



MINUTES OF THE AUDIT COMMITTEE MEETING

Tuesday 14th November 2023 at 6.00pm
Meeting held via Microsoft Teams

Present:

Mark Nelligan (Chair)
Andy McVeigh
Stephanie Fudge
Natasha Meade
Sophie Cook
Emma O'Brien

Scott McCready – Internal Auditor, Wylie Bisset
Tom Beswick – External Auditor, Buzzacott

Stephanie Wiles, Director of Finance and Estates (Advising Officer)
Dan Hards, Principal (Advising Officer)
Daniel Loughlin, IT Director (Advising Officer)
Catherine Davies, (Clerk)

1. REGISTER OF INTERESTS

There were no declarations of business interests.

2. APOLOGIES FOR ABSENCE

Apologies were received and accepted from Jane Duscherer.

3. DRAFT REPORT AND FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31ST AUGUST 2023

The Director of Finance and Estates gave a brief overview of the accounts and noted that Buzzacott had recommended some presentational adjustments, for example the showing of Depreciation in Note 17.

The Chair asked the Director of Finance and Estates to comment on an actuarial gain on the defined benefit pension schemes (page 31) and following a discussion it was agreed that the Director of Finance and Estates would follow up after the meeting with more information regarding the gain (Note 24 in the Notes to the Financial Statements for the period ended 31 August 2023).

The Chair commented on the excellent set of results and thanked the Director of Finance and Estates for her work.

ACTION: Director of Finance and Estates to follow up after the meeting with more information regarding the gain (Note 24 in the Notes to the Financial Statements for the period ended 31 August 2023).

The Committee recommended the draft Report and Financial Statements for the financial year ended 31 August 2023 to the Board of Trustees subject to the clarification by the Director of Finance and Estates regarding the actuarial gain on the defined benefit pension schemes.

4. POST AUDIT MANAGEMENT REPORT AND LETTER OF REPRESENTATION 31ST AUGUST 2023

Mr Tom Beswick introduced the Post Audit Management Report and thanked the Director of Finance and Estates and her team for their assistance in a smooth audit process. Mr Beswick made the following points:

- The outstanding items to be completed included the receipt of the letter of representation, the Academy Trust's going concern assessment to be approved and signed on behalf of the Trustees and confirmation that no significant events have taken place since the time of the audit and the signing of the financial statement.
- No significant issues were raised during the audit.
- A presentational amendment was made in relation to the Teachers' Pension grant.
- An improvement point in relation to the disclosure of depreciation of fixed assets was made by the auditors to the Finance team.
- The benchmarking data regarding revenue reserves, financial ratios, and payroll as a % of operational income was highlighted. (The College was benchmarked against other academy trusts Buzzacott work with).
- Mr Beswick gave an overview of developments in the sector including possible changes in 2027 to the treatment of operating leases in account reporting and employer's contribution to the Teachers' Pension Scheme increasing in 2024 (with an expectation that it will be funded for the first 2 years).

The Chair thanked Mr Beswick for his comprehensive report and the useful benchmarking insight.

The Chair turned to the Letter of Representation and asked Mr Beswick for clarification regarding the actuarial assumptions underlying the valuation of the defined benefits pension scheme. Mr Beswick replied that the assumptions were benchmarked and were similar to other academies and the liability becoming a surplus is a trend that has been seen across the sector this year.

A Trustee added his thanks and commented on the comprehensive report. He asked if in the future the audit finding section could be colour coded to indicate the level of risk.

The Committee approved the Post Audit Management Report and Letter of Representation to the Board.

(Tom Beswick left the meeting).

5. MINUTES OF LAST MEETING HELD ON THURSDAY 8TH JUNE 2023

The minutes of the previous meeting of 8th June 2023 were approved as an accurate record.

6. MATTERS ARISING

There were no matters arising.

7. AUDIT COMMITTEE INTERNAL AUDIT SCRUTINY REPORT

Mr Scott McCready introduced the internal audit scrutiny report which stated the auditor is of the opinion that the College has adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives and has proper arrangements to promote and secure value for money.

Mr McCready then turned to the areas of audit undertaken in 2022/23. The audit findings in the areas of Budgetary and Financial Reporting, Student Recruitment and the Follow up Review were graded Strong and in IT System the finding was graded Substantial. (Mr McCready confirmed the grading scale is from Strong, Substantial, Weak to No).

The report is in draft form until a written response from the College is received regarding the IT System report. (See Point 11 in the Minutes).

Mr McCready thanked the Director of Finance and Estates and her team for their help in the internal audit process.

The Committee approved the Internal Audit Scrutiny Report but noted it is in draft form with the IT System written response from the College outstanding.

(Scott McCready left the meeting).

8 STRATEGIC RISK REGISTER UPDATE

The Principal introduced the risk register and commented that he would be revising the format of the document later in the academic year.

Failure to Respond Effectively to Ofsted - The Committee agreed to keep the gross and net scores unchanged.

Continued Need to undertake Catch Up post pandemic – The Committee agreed to reduce the gross and net scores due to the strong results in recent external examinations and achieving ALPS grade 3.

Over-recruitment putting strain on capacity – The Principal noted that a business case for building new classrooms is being put forward to the Finance and Estates Committee. The Committee agreed to keep the gross and net scores unchanged but to be reviewed at the next meeting.

BTEC Qualifications to be reduced by August 2025 - The Committee agreed to keep the gross and net scores unchanged.

Failure to ensure students are over 580 GLH – The Committee agreed to reduce the gross and net scores.

NEW Student misuse of AI in A Level non-examined assessments and internal BTEC assessments - The Principal noted he has added this new risk in the capacity of the curriculum and malpractice from students in non-examined course work. The Committee agreed to the gross and net scores.

Community Relations - The Committee agreed to keep the gross and net scores unchanged and discussed global news events and role of the Prevent strategy and action plan at the College.

Changes to staff terms and conditions – The Committee agreed to reduce the gross score.

Cyber Attack – The IT Director gave an overview of the Cyber Essentials certification achieved again this year. The new requirements for achieving Cyber Essentials CE this year are not practical and due to the cost and lack of feedback given when the certificate is achieved, the College is currently considering an alternative bespoke approach.

ACTION: The Chair asked for follow up at the next meeting regarding the alternative bespoke approach for testing the IT system in the event of a cyber attack.

Industrial Action – The Committee agreed to keep the risk but reduce the gross score to amber and the net score to green.

Teacher Recruitment - The Committee agreed to keep the gross and net scores unchanged.

Inexperience of new SLT – The Committee agreed to reduce the gross risk to 9 and the net risk to 6.

The Committee approved the Strategic Risk Register.

9 DISASTER RECOVERY REPORT OCTOBER 2023

The IT Director reported there were no notable cyber attacks this year apart from the serious breach to LastPass in the Summer of 2022 which was reported to customers in December 2022. Action was taken by the IT Department to ensure passwords remain secure.

10 DATA PROTECTION REPORT OCTOBER 2023

The IT Director reported that there were 5 incidents for the academic year 2022-23, two incidents rated 2, two incidents rated 1 and one incident rated 0.

11 MANAGEMENT RESPONSE TO THE IT SYSTEM REPORT

The IT Director briefed the Committee that the internal auditor has requested a written response in reply to their recommendation of formal IT testing to ensure the solutions in place are robust and working properly. The IT Director gave the Committee a detailed outline of why the testing requested is not possible without purchasing expensive hardware. The Chair clarified the situation with a summary as follows:

- The IT Department already carries out independent tests in isolation, but it is not currently possible to carry out a full one-off disaster situation test as requested by the internal auditors.
- The level of testing requested by the internal auditor is not requested by auditors at other S7 Colleges and benchmarking data has not been provided to back up the request.

The IT Director agreed with the Chairs' summary.

The Committee agreed on the following:

ACTION: The IT Director will write to the internal auditor in time for the Internal Audit Scrutiny Report deadline outlining the steps the College currently takes to test the IT system and why it is viewed as adequate. The College will explore the cost of having an independent review of the current testing programme.

12 ANY OTHER BUSINESS

None

13 DATE OF NEXT MEETING

Thursday 6th June 2024

*The meeting closed at 7.28pm
Attendance was 86%*

Signed.....

Date.....

SUMMARY OF ACTIONS

A1-001	Director of Finance and Estates to follow up after the meeting with more information regarding the gain (Note 24 in the Notes to the Financial Statements for the period ended 31 August 2023).
A1-002	The Chair asked for follow up at the next meeting regarding the alternative bespoke approach for testing the IT system in the event of a cyber attack.
A2-003	The IT Director will write to the internal auditor in time for the Internal Audit Scrutiny Report deadline outlining the steps the College currently takes to test the IT system and why it is viewed as adequate. The College will explore the cost of having an independent review of the current testing programme.

SUMMARY OF GOVERNOR CHALLENGE [C] / SUPPORT [S]

C/S	Minute	Topic
S	3	The Chair commented on the excellent set of results and thanked the Director of Finance and Estates for her work.
C	3	The Chair asked the Director of Finance and Estates to comment on an actuarial gain on the defined benefit pension schemes.