

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

AUDIT COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 14 JUNE 2023

Membership (6):	*	Charles Cardiff	External Member	Chair
	*	Beryl Huntingdon	External Member	
	*	Nicole Martin	Co-opted Member	Vice Chair
	*	Martin Slatford	External member	
	*	Ian Ward	Staff Member	
	*	Pamela Woolgrove	External Member	
Quorum:		3 Members required	6 Members present	Meeting quorate
In Attendance:	*	Anthony Bravo	Principal	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	Greg Devereux-Cooke	Head of Data & Funding (HDF)	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
	*	Clarence Mpofu	TIAA (Internal Auditor) (IA)	
Present at meeting:	*			

PART 1: NON-CONFIDENTIAL MATTERS

(5.19pm)		ACTION
789.	APOLOGIES FOR ABSENCE/WELCOME There were no apologies for absence.	
790.	DECLARATIONS OF INTEREST Clarence Mpofu (Internal Auditor) made a Declaration of Interest with regards to Agenda Item 14: Extension of Internal Audit Appointment.	
791.	MINUTES OF THE PREVIOUS MEETING The Minutes of the meeting held on 15 March 2023 were confirmed as a correct record and were signed by the Chair.	
792.	MATTERS ARISING FROM THE MINUTES There were no specific Matters Arising discussed that were not due to be considered elsewhere at the meeting.	

<p>793. (5.21pm)</p>	<p>SPECIALIST REVIEW OF APPRENTICESHIP FUNDING</p> <p>A written report was received and considered. The HDF advised that apprenticeships were a significant risk area for the college. He stressed that non-compliance could result in a large financial clawback on the College. An external audit firm (RSM UK Risk Assurance Services LLP) had been appointed to conduct a limited funding assurance audit on a sample of the apprenticeship provision at BCoT - a total of 30 apprentices had been included in the sample. The purpose of engaging an external audit firm was to:</p> <ol style="list-style-type: none"> 1. Provide reassurance that apprenticeship provision remained compliant with funding rules, and 2. Provide guidance to the MIS team that their approach to audit was correct. <p>The DPFR advised that ESFA had not yet undertaken a formal compliance audit of BCoT apprentice provision, and by undertaking the review the College would gain assurance that processes were in place and that the risk of any clawback would be reduced.</p> <p>However, the HDF advised that the draft report had highlighted that there were 23 non-compliance matters. In response to a question from a Member he confirmed that elements of non-compliance had been noted in each one of the 30 samples reviewed. Concern was expressed that there was an urgent need to review all apprenticeship records to ensure that they were all complete and fully up to date.</p> <p>The DPFR assured the Audit Ctte that everything was being done to address all of the matters raised across all of the College's apprenticeship records.</p> <p>The Audit Ctte requested that a progress report be made at its meeting in June 2024.</p> <p>[The HDF left the meeting]</p>	<p style="text-align: center;">HDF</p>
<p>794. (5.59pm)</p>	<p>INTERNAL AUDIT REPORTS</p> <p>1. Summary Internal Controls Assurance (Progress) Report</p> <p>A written report was received for information and noted. The IA advised that progress on the various reviews was on target and would be completed on time. Specific completed reviews since the last meeting of the Audit Ctte were:</p> <ul style="list-style-type: none"> • Key Financial Controls: Substantial Assurance: Three recommendations (2 graded 'routine' and 1 graded 'operational'. All recommendations had been accepted and acted upon. • Safeguarding: Substantial Assurance: Two recommendations (both graded 'routine') had been made and had been accepted and acted upon. • Sub-contracting: Substantial Assurance: Three recommendations (2 graded 'routine' and 1 graded 'operational'. All recommendations had been accepted and acted upon. • Campus Security: An advisory report. A number of points had been highlighted and all recommendations made had been accepted and were being acted upon. A follow-up review would be undertaken in due course. <p>Copies of the individual reports were received and noted.</p>	

<p>794. (cont)</p>	<p>2. Indicative Audit Strategy 2023-26 and Annual Plan 2023/24</p> <p>A written report was received and considered. The IA advised that the Annual Plan 2023/24 had been developed following a review of the Risk Register and had been discussed in detail with the DPFR.</p> <p>The IA advised that the proposed Plan was based on 35 days (as per 2022/23) and would include specific reviews on:</p> <ul style="list-style-type: none"> • Business Continuity Planning • Staff Recruitment and Retention • Learner Numbers • Sub-contracting • Student Recruitment • Cyber Security <p>It was noted that the initial plans for 2024/25 and 2025/26 were also based on 35 days per year.</p> <p style="text-align: center;">It was RESOLVED to RECOMMEND to the CORPORATION that the Internal Audit Plan 2023/24 based on 35 days internal audit work be agreed.</p>	<p style="text-align: center;">CORP</p>
<p>795. (6.11pm)</p>	<p>FINANCIAL STATEMENTS 2022/23 AUDIT PLAN</p> <p>A written report was received for information and noted. The DPFR advised that the report had been produced by the FSA Auditor and outlined the scope of the audit of the financial statements 2022/23 [Materiality had been set at: College £330k, WBTC £29k, BPS £40k]</p> <p>The DPFR advised that following the reclassification of colleges back to the public sector the audit would need to adhere to a more regulated regime as they (the colleges) had to abide by the framework for financial management as set out in Managing Public Money, as well as other central government guidance.</p> <p>In addition, a new requirement had been implemented from December 2022 - ISA 315 (International Standard on Auditing) related to identifying and assessing the risk of material misstatement – that would attract additional fees.</p> <p>The DPFR advised further that he had had an initial meeting with Alliotts and that there was nothing significant to highlight with regards to the financial statements audit.</p>	
<p>796. (6.15pm)</p>	<p>RISK MANAGEMENT AND RISK REGISTER</p> <p>A written report was received, considered, and noted. The DPFR advised that the total risk score for the College had been reduced following the recent Ofsted inspection findings. He took the Audit Cttee through the report and advised that there had been little change in the risk profile since the last meeting. However, three risks had been given a reduced score:</p> <ul style="list-style-type: none"> • Risk H6 – pay levels – reduced following two-years of good (for the FE sector) pay rises and benchmarking that indicated that the College was paying at the top of the salary range for many roles. • Risk S9 – viability of apprenticeship delivery – lowered following a specialist audit review of the College’s apprenticeship funding data which found no significant issues. 	

	<ul style="list-style-type: none"> • Risk R8 – data security – reduced following confirmation by IT that testing the restore of tape backups onto clean servers had been completed satisfactorily, and that in the event of a cyber-attack the College would be able to restore from backups (however the risk was not entirely eliminated as hackers often planted viruses days or weeks ahead of an attack occurring, so backups could also be infected, but at least the files could be retrieved). <p>With regards to the introduction of T Levels (Risk S8), the DPFR advised that the College was continuing to monitor the risk closely and, along with many other providers, was actively campaigning the Government to slow down the pace of reform. There was some suggestions that this might be beginning to have an impact, but, at the present time the risk score remained unchanged.</p>	
797. (6.30pm)	POST-PROJECT REVIEWS No post-project reviews undertaken since the last meeting of the Audit Committee.	
798.	USE OF COLLEGE SEAL The Clerk advised that the College Seal had not been used in the period since the previous meeting.	
799.	DATES OF FUTURE MEETINGS Wednesday 29 November 2023 Wednesday 13 March 2024 Wednesday 12 June 2024	
800.	EXCLUSION OF INTERNAL AUDITORS The Internal Auditor was excluded from the meeting.	
801.	<p>EXTENSION OF INTERNAL AUDIT APPOINTMENT</p> <p>A written report was received and considered. The DPFR advised that TIAA had been appointed as Internal Auditors (following a tender process) for a five-year period (2018/19 to 2022/23). He advised further that the contract should have been retendered during Spring 2023, but this had been missed.</p> <p>The DPFR requested that consideration be given to grant a one-year extension to the current contract, on the basis that service levels were good and that pricing was competitive. TIAA had confirmed that it was prepared to act as internal auditor for the next year.</p> <p>The DPFR also advised that the external audit should also be tendered every five-years, and would be due in Spring 2025, in time for the audit of the accounts for the year-ending 31 July 2025.</p> <p>It was RESOLVED to RECOMMEND to the CORPORATION that the contract for internal audit services provided by TIAA be extended by one year.</p>	CORP
(6.32pm)	Meeting closed	

Confirmed as a correct record		29 Nov 2023
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