

QUEEN ELIZABETH SIXTH FORM COLLEGE

Minutes of the Meeting of the Audit Committee held on Monday 23rd May 2022

Present	Mr A Teague, Chair Mr I Clyde Mr J Deane
In attendance	Ms Claire Dalrymple, Wylie and Bisset, External Auditor Mr T Fisher, Principal Mr Lee Glover, Haines Watts, Internal Auditor (<i>via Teams</i>) Mr S Hargrove, Chief Financial Officer Mrs N Wade, Acting Clerk

Ref:		Actions
01/22	<u>Declarations of Interest</u> There were no declarations of interest.	
02/22	<u>Apologies</u> None	
03/22	<u>Minutes of the Meeting held on 18th November 2021</u> The minutes were approved as a true record for signing by the Chair.	
04/22	<u>Matters Arising</u> Mr Clyde asked for details about the College's current energy costs and Mr Hargrove explained that the College had signed an extended fixed rate contract last summer that runs until 2026/27, which means that the College will not be adversely affected by current energy price rises and could potentially invest in further sustainability and energy saving opportunities for the future.	
05/22	<u>External Audit Planning</u> Ms Dalrymple presented the External Audit Planning report and explained that there have been no changes in their approach to planning from the previous year, however the reporting of accounting estimates to the Committee (Section 3.3 - Accounting Estimates and Related Disclosures) is a new requirement for this year. No new risks have been identified in the last year and Ms Dalrymple confirmed that there are no issues of independence. Mr Hargrove asked if there are any changes to audit requirements for ESFA funding assurance and Ms Dalrymple confirmed that there are not. Ms Dalrymple informed the Committee that External Auditor is no longer able to take reliance on funding audits and if the College is selected for a mandatory visit, Auditors will still need to carry out their own testing.	

Ref:		Actions
	The Committee approved the External Audit Planning report.	
06/22	<p><u>Internal Auditor's Report</u></p> <p>Mr Glover presented the Internal Auditor's Report on Curriculum Planning and confirmed that the Board can take substantial assurance on its controls and highlighted two areas for improvement. Firstly, the need to formally document procedures relating to curriculum planning, particularly given Mr Hargrove's forthcoming retirement, and secondly the need to formally sign off the final version of the Curriculum Plan.</p> <p>Mr Glover referred to the report on Core Financial Controls and confirmed that the Board can take adequate assurance on its controls and outlined several recommendations, including a possible opportunity to secure better value for money by reviewing the aggregate spend of suppliers.</p> <p>Mr Teague asked Mr Hargrove to provide further detail on two of the areas for improvement: no monitoring of aggregate spend to achieve value for money and Payroll Journals being reviewed by a less senior individual. Mr Hargrove explained that the College does monitor aggregate spend and has a preferred supplier checklist. Analysis of this is completed at the end of each year, but could be more clearly documented. Mr Hargrove also explained that once Payroll has been prepared, off site, it is checked by Mr Hargrove and is also counter-signed by a member of the Finance team before being transferred into accounts. He suggested that further training be provided to the member of Finance staff checking payroll so that they are then able to reconcile to actual real figures. Additionally, another member of the Senior Management Group could also be a counter-signatory. Mr Hargrove added that going forward, signatures on invoices/purchase orders will also be accompanied by initials and a date, so as to improve clarity, and he is pleased to see that all of the areas for improvement are low risk items.</p> <p>Mr Clyde asked if there is a threshold for requiring secondary signatures on invoices and Mr Hargrove explained the following thresholds:</p> <ul style="list-style-type: none"> • under £500 = budget holder signature required • £500 and over = CFO's signature also required • £5000 and over = Principal's signature also required <p>Mr Deane asked how digital invoices are signed and Mr Hargrove explained that paper invoices are physically signed on paper and electronic invoices are signed via an email reply. Future invoices will now include a note to state when they have been authorised via email and there may be the option to authorise all invoices electronically, as is the current practice with purchase orders. This will be followed up with the accounting software provider.</p> <p>The Committee accepted the Internal Auditor's Report.</p>	
07/22	<p><u>Progress on Outstanding Audit Recommendations</u></p> <p>Mr Hargrove referred to the <i>Outstanding Internal Audit Recommendation from 2020-21 Audits</i> report and highlighted a small number of actions still in progress including: actions relating to the presentation of performance reports; data collection for performance reports; governance succession planning and threat management on the College IT network.</p>	

Ref:		Actions
	<p>Mr Deane acknowledged that a large amount of work has taken place to achieve many of the actions, particularly the IT related actions. He questioned whether or not the College has sufficient resource in place to keep up to date with developments in IT; does the College now require an IT Director and does the current Network Manager oversee end-to-end devices?</p> <p>Mr Hargrove explained that the College currently employs the services of an external IT consultant, who helped the College to achieve the Cyber Essentials accreditation and has also been helpful in both advising on what work needs to be done and making sure it is completed.</p> <p>Mr Fisher added that the addition of an external consultant has enabled Mr Hargrove to act in the role of IT Director, but with Mr Hargrove’s forthcoming retirement it will be necessary to consider how such a role will be filled in the future.</p> <p>Mr Clyde commented that a large number of people have access to the College network and asked what training is provided on how to keep the system safe and prevent attacks such as Trojan horse viruses.</p> <p>Mr Hargrove confirmed that guidance is shared regularly with users and that phishing tests are run periodically as part of the College’s cyber assurance. Additional training is provided for those in key positions on how to spot financial fraud and the option of moving students off the College network completely is under consideration.</p> <p>Mr Teague acknowledged that external advice is very helpful in a quickly changing area such as this and Mr Hargrove agreed that it provides additional assurance to have technical advice from someone independent from the internal team.</p> <p>The Committee accepted the Outstanding Internal Audit Recommendation from 2020-21 Audits report.</p>	
08/22	<p><u>Risk Management – Policy, Strategy and Risk Register</u></p> <p>Mr Hargrove informed the Committee that there have been no changes to the Risk Strategy since the changes that were included last time. Mr Teague confirmed that the Strategy has been thoroughly reviewed recently and Mr Clyde suggested that the Board should be reminded about the risk appetite scoring system and the score for an acceptable level of residual risk (i.e. 8 or below).</p> <p>Mr Hargrove explained that there have been some slight recent changes on the Risk Register and provided a summary of each risk factor in turn. Mr Teague questioned why, if we have met our risk appetite of ‘8’ or below for several of the risk factors, are we still taking action and using resource on these areas; could this resource be better deployed elsewhere? Mr Hargrove replied that some of the actions are part of a suite of actions, some of which are still ongoing. Mr Clyde commented that if Mr Hargrove believes that any of the risks can be reduced even further, then they should be. Mr Fisher added that some risks, such as safeguarding risks and associated guidance, can change regularly so it is important to keep such items on the risk register. Mr Clyde suggested that it might be prudent for safeguarding to be a stand-alone risk factor with its own risk appetite. The Committee discussed this suggestion and agreed that it should be considered by the</p>	

Ref:		Actions
	<p>Senior Management Group [which acts as the College’s Risk Management Group] and then the proposal could be taken to the Board.</p> <p>The Committee discussed recent success with mitigating against risk factor P1. It was suggested that the actions to mitigate this risk are well embedded as part of regular College business and therefore this ‘risk’ does not need to appear on the Risk Register for the Audit Committee, but should still be a point of consideration for SMG.</p> <p>Mr Teague noted a typo on risk factor R2 (Residual Risk ‘likelihood’ should be a 4, not a 3).</p> <p>The Committee also discussed risk factor R3 in detail and Mr Deane asked if the College has crisis management training. Mr Fisher explained that the College has disaster management training, but it has not completed an exercise on an area such as this, which it could consider. He added that it might also be useful for SMG to undergo some updated media training.</p> <p>The Committee accepted the Risk Policy, Strategy and Risk Register.</p>	<p>TJF</p> <p>SAH</p>
09/22	<p><u>Confidentiality</u> There were no confidential items.</p>	
10/22	<p><u>Date of the Next Meeting</u> To be confirmed</p>	

Summary of Actions:

Ref:	Action summary	By whom
08/22	SMG to consider making ‘safeguarding’ a stand-alone risk on the Risk Register.	TJF
08/22	SAH to correct typo.	SAH