

**Minutes of the Audit Committee meeting held on
21st November 2023 at
Hybrid Bedford, Tower Board Room & Online Microsoft Team
16:00 – 19:00**

Present: Dennis Buckley (online)
John Butcher
Luke Ferebee (Chair)
Raj Randhawa
Angelique Wright

In attendance: Vici Cadwallader-Webb (Internal auditor ICCA)
Mark Eagle (MHA Macintyre Hudson) (online, part)
Madelaine Govier (Data Protection Officer) (online, part)
Patricia Jones (Deputy CEO Finance)
Yiannis Koursis (CEO designate)
Rachel Nicol (Group Director of Governance)
Ian Pryce (CEO)
Natasha Stringer (Senior Governance Coordinator) (minutes)
Stephen Walker (Deputy Director of Finance Control)

AC/42/23 Apologies And Declarations Of Interest

Apologies

Apologies were received from Matthew Glass.

Declarations of Interest

There were no declarations of interest relevant to the matters on the agenda

AC/43/23 Matters Arising Not Covered Elsewhere on The Agenda

There were no matters arising not covered elsewhere on the agenda.

AC/44/23 Internal Audit Annual Report

The Internal auditor from ICCA presented the Internal Audit annual report to the Committee, which provided reasonable assurances that for the 12 months ended 31 July 2023, The Bedford College Group (TBCG) has an adequate and effective governance, framework for risk management and systems of internal control. This report forms part of the assurance framework and is available to funding agencies and other financial stakeholders.

The Internal Auditor summarised the report for the Committee, including section 3,



which sets out the activity undertaken, of which only one high recommendation in relation to HR safer recruitment.

The College was commended by the Internal Auditor for allowing them to assess risk in all aspects of the College's operations.

Discussion and Questions:

The Committee noted the point from the internal auditor and reflected on the importance of focusing on the audit plan for assurance rather than an exercise to obtain a high score. This provides good reassurance to the Board.

The Committee noted the report and the report will be provided to the Corporation as part of the assurance framework.

AC/45/23 Progress of 2022- 2023 Plan and Recommendations

The Internal Auditor summarised for the Committee the outstanding audit recommendations, including two medium-risk recommendations with revised implementation dates.

1. Compliance with the General Data Protection Regulation (GDPR).

The Committee sought and received assurances that the Data Protection Officer (DPO) would address the relevant recommendation now they are in post. The Committee briefly discussed the appointment of the DPO and received reassurance that they were familiar with the intricacies of the Bedford College Group (TBCG).

2. IT Data Security, Infrastructure & Disaster Recovery

The Committee received assurances that progress on digital developments has been provided by the Executive Director of Digital Transformation, most recently at the Resources Committee meeting on 20.11.2023. This included updated information on investment in equipment to comply with cyber essentials and funding rules.

The Committee noted the report.

AC/46/23 Internal Audit Reports

The Internal Auditor provided a summary and detail on the 2022-23 internal Audit reports for the Committee.

ESFA Mock Funding (Annex A)

The audit result found the design was good, the application and compliance were adequate, and reasonable assurance was provided. Four medium and one low recommendations were made regarding compliance, and an action plan has been put



in place to address them. Management did not accept one point in the action plan, but an explanation was provided to the Committee and the risk of clawback is minimal.

Discussion and Questions:

The Committee sought and received clarity on mandatory controls versus the higher standards set by the College.

A Committee member inquired about the adequacy of the sample size, and the Internal Auditor confirmed that the sample size selected on the ESFA sampling tool was appropriate.

The Committee noted the recurring points within the action plan and inquired as to why. ***It was agreed that the Group Director of College Information Systems would produce a report on the reoccurring errors, why they are not remediated, and their proportionality. Action***

16-18 Study Programmes Curriculum Efficiency (Annex B)

The internal audit found the 16-18 Study programmes' curriculum efficiency to have good design, good application, and compliance, and provided substantial assurance. The curriculum planning framework was found to be comprehensive, but there were some delays in the 2023-2024 process due to validation checking. However, the process for 2024-2025 has commenced earlier to avoid such delays. The Internal Auditor further recommended integrating the HR and Finance systems and harmonising curriculum planning across counties, which would bring additional benefits.

Follow-up of Previous Internal Recommendations (Annex C)

The audit findings provided the Committee with substantial assurances that progress with implementing previously agreed internal audit recommendations had been timely and effective.

The Committee noted the report.

AC/47/23 Financial Statements Audit Management Letter

Mark Eagle from MHA Macintyre Hudson provided a summary and detail to the Committee on the Audit Findings report for the year ended 31st July 2023, including MHA comments and recommendations in the Management Letter.

Findings included:

- No areas of concern were identified in major areas.
- The regularity position and ongoing concern position were found to be satisfactory.



- The property at Triumph Way Kempston, was treated as an investment property and revalued and has now been reclassified as an asset held for sale.
- Pension, actuary report showed substantial assets. An Independent actuary provided an assist ceiling report, and the asset is now showing as a nil value.
- Central Bedfordshire College (CBC) is treated as an acquisition at fair value and a gift in nature and is included in the statement of comprehensive income.
- No specific issues will be raised on the letter of representation.

The Deputy Director of Finance - Control explained the complexity of the audit due to the mid-year merger of CBC and the accounting adjustment around the partial disposal of the Tower Block refurbishment. They were happy to report to the Committee that financial health has been maintained as outstanding.

Discussions and Questions:

A Committee member asked if the reclassification complicated anything and the Deputy Director of Finance Controls confirmed it hadn't.

The Deputy CEO expressed their thanks to the Deputy Director of Finance -Control for the work done and asked that their thanks be passed onto the team.

Clarification was sought on the partial disposal of the Tower Block.

The Committee sought clarification on the asset on sale and where it was at the year-end date. The Deputy CEO Finance explained that the exchange had not been completed due to a delay in planning. The asset was originally gifted to the College, but the planning is assigned to the original owner. A planning consultant has been employed, and it is currently sitting with the Council. The Committee sought and received assurances from the external auditor that they have considered re-classification.

The Committee sought assurances on a point within the report under matters arising, which stated no expectations and a control-based audit. The Committee asked how it links in with internal audit reports and ESFA funding, which had observations. A discussion on the controls-based audit linking with internal audit findings on ESFA mock funding audit took place.

The Committee approved the recommendation of the management letter to the Board subject to amendments.

AC/48/23 TBCG Financial Statements 2022-2023, Including Statement of Corporate Governance and Internal Control

The Deputy Director of Finance - Control summarised the 2022-23 Annual Report and Financial Statements for the Committee, which provided an overview of the outturn



position for the year ending 31st July 2023 for TBCG, BCS, BCPS and Aston Recruitment and Training Ltd.

Highlights from 2022-23 included:

- Mid-year acquisition of Central Bedfordshire College.
- Part-disposal historical components of Tower Block in Bedford
- Agreed sale of Motor Vehicle Centre, moved from investment property to assets held for resale.
- Management Letter

The financial statements were uploaded the day before the Committee meeting, leaving insufficient time for committee members to review them. It was agreed to provide the Committee with more time to read, provide feedback, comments and any questions they may have. Once the Committee has reviewed the statements and the auditors have made any necessary amendments, the Committee can recommend the statements to the board for approval.

Comments and or questions were asked to be emailed to the Group Director of Governance and the Senior Governance Coordinator, and a provisional call was arranged for 4 pm Wednesday, 29th November, if required.

The Committee discussed the growth of the College Group following acquisition of Central Bedfordshire College (CBC) and highlighted fair value adjustments made. The Committee discussed provisions following the merger and received confirmation that revaluation was offset by pension revaluation following a challenge on assumptions.

Income and expenditure, increase in income and costs attributed to merger. Increase in cash position. The Committee noted it had been a positive year for the Group, with increased income and costs attributed to the merger and an increase in cash position. The Committee noted the highlighted sections within the report are to be completed, one related to the OfS requirement analysing fee income and a requirement from ONS around write-offs and others on capital and lease commitments.

The Group Director of Governance highlighted to the Committee the need for the approval of the Statement of Corporate Governance and Internal Control as part of the Financial statements.

It was agreed that the appointment of Yiannis Koursis as the incoming CEO needed to be added to the accounts.

AC/49/23 Regularity Self-Assessment



The Deputy CEO Finance summarised for the Committee the Regularity Self - Assessment 2022-23 and provided assurances that the Financial Statements Auditors are of the opinion that the College and the Corporation have complied with the principles.

The Committee confirmed their recommendation of the Regularity Self-Assessment for 2022-23 to the Chair of the Corporation and CEO for sign off and Board approval.

AC/50/23 Audit Committee Annual Report

The Chair of the Audit Committee summarised for the Committee the 2022-2023 Annual report, which outlines the work carried out by the Committee during the year ending 31st July 2023 in reviewing assurance, including the work of the College's internal and external auditors.

Discussions and Questions:

The Executive suggested adding a comment outlining the skills of the Audit Committee and the value this brings.

The response rate of the evaluation was lower than desired. The Group Director of Governance suggested completing the 2023 -2024 evaluation within the June 2024 Committee meeting.

Subject to the recommended comment being added, the Committee confirmed approval of the annual report to the Corporation for noting.

AC/51/23 Key Risk and Opportunity Review

The Deputy Director of Finance - Control provided the Committee with a report that noted the key risks and opportunities from the College Registers. Since the June 2023 Committee meeting, the Executive team has reviewed the register, and minimal changes have occurred. Older narratives have been removed where applicable.

The Deputy Director of Finance - Control updated the Committee on the introduction of Artificial Intelligence (AI) to the Risk and opportunity register. The Committee inquired about work being done on AI, and it was explained that the Executive Director of Digital Transformation is producing a strategy, which will include Cyber security work and the Group Director of Quality is production a policy outlining the teaching and learning side, both papers will go through Executive.



Discussions and Questions:

The Committee discussed the ability to remove risks where they are reducing and the need to review the amalgamation of risks.

A Committee member commended the review of Further Education (FE) in Leighton Buzzard as this is lacking.

The Committee noted the Key Risk and Opportunities register.

AC/52/23 Update on Data Protection

The Data Protection Officer (DPO) provided the Committee with an updated report on key data protection activities between July 2022 and August 2023.

Which included:

- Training, Group compliance remained constant at 94% which is comparable to the previous year
- 32 incidents were reported between July 2022 and September 2023, one of which was reported to the ICO. No further communication has been received on the matter from the ICO
- The number of information requests has dropped, inconsistency in the handling of Subject Access Requests has been identified, and further work is needed to embed the process. Training will be provided.
- Attendance of the GDPR Action Group.

Discussion and Questions:

The Committee asked for clarification on the comment within the report that stated 'somewhat average attendance'. The DPO explained it was raised to the Senior Leadership Team (SLT), and a discussion was held around the structure of the action group and the merit of encouraging attendance.

The Committee inquired into the root cause of the incident that was reported to ICO; it was before the DPO was in the role, but we will find out.

A Committee member asked what was being done to ensure the accurate capture of information requests. The DPO shared that it is feedback to SLT and raised in the quarterly GDPR action group meetings. General awareness is also being promoted via the staff intranet.

The Committee discussed the frequency of the training compliance for staff, including the sector norm and best practice.

The Committee noted the report.



AC/53/23 Minutes of the Previous Meeting

The minutes of the meeting held on the 16th of June, 2023, were approved as an accurate record of the meeting.

The meeting came to a close 17:43