

	<p>Governors asked whether the College anticipated any significant changes from last year and whether there were any areas of particular focus going into the year-end process. The Chief Operating Officer reported that good progress had been made against last year's external audit recommendations, and that the College would engage fully in the process once more. The strengthening of the College's financial position over the past couple of years meant the question of going concern, while still a focus within the sector, was not as significant for the College as it had been in previous years.</p> <p>The College's cash position at the end of the year was strong; the repayment of the College's commercial loan with Barclays in July 2023 had reduced College's level of borrowing and was a positive step in the context of reclassification.</p>
<p>6</p>	<p>Regularity Self-Assessment Questionnaire (RSAQ) 2022-23</p> <p>The Chief Operating Officer presented a draft of the College's Regularity Self-Assessment Questionnaire for the Committee's consideration. A few areas remained to be finalised and a completed version would be brought to the next meeting of the Committee in November. The main change in this year's RSAQ was the impact of reclassification. The Chief Operating Officer noted that the College had already revised its financial regulations to take account of <i>Managing Public Money</i>.</p>
<p>7</p>	<p>Subcontracting</p> <p>The Committee received and noted a report on the performance of the College's subcontracting arrangements at the end of the 22/23 academic year. The figures presented were as at the end of the R13 reporting period, and would be subject to final revision at the R14 period, the submission date for which was 19 October. The paper also set out requirements for reporting and oversight for the new academic year as set out in the Post-16 Audit Code of Practice and associated guidance published by the Education and Skills Funding Agency.</p> <p>The Committee discussed the level of overall subcontracting and the College's performance in seeking to meet internal targets to operate within the overall levels of subcontracting approved by the Board. The Director of Finance reminded the Committee that the College strove to minimise subcontracting in favour of direct delivery. The Chair noted that the RAG rating of the Strategic KPI on the level of subcontracting was graded red and asked what steps were being taken to reduce the level of subcontracting. The Director of Finance informed the Committee that the College's distribution of AEB funding between the ESFA and GLA was unhelpful in this respect, and that the College's targeted level of subcontracting (which sat above the cap of 25%) was contingent upon a business case being agreed with the ESFA.</p>

<p>8</p>	<p>Risk management</p> <p>The Chief Operating Officer spoke to the papers on risk management, which set out and sought the Committee's renewed engagement with the College's overall approach to risk management. He noted that a revised risk management policy had been approved by the Board in March, since when the Committee had received an updated version of the Strategic Risk Register and overview in June. The COO described the relationship between the College's Strategic and Operational Risk Registers, and noted the importance of thorough engagement by senior managers in ensuring that the assessment of risk was based on sound evidence. The College had incorporated internal audit recommendations and embedded the risk assurance framework within the overall document.</p> <p>The Chief Operating Officer noted that the number of 'strategic' risks typically sat in a range between 20 and 30, and suggested that further challenge could result in the number of truly strategic risks being about half that, perhaps between 12 and 18. He invited comment and discussion from the governors to inform the process of further sharpening the College's focus in this area.</p> <p>Governors noted that the College had relatively few 'low' risks, and that the proportion of 'medium' and 'high' risks had not changed much during the year. Governors asked why two net risk scores had increased during the course of the year. The COO commented that the previous year had been challenging for the College due to the difficult economic climate, and this had introduced several pressures which had adversely affected the College's ability to mitigate risk as far as it would wish.</p> <p>Governors asked whether the College had identified new risks during the course of the year that had not been captured at the start. The COO said that the Strategic Risk Register captured risk well, but that there might be room for improvement at the level of operational risk. Further training had been carried out with senior managers in the operational risk management group. Governors endorsed the approach being taken, but commented that the proportion of risks rated as 'high' remained a concern.</p>
<p>9</p>	<p>Fraud report</p> <p>The Chief Operating Officer informed the Committee that no instances of fraud had been identified since the last report. Governors noted the anti-fraud checklist which had been completed and circulated to the Committee.</p>
<p>10</p>	<p>Internal audit</p> <p>1. Subcontracting</p> <p>Carl Bullen (Scrutton Bland) introduced the report on subcontracting, noting that the four recommendations contrasted favourably with many other colleges which had undergone assignments on this subject recently. The nature of the recommendations reflected issues found throughout the sector and were not specific to the College. They related to contracts, the contract management policy,</p>

formal reviews with the subcontractors and finally on joint training. The College had met the ESFA deadline of reporting by 31 July, and would meet a GLA deadline in November. It was as yet unclear whether the ESFA would require a similar process to be followed this year, but other colleges were preparing for that to happen.

Action: Chief Operating Officer and Deputy Principal (Planning, Partnerships and Projects) to provide further detail to the Committee on (a) the College's processes for signing contracts with subcontractors and (b) contracts signed after the commencement date.

Governors asked how the information on areas where the College's arrangements had been described as 'partially compliant' should be interpreted. Carl Bullen explained that this was representative of the sector more widely, and the Director of Finance added that instances of partial compliance indicated that some areas were works in progress. The Chief Operating Officer noted that while a number of categories were marked as partially compliant, many of the items within these categories had been addressed.

2. Cyber security

The Committee received a report on cyber security in respect of which limited assurance had been provided. Two high risk recommendations, three medium and two low risk recommendations had been made. [REDACTED]

[REDACTED] The Chair asked whether the College had the staff in place to complete the work required. The Chief Operating Officer reported that there were vacancies within the team, but that the College had moved during the year to having a dedicated Director of IT role.

Paul Goddard (Scrutton Bland) joined the meeting at 6.15 pm.

[REDACTED]

Governors asked whether the implementation of policies was effective within the College. Paul Goddard reported that the College had demonstrated good performance in this area, for example through the effective use of a test network for new software. Governors asked whether College leaders were clear on the steps that needed to be taken in response to the report. The Chief Operating Officer reported that the recommendations had already started to be implemented.

	<p>On a further point of detail, he noted that the College had a well-established process for filling vacancies when they arose.</p> <p>3. Funding assurance</p> <p>Paul Goddard reminded the Committee that the first meeting that Scrutton Bland had attended as the incoming internal auditors had featured a report on funding assurance which had made many recommendations. Set in that context this report provided not only reasonable assurance but also demonstrated significant improvement on the College's part.</p> <p>A 'medium' risk recommendation had been made relating to the quality of reporting on apprenticeship learners meeting the required 20% off-the-job learning. Another recommendation had been made on apprenticeship costs, in particular ensuring that it was clear costs were broken down and shown transparently. Governors asked whether the College's software could provide the information required.</p> <p>Action: Chief Operating Officer and Deputy Principal (Planning, Partnerships and Projects) to report back on the ability of the College's software to produce the information required.</p> <p>The Chair noted that the Deputy Principal (Planning, Partnerships and Projects) and the Director of Management Information Systems were responsible for taking forward recommendations in this area.</p>
<p>11</p>	<p>Progress against internal audit recommendations</p> <p>The Committee received an update on progress against internal audit recommendations, and noted that some had been closed off since the last meeting. The Director of Finance informed the Committee that the College's process was for closed off recommendations were subject to a process of verification, which Scrutton Bland was working on at the moment. It was anticipated that by the time of the next Committee meeting more recommendations would have been resolved.</p>
<p>12</p>	<p>External audit update</p> <p>The Chief Operating Officer spoke to the external audit update, both of the recommendations (relating to (1) a fixed asset register and (2) ILR data) were ongoing. These would be reviewed as part of the external audit.</p>
<p>13</p>	<p>Training and development</p> <p>The Director of Governance reminded the Committee of the requirement placed upon it as part of the Post-16 Audit Code of Practice to consider its training and development. Paul Goddard described some of the services on offer from Scrutton Bland as the internal auditors, and offered to contribute to the Committee's work in this area. The Chair noted that the regular sector updates from both the external and internal auditors were welcome contributions.</p>

<p>14</p>	<p>Terms of reference</p> <p>The Director of Governance explained that the terms of reference had been reviewed with the intention of providing greater clarity across all Committees and that no fundamental changes were intended, although the terms of reference did now take account of reclassification.</p> <p><i>Resolved, That the terms of reference for the Committee be recommended to the Board for approval.</i></p>
<p>15</p>	<p>Cycle of business</p> <p>The Director of Governance reported that the Chief Operating Officer and Director of Finance had provided helpful feedback on the Committee's programme of work. This had informed the review of the Committee's cycle of business and resulted in a couple of items of business moving from the Finance & General Purposes Committee to the Audit Committee. The proposed cycle represented the majority of the Committee's business for the year, but would be amended as required during the year.</p> <p><i>Resolved, That the cycle of business for 2023/24 be adopted.</i></p>
<p>16</p>	<p>Committee evaluation</p> <p>Governors commented that the meeting had been constructive and well structured. The Chief Operating Officer and Director of Finance thanked Committee members for the insightful challenge and in particular the contribution of departing members. Paul Goddard observed that it was helpful when limited assurance had been provided for the relevant senior manager to be invited to attend.</p>
<p>17</p>	<p>Any other business</p> <p>Nil.</p>
<p>18</p>	<p>Next meeting</p> <p>Tuesday 28 November at 5.00 pm (joint for the second hour with the Finance & General Purposes Committee).</p>