

**CORPORATION OF HULL COLLEGE
AUDIT COMMITTEE**

**Public Minutes of the meeting
held 7th December 2022 via Teams**

MEMBERS PRESENT:	Ally Brooks David Flatters Rachel Storr	Governor and Chair of Audit Committee Governor Governor
IN ATTENDANCE:	Rosalind Armstrong Debra Gray Richard Lewis Catherin Sykes Gino Tommasi Lesley Venables	Audit One (Internal Auditor) Principal/CEO RSM (External Auditor) Director of Governance Designate (observer) Vice-Principal (Finance & Corporate Services "VP(F&CS)") Interim Director of Governance
Min. No.		
20	APOLOGIES FOR ABSENCE Apologies for absence were received from Wayne Brown (Audit one – Internal Auditors).	
21	DECLARATIONS OF INTEREST RELEVANT TO THE AGENDA Declarations of interest were received from Catherine Sykes in respect of her current employment at Bishop Burton College where Richard Lewis from RSM was the internal auditor.	
22	MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 21ST SEPTEMBER 2022 Resolved - That, the minutes (Parts 1 and 2) of the meeting held on 21 st September 2022 be approved as a correct record and signed by the Chair.	
23	MATTERS ARISING Governors received an update on the actions identified at the previous meeting and noted that the majority of these had either been completed or were in progress. It was agreed that at the next meeting the Committee would receive a report on compliance reviews as part of the College's Risk Strategy. A governor commented that this had been scheduled originally for February 2022 and was advised by the VP(F&CS) that the underpinning work could not be completed until the funding audit was finalised, so that any outcomes of the latter could be incorporated into the action plan. An audit working group had been established by the College and some sampling carried out, with a schedule of audits over the next 3 to 4 months set out in the report to the next Committee meeting.	
24	FOLLOW-UP 2021/2022 The Internal Auditor presented a report on the follow-up work on recommendations made in 2021/2022. A total of 36 recommendations had been identified, 26 of which had been fully implemented, 1 of which was partially implemented and 2 of which had been superseded. The remaining 7 recommendations were yet to be implemented – 5 had been graded as 'medium' priority and 2 as 'low' priority. The Internal Auditor felt that this demonstrated a good level of progress. Governors were informed that an audit working group had been established across the College, which would meet on a monthly basis and ensure that recommendations were enacted appropriately and that supporting evidence was available. Any extensions to the deadlines identified for implementation required approval from EMT and it was hoped that these more robust processes would feed through into the reports submitted to the Audit Committee, providing it with higher levels of assurance.	

	<p>The Chair congratulated the management team for this greater transparency but commented that the Committee would expect there to be extenuating reasons for any deferral of action deadlines.</p> <p>In response to a member's question, the Principal confirmed that the whole of the Executive Management Team (EMT) would make any such decision and their findings would be reported to the Committee. The Internal Auditors would also continue to report on the level and rate of progress against any recommendations. It was agreed that in future the EMT for each area under review would be present at the Audit Committee meeting where these reports were considered, which would enable them to deal with any questions from governors and also demonstrate their ownership of the recommendations.</p>
25	<p>INTERNAL AUDIT ANNUAL REPORT 2021/2022</p> <p>The Internal Auditor presented for information the Internal Audit Annual Report for 2021/2022, which had graded the College's systems of internal control as providing a 'Good' level of assurance overall.</p> <p>A total of 41 recommendations had been made in 2021/2022 (including some advisory points), 3 of which were graded as 'high' priority, 19 as 'medium' priority and 19 as 'low' priority. As reported earlier the majority of these items had either been fully- or partially-completed. A governor commented reoccurrence of issues reported regarding compliance with funding guidelines. The Internal Auditor concurred with this assessment and felt that it would have been useful for the Committee to review the outcomes of the ESFA's funding audit at this meeting to provide any necessary assurances on the robustness of the College's processes.</p> <p>The Report also contained an assessment of the Internal Auditor's performance against key indicators. It was noted that there had been a delay in the publication of the sub-contracting report, but overall achievement against the targets was positive.</p>
26	<p>INTERNAL AUDIT ANNUAL PLAN 2022/2023</p> <p>Governors were reminded that the Corporation had approved the Internal Audit Plan for 2022/2023 at its September 2022 meeting. The references within the plan to the risk register had been updated following further work by College management and a revised timetable of visits had been prepared. Both documents were presented to the Committee for information.</p>
27	<p>INTERNAL AUDIT CHARTER</p> <p>No significant amendments to the Charter were identified and governors were advised that the VP(F&CS) had reviewed the protocols within the document to ensure that none of these impacted negatively on the College's processes.</p> <p><i>At this point Rosemary Armstrong left the meeting.</i></p>
28	<p>FINANCIAL STATEMENTS 2021/2022</p> <p>This matter is subject to a separate and confidential minute.</p>
29	<p>AUDIT FINDINGS 2021/2022</p> <p>This matter is subject to a separate and confidential minute.</p>
30	<p>EMERGING ISSUES DOCUMENT</p> <p>Governors received for information a summary of current issues impacting on FE colleges.</p>
31	<p>AUDIT COMMITTEE'S ANNUAL REPORT 2021/2022</p> <p>It was agreed that, given the discussions earlier in the meeting, it was not appropriate for the Committee to approve its Annual Report to the Corporation and that this should form part of the</p>

	<p>agenda for an additional meeting in the New Year (date to be finalised once the ESFA's funding report was issued).</p> <p>In response to a question from the External Auditor governors confirmed that they were unaware of any actual or potential fraud risks.</p>
32	<p>RISK STRATEGY & RISK REGISTER</p> <p>The VP(F&CS) presented the revised Risk Strategy and Risk Register. The former had been based on best practice in the FE sector and training sessions provided by RSM.</p> <p>A number of risk 'champions' would be appointed across the College to oversee and promote effective risk management. The College had established an Audit Working Group, which met on a monthly basis and was responsible for sample-checking and compliance testing against funding/income streams. The Internal Audit recommendations tracking document would also be reviewed monthly and this process would cover the timeliness of completion of any action points, ensuring there was supporting evidence and considering any requests to extend audit response deadlines. A report on outcomes would be made to each Audit Committee meeting.</p> <p>Risk Management Group meetings would also be held every month, at which the Risk Register would be reviewed and updated, together with the College's Business Continuity and IT Disaster Recovery Plans. Each department within the Support to Improve process would be included on the risk register.</p> <p>The Committee welcomed this thorough and robust approach to risk management. In response to questions on the ease of updating the risk management reports the VP(F&CS) reported that these had been refined to make them more user-friendly and that further amendments were likely in the future.</p> <p>A governor questioned the impact of financial pressures such as inflation and energy costs on the College's overall position, as it could not readily raise its fees to take account of any increases. The VP(F&CS) confirmed that the College's energy costs were covered by a long-term contract until 2024 and would be fixed for the next 6 months in addition, the College was continuously reviewing its energy consumption and had already made some cost-savings through the rationalisation of its estate.</p> <p>Management acknowledged that a high level of maintenance would be required for the revised risk management processes but felt that it had the appropriate balance between effectiveness and bureaucracy. The risk strategy and operation would be reviewed by the Internal Auditor in 2023/2024 and governors noted that risk management remained a high priority and would be suitably resourced.</p> <p>The committee noted that risks will be considered and monitored by each of the Corporation's committees, of which will be built into the annual cycle of business, however the Audit Committee had overall oversight of risk.</p> <p>Resolved – That the Corporation be recommended to approve the revised Risk Strategy and Risk Register.</p> <p><i>At this point Richard Lewis left the meeting.</i></p>
33	<p>INTERNAL AUDIT TENDER PROCESS</p>

	Governors were advised that the current Internal Audit contract with Audit One was due to expire in September 2023. A re-tender process would be instigated in January 2023 to allow sufficient time for all work on the existing Internal Audit Plan to be completed and any handover to a new provider.
	DATE AND TIME OF NEXT MEETING Additional meeting to be arranged to consider Financial Statements for 2021/2022 15 th March 2023

Approved by the Audit Committee at the meeting held on 15 March 2023.

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