audit service		*	
Annual Report	*		
Reports on reviews and progress update	*	*	*
Tracker Report on previous recommendations	*	*	*
Other Matters			
Recommendation of approval to Corporation of Annual Financial Statements	*		
Risk Management Reports	*	*	*
Fraud Register	*	*	*
Board Assurance Framework reports	*	*	*
Annual Report to Corporation	*		
Business Plan Issues	*	*	*
Date of Next Meeting	*	*	*