

**Minutes of the Audit Committee meeting
Tuesday, 3rd December 2024
Bedford College, Cauldwell St, CT208 and Teams
16:00**

Present: Ann Harris (online)
Dennis Buckley (online)
Tracy Cowan
Lee Fellows
Luke Ferebee (Chair)

In attendance: Gulam Fatima (CFO)
Maddy Govier (Data Protection Officer) (Part - online)
Paul Goddard (Scrutton Bland – internal auditor) (part -online)
Yiannis Koursis OBE (CEO)
Rachel Nicol (The Group Director of Governance) (minutes)
Shachi Blakemore (Buzzacott -financial statements auditor)

A/23/24 Apologies for absence and declarations of interest

Apologies

There were no apologies for absence. Ann, Tracy and Lee were welcomed to their first meeting of the Audit Committee.

Shachi Blakemore from Buzzacott (financial statements auditors) and Paul Goddard from Scrutton Bland (internal auditors) introduced themselves.

Declarations of Interest

There were no declarations of interest relating to matters on the agenda.

A/24/24 Matters arising not covered elsewhere on the agenda

The Audit Committee action log was welcomed as a positive addition to the agenda, although it was recognised that not all fields were complete and able to be understood without further context.

On the action arising from the mock funding audit it was agreed that ***RN would check the minutes and work with the CFO to update the narrative*** and check what, if anything, needs to be picked up in future audits. The CFO provided assurance that funding audits are done on a regular basis and reconciliation statements received periodically. Both Adult Education Budget (“AEB”) and Education and Skills Funding Agency (“ESFA”) funding go through monthly cleansing and annual reconciliation



exercises but it was noted that cleansing on apprenticeship funding is not carried out in the same way.

Assurance was given that there is a date planned for the incoming internal auditors to carry out a follow up reconciliation of audit recommendations in the current year.

A/25/24 Internal audit annual report

The CFO introduced the ICCA internal annual report in their absence. The report provided reasonable assurance that The Bedford College Group's ("TBCG") risk management and systems of internal control are operating adequately and effectively. The report also provided assurance that there were no instances where any breakdown of control resulted in a material discrepancy.

Discussion centred on how the assurance framework operates with regard to internal audit.

The CEO explained that there is a 3 year programme of internal audits with other areas explored as part of horizon scanning. The Chair explained the process in place for internal audit planning with discussion and design of the plan responding to the assessment of risks.

The number of days conducted was discussed, with a governor questioning the statement regarding insufficient work done on corporate governance. It was explained that this was a conscious decision due to the External Board Review ("EBR") carried out in the year which, together with other assessment of governance including an analysis of compliance against the AoC Code of Good Governance, provided assurance on corporate governance.

The Committee confirmed the recommendation of the Internal Audit report to the Corporation for approval.

A/26/24 Progress of 2023-2024 plan and recommendations

The CFO outlined progress to date in implementing internal audit recommendations. Good progress was noted, with two outstanding medium level recommendations from previous audits:

GDPR / Data Protection: Progress was outlined in terms of a streamlined impact assessment process, checklists for contracts, information processing and a platform for submitting risks. Delays had occurred because of the change in function between in house, outsourcing and then back to in house.

Key financial controls and credit cards: It was explained that the timeline for purchase ledger updates has been pushed back from October 2024 to February 2025 to align with finance system changes and the delayed implementation of the Public Procurement Regulations. The workflow for credit cards will be fully rolled out in December 2024 with training to be provided.

Assurance was given that actions are being tracked to closure and risks monitored.

The report was noted

A/27/24 Data Protection update

The Data Protection Officer (“DPO”) Maddy Govier joined the meeting by teams and the Committee agreed to take agenda item 10 early in the agenda.

The DPO provided an update on UK GDPR activities during the academic year 2023/24. During the reporting period, the Group demonstrated its accountability through termly submissions by each department. This approach will change once the new GDPR compliance system is fully rolled out when each department will be made aware of requests, incidents, tasks, etc. undertaken within their department. The DPO confirmed there has been an increased awareness amongst staff correlating to an increased reporting of breaches and development of data impact assessments.

The DPO explained the plan for TBCG to roll out a new data protection system for greater visibility of the current position.

Changes in staffing of the function were outlined.

Internal termly meetings take place. Training was raised and a change in learning and development systems has impeded reporting of overall compliance. Assurance was however given that individuals are still being monitored to ensure training is completed. The new system capabilities in terms of tracking and other functions were outlined.

One ICO reportable breach was noted but confirmed not to require any further action. The most common breaches relate to disclosure in error and this was understood to match the trends seen by the Information Commissioner. Further work is being done in collaboration with the IT department to provide additional training.

The need for impact assessments to be embedded, in particular on procurement of new systems was noted.



There has been an increase in subject access requests and these are fulfilled departmentally.

Committee members supported the positiveness of increased awareness and questioned the nature of breach incidents and whether the information has left the organisation. The potential for IT support to flag emails going outside the organisation was raised and work is being done to identify sensitive information and classify the types of documents and information.

Further discussion centred on whether the same individuals are involved in multiple breaches but assurance given that this is not the case.

The CEO outlined some of the challenges faced by the Group in terms of systems integration and the Committee had a brief discussion on different systems and how a strategy may be developed in the future. Not all systems can be unified but the need for a more unified training platform has been prioritised. The DPO considered that the training platform needs to have facilities for role-based training relating to data protection.

Further discussion centred around patterns in breach reporting over the course of a year but no reasons had been identified.

The Chair outlined the follow up recommendation from the previous internal audit report. The gap analysis has been developed and the work being done addresses the gaps identified. Compliance work is being done at departmental level, with further work at the Group level. ***The DPO will append progress against the gap analysis to the next report***

The Committee confirmed approval that the report provides assurance

A/28/24 Internal audit reports

The CFO commented that the internal audit plan for 2024/25 is progressing as scheduled.

The internal auditor presented the Procurement and fixed asset audit which had been prepared with an awareness of the Procurement Act

Procurement and fixed asset audit

Significant assurance was provided and an effective control framework confirmed. The financial accountant is backing up orders to ensure tender requirements have been complied with.



5 low level recommendations had been made including:

- Financial regulations, agreed changes confirmed by the CFO
- Analysis on regularly used suppliers, who wouldn't on individual transactions be over the limit, will be carried out, including a value for money exercise to ensure efficient and cost-effective use.
- Bank accounts and evidencing quality checks on suppliers to prevent supplier fraud
- Strengthening evidence of asset disposal.

Questions and discussion centred on recommendations in the context of risk, how close the judgement is from "reasonable" to "significant" assurance given 5 recommendations. This was explained in the context of 2 key areas being covered in one audit report. It was confirmed that triangulation with external audit information on fixed asset reconciliation takes place.

Student progression

Significant assurance provided with a robust framework in place. Three low risk recommendations included:

- Making the most of the management information and progression reporting
- Website review on careers, need to update or remove links
- Need for clarity on student progression policy, when it is reviewed etc.

The internal auditor commended the work of the College in supporting the audit process.

The reports were noted

A/29/24 Post Audit Completion report

The CFO presented the Financial Statements and Post Audit Report for 2023/24, providing an overview of the College's financial performance and audited accounts for the year ended 31 July 2024.

The Group's indicative outturn for the year ended 31 July 2024 is a surplus of £1.436m against a budgeted deficit of £500k. This improved position, as previously reported, is due to two main reasons; better financial performance of c£700k and a significantly lower-than-expected non cash pension (interest and payroll) adjustment. The cash balance as at 31 July 2024 stood at £16.8m. Effective cash management throughout the year ensured that low points were handled successfully, ensuring bank covenants were not breached. The College's indicative financial health grade is 'outstanding,' subject to the completion of audit work.



The financial statements auditor took the Committee through the post audit report and outlined the requirement for a funding reconciliation prior to final sign off. Advisory points included the timing of reconciliations, documentation around the relationship with subsidiaries, consideration of a VAT review and monitoring of fixed assets and work on credit card use to mitigate the risk of fraud.

The auditor confirmed that the position presented is a true and fair view, is materially correct and a clean audit opinion will be given.

Thanks were given to the finance team for their support in the process. In planning, look at work of internal audit work, where there is less than reasonable assurance, increase audit work. Annual report is looked at in terms of the regularity report. The external auditors will look at the work being done by the internal auditors on funding data.

Committee discussion focused on sector developments, the extension of the guaranteed pension schemes for academies to colleges from 2025-2026 which will result in lowering of premium and the impact of the NI increases announced by Government. Although colleges will get funding from government in relation to NI increases there will still be an impact caused by increased costs for contractors etc.

Further assurance was sought around Artificial intelligence (AI) potential uses, risks and opportunities and the number of pension schemes operated across TBCG.

The Committee further discussed the requirement for and planned reporting on whistleblowing and fraud.

The Chair raised a point on page 10 on principal risks listed and the potential lack of correlation to the risk register.

GF will review the narrative on principal risks with the financial statements' auditors.

The start date for the CEO was also noted to be incorrect and will be changed.

Subject to completion of outstanding items the Committee was content to recommend the financial statements for the approval of the Board

Letter of representation

The financial statements' auditor introduced the letter and explained that it is a letter from governors to the financial statements auditors to confirm the information provided.

The management team confirmed there is nothing material to prevent the governors signing the letter of representation.



The Committee recommended that the letter of representation is approved by the Corporation with authorisation to the Chair of the Corporation to sign the letter on behalf of the Board.

A/30/24 Regularity Self-Assessment

The CFO presented the report which was taken as read.

The report is provided to the Financial Statements auditors as part of the assurance offered.

The CFO gave assurance that policy renewal and review dates are monitored.

Amendments agreed following discussion included:

Page 16, wording should not be red

Page 2, CFO to check whether there is a later ESFA audit that needs to be referred to

Subject to those amendments the Committee recommended approval of the regularity self-assessment to the Corporation with authority for the Chair and the CEO to sign the same.

A/31/24 Audit committee annual report

The Chair introduced the report and set out the challenges in the year in terms of committee membership, sector context, governance review and tenders for internal and external auditors

Suggestions for amendments to the report included making including a statement to explain the comment in the internal audit annual report on the work carried out on corporate governance and how governance had been reviewed through an External Board Review.

Whistleblowing and the planned work with the Executive Director of HR to ensure transparency of the policy and triangulation of information will also be referenced. Committee members were invited to send in comments on the Committee's terms of reference as these are currently under review as part of the constitution.

Subject to agreed alterations and finalising yellow highlighted points the Committee agreed to recommend the Audit Committee annual report to the Corporation for approval.



A/32/24 Key risk review

The CFO introduced the item and outlined the conversations that had taken place with the Chair of the Committee and the CEO to date in looking to develop this area.

An example was given around the risks on recruitment and where they sit in terms of reputational, strategic and operational risks. The plan for the risk register deals with some current operational risks which could develop into strategic risks.

To enhance the effectiveness of the risk management process, several conceptual changes are planned. These include the introduction of a target risk score to align risks with the organisation's risk appetite and desired residual levels. Additionally, a more visual approach will be adopted, featuring a diagram to compare the current risk position with the target.

Management capacity and risks around processes scores have significantly reduced but the Committee questioned the correlation between scores and narrative. A further issue raised was the lack of removal of risks. The CFO acknowledged that the risk register requires a thorough review. The content, structure and presentation will be reviewed.

The Committee did commend the articulation of high-level movement in the cover report and felt this was helpful. From a governance perspective it was noted that the key strategic risks should be highlighted but that the whole organisation is responsible for embedding a transparent risk management process. It was suggested that staff are involved in identifying what really worries them

A session on risk is planned on the strategic seminar and risk appetite and risk tolerance require a qualitative discussion.

Further discussion focused on key risks identified in the financial statements and the need to align these with the risk register, emerging risks and how these are articulated and managed

The Committee discussed and agreed that given the proximity of the meeting to the board meeting and the development work planned there would be nothing gained by revisiting the discussion at the Board meeting on 17 December. It was therefore agreed to summarise the discussion in the rag rated report and for risk to be discussed at the strategic seminar in January.

The Committee noted the report

A/33/24 Minutes of the previous meeting

The minutes of the meeting held on 17 June 2024 were approved as an accurate record of the meeting.