



Heart of Yorkshire Education Group

Audit Committee Minutes of the

Heart of Yorkshire Education Group

On 8th March 2022 at 4pm via MS Teams

Present: Julie Craig (JC), Ian Parsons (IP), Ruth Sacks (RS), and Neil Warren (Chair - NW)

Apologies: Martyn Shaw (MS)

In attendance: Jonathan Creed (JC – Internal Auditor ICCA), Jason Pepper (JP – Executive Director, Finance and Resources), Joanne Taylor (JT), Antonia Praud (AP – Director of Governance)

Apologies: Richard Lewis (RL – RSM)

Item		Action
1	<p>Declarations of Interest, Apologies for Absence and Welcome</p> <p>The Chair welcomed all attendees to the Committee meeting and noted this was the first formal meeting of the new Heart of Yorkshire Education Group.</p> <p>Apologies were received from Martyn Shaw which were accepted with consent. There were no declarations of interest noted.</p> <p>One item of Any Other Business was received:</p> <p>Members recorded their congratulations for another fantastic graduation event this year.</p>	
2	<p>Committee Membership</p> <p>As confirmed in a written resolution to the Board, circulated on 18th February 2022, the members of the committee are: JC, IP, RS, MS and NW.</p> <p>NW was confirmed as the Chair of the Audit Committee, following board approval on 8th February.</p>	
3	<p>Minutes of the Meeting on 16th November 2021</p> <p>The Committee resolved to approve the minutes.</p> <p>Matters Arising:</p> <ul style="list-style-type: none">• Cyber security mitigation actions: The new group benefits from a stronger team with valuable IT expertise, post merger. The group is fortunate that there were very	

	<p>capable and knowledgeable staff at both colleges and the teams have been working together well. A huge amount of progress has already been completed to look at plans for systems integration. The first significant move will be to a group domain in the summer. Wakefield also need to complete the cyber accreditation process again by July. This was completed at Selby College earlier this term.</p> <p>Governors questioned if there was a heightened risk for a security breach, linked to the current international tensions. It was confirmed that the college recognise the risks and are taking a rigorous and cautious approach to all access requests. Two factor authentication has been rolled out at all sites for staff. The group have also closed down all traffic from outside of the UK and have totally blocked IT connections with Russia.</p> <ul style="list-style-type: none"> • JP confirmed he would include more information regarding internal controls in the next iteration of the Management Assurance Report and remove the reference to governance altogether which was outside of its scope, for his report to the November meeting. • It was noted that the Audit Committee followed the recommendations from Richard Lewis in their Audit report in December. This can be confirmed by RL at the next meeting. • Journal review: A solution from JP for increased oversight had been requested, to prevent this being identified again in the next review. JP confirmed that it would not be not possible to sign each journal (based on volume) but the team will introduce further financial control checks and sampling activities. • JP confirmed the appendix to the Regularity Self-Assessment Questionnaire had been completed, signed and sent to the ESFA. • Costs linked to the restructure were included in the Regularity Self-Assessment Questionnaire. • The Clerk circulated a written resolution to complete the outstanding items at the first opportunity, including the financial statements. 	<p>1</p> <p>2</p> <p>3</p> <p>4</p>
<p>4</p>	<p>Anti-Fraud and Corruption There have been no incidents to report, since the last meeting.</p>	
<p>5</p>	<p>Apprenticeships JT was thanked for attending and presented a progress report to the committee.</p> <p>JT and Sam Wright had met with Audit One, the Internal Auditors at Selby College, and reviewed an alternative plan for follow up activities, at the request of the Selby College Audit Committee. It was agreed the remaining Internal Audit days were to be used to review the paperwork for the revised process bring recommended by JT’s team, which could provide assurance the group governing board.</p> <p>The 3rd and 4th March were earmarked for the Audit, and involved a desktop exercise and follow up questions with JT, which were completed last week via Teams.</p> <p>The final report will follow and will be circulated. It was agreed NW would meet with Audit One, in his role of Chair.</p> <p>ICCA, the Group Auditors, would then complete any further Internal Audit activities on apprenticeships moving forward, at the request of this committee.</p>	<p>5 & 6</p>

	<p>JT confirmed 3 points had been raised. The team agreed with two of the points and the third was being considered.</p> <p>The points agreed by the management team include:</p> <ul style="list-style-type: none"> • The commitment statement will now make the job role clear. • The ESFA contact details will be updated and a column will be added to confirm “ineligible costs”. (The latter was included in the costs, but not split out). <p>The management team are updating this in all future paperwork for the group.</p> <p>The third point was a suggested statement with wording “I sign to confirm.....” as suggested in the funding guidance. A signature and date has always been required on paperwork and the team personally feel this is enough, however is discussing this response.</p> <p>Other notes were mainly around aesthetics rather than content. (eg use of logos etc) Overall, the verbal feedback was positive and nothing significant was identified.</p> <p>Governors thanked JT, confirmed that assurance could be confirmed from the minor points identified, and JT left the meeting.</p>	7
6	<p>Status of Outstanding Audit Recommendations</p> <p>JP presented the outstanding audit recommendations from Selby and Wakefield Colleges and confirmed that:</p> <ul style="list-style-type: none"> • It is important to look forward. • Processes are changing at pace, and some recommendations at Selby had already become obsolete, or would soon become so. • The Committee needed to review recommendations, acknowledging which were legacy items, and which need to be carried forward and have further follow up activity or review. <p>It was proposed that a new Group audit recommendations tracker would be initiated and brought to each meeting of the Audit Committee as a standing item from June onwards. This will combine any outstanding recommendations that remain.</p> <p>Appendix One: More familiar to members of the committee, this highlighted the three recommendations outstanding from previous audits at Wakefield College. It was confirmed that one remained outstanding (Board Assurance) and would carry forward. The other two recommendations (linked to risk management and anti-fraud and corruption arrangements) would hopefully be completed as a result of later items on the agenda.</p> <p>Appendix Two: The Committee reviewed the final follow up report from Audit One for Selby College that highlighted a number of outstanding recommendations. Some were noted as being already obsolete, or no longer relevant as systems and processes had changed or ceased (subcontracting). The Committee at Selby College had particularly highlighted two key areas with outstanding actions, in addition to the apprenticeship reports the committee were aware of.</p>	8

Work placements: Three medium risks remain outstanding. Lisa Macdonald (LM), had been to review current practice (in her operational role) and had identified 26 students on courses at risk of not achieving at this time. All students wish to go to university and this means they could complete their work experience required and secure their licence to practice at university.

Members noted concern that, having been made aware in an audit that practice needed review, that the governance and management teams had not acted swiftly. They questioned if it was known why this had not been acted on as a priority. There were several factors at play that were noted:

- Staff capacity – a reason why the Selby Board had pursued a merger.
- Temporary Senior Consultants were employed in the run up to merger – who had not taken personal responsibility for these recommendations.
- Part of this period included months of lockdown for covid, which impacted many providers.

Governors also raised a number of questions about student support including:

- How confident the college was that all learners impacted would continue into Higher Education and complete the activities needed to qualify?
- Were the Learners impacted aware of the impact on them?
- Could any steps be taken now to ensure they could qualify or is it too late in the year?
- Is there a risk to reputational damage for the college?

Many of the learners impacted were in Health Care and Early Years and the management team were looking into support as a priority. LM is confident that all individual learners impacted have been identified and processes are being improved to ensure there are no further cases in the future. This has been RAG rated as Red.

The Committee confirmed they wanted:

- further positive assurance – for the future and an update on current learners impacted. This includes confirmation of appropriate communication with the individuals concerned.
- NW and David Powell (Chair of Curriculum and Quality) should arrange a conversation with LM as there is overlap with the responsibilities of this committee. It was noted it has been logged in the QIP. (Quality Improvement Plan).
- Potentially this should be an area for an internal audit next year.

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Learner Experience:

Two medium rated recommendations linked to the ongoing development of an e-learning strategy were recorded as outstanding items. In reality, both Selby and Wakefield Colleges had to work at pace at the start of the pandemic and practice has continued to develop across the group. It was noted that at Wakefield College had developed their operational practice but had not written and agreed a strategy either. At both colleges, it was acknowledged that this was needed but had not been a priority in the last 12 months. Both colleges had examples of good practice to share and a recommendation could be seen as a joint action for LM and her team, in the medium term.

	<p>The committee approved the recommendation to develop a new action recommendation tracker. They confirmed there is a need to move on but not lose sight of any relevant recommendations.</p> <p>Of note:</p> <ul style="list-style-type: none"> • An apprenticeship internal audit should remain on the Internal Audit plan. • Staffing – the committee are keen to see the new management structure in due course for the new organisation. Capacity should be reviewed and should potentially be logged on the risk register. • The future audit plan should take into account the new strategic priorities of the group, once agreed. • The e-learning strategy is an action for the department but is not business critical. It can be a management action point rather than audit follow up recommendation, at this stage for the new group. • The Wakefield recommendation for the board assurance framework will be carried forward and JP will work with ICCA. 	<p>11</p> <p>(8)</p>
<p>7</p>	<p>Risk Management, Control and Governance</p> <p>Governors confirmed the new group needs to create a new Risk Register for the new organisation, but without losing sight of the previous priorities and risks identified. The Committee received the Risk Registers from both previous colleges:</p> <p>Wakefield College update: This is more strategic in focus, retention is healthy and the indicative finance allocation for next year anticipates an overall increase of £1 million. The merger has also been successfully concluded.</p> <p>Cyber security was flagged – whilst the group are increasing controls and mitigations, the risk from the aggression against Ukraine needs to be reviewed.</p> <p>Two risk ratings had been amended.</p> <ol style="list-style-type: none"> 1. The risk for cyber security had been heightened. 2. The merger was de-scaled as the merger is complete. <p>Selby College update: This plan is more detailed and operational. The work with the Risk Management Committee however in particular will be reviewed as there may be some good practice to learn from, especially with an enlarged group and sites. In particular, JP noted the positive approach of having a wider group management meeting and will investigate a similar option with the Exec Team and some of their reports.</p> <p>The registers reflect where both colleges were as organisation and there is now an activity to bring the two together. JC, from ICCA, confirmed that ideally the new group needed a hybrid of the two Registers, brought together.</p> <p>Governors questioned if the intention was to merge them together or start afresh, what the process was and what timescales JP had in mind.</p> <ol style="list-style-type: none"> 1. The plan is to start afresh, once the new strategic priorities are confirmed. The risks can be categorised around the revised priorities, and should also take account of the additional inherent risks for the intermediate period when there are two systems running in tandem (eg Finance and IT). The new Risk Register should include an item for management capacity and culture. 	<p>12</p> <p>13</p>

	<p>Group Risk Management Policy: The committee noted this is an interim draft – that has been rebadged and terminology amended for the new group. A fuller review will be needed in due course. Depending on when the strategy day is, this could be as early as the next meeting.</p> <p>The committee agreed to approve the policy, for ratification by the board.</p>	14
8	<p>Internal Audit Plan JC presented the revised plan. The team had looked at new risks presented by the merging of the colleges. Two new risks have been added that were not in the previous version of the annual plan.</p> <p>The Committee noted the new plan included some additional work to cover:</p> <ul style="list-style-type: none"> • The Governance of the merger process. This will confirm if the board followed due process and will note learning for any future opportunities. • The ongoing review of Apprenticeship record keeping and associated controls. The exact scope (see section 4) would be agreed closer to the time. • A review of the Financial controls in place during the period in which the Group moves towards the roll-out of a new finance system. During this interim period the Group will be operating 2 separate finance systems and multiple bank accounts. It was confirmed that a lot of progress has already been made and the group hope to move to a new finance system on 1st August. <p>The committee noted their approval of the revised Internal Audit Plan for the remainder of the academic year and confirmed there may be a need to prioritise some elements in the plan and so a flexible approach was acknowledged.</p> <p>Future Audits:</p> <p>Governors recorded that as the group management team is going to be spread over three sites, the board will need assurance that the management team is working effectively and is aligned in it’s vision and values.</p> <p>In September the group plans to move to a common HR system and then in 2023 to shared common curriculum processes. Systems integration and communication will be relevant for review too.</p> <p>The committee asked JC if 35 audit days was sufficient to receive the breadth of assurance the board required for the merged entity. JC confirmed that 30 – 40 days may be considered in a transitional year. If desired, the board may want additional assurance (as much as 50-60 days) and this can drop down as processes become established.</p>	
9	<p>Anti- Fraud Policy and Fraud Response Plan. This had been updated to reflect the latest requirements in the Audit Code of Practice (e.g. responsibilities of the Board and the Principal), the references to the Group, and also changes in reporting lines. The committee approved the policy and fraud response plan.</p>	
10	<p>Anti-Bribery Policy</p>	

	<p>The committee approved the policy.</p> <p>Governors enquired how the group will communicate changes to policies to staff in the group. Some policies, eg Whistleblowing, would be shared on the website. Others will be updated through the Virtual College. Staff also sign a code of conduct on a three-yearly basis.</p>	
11	<p>ILR Audit</p> <p>The Audit had been commissioned by the ESFA and the college have no control over the timing, content or who conducts the funding review.</p> <p>The college received the letter to confirm it had been chosen for a funding review, by KPMG in November 2021.</p> <p>KPMG undertook a comprehensive review of the final 2020/21 ILR return and were thorough but fair. Their audit covered a range of funding streams with a total value of just over £20.9m. KPMG identified a small number of records (14-15 out of 5000) in error, with a total error value of just over £52,000. In context, this was an overall error rate of just under 0.5%. This is an excellent result and the report is testament to the work of staff at the college and the controls in place.</p> <p>It was noted in particular that the auditors were impressed with the controls in place for apprenticeships and the committee recorded their thanks to JT and the team.</p> <p>Learning: the college is unlikely to be chosen for another audit for some time but the team are not complacent. The main errors identified were where students have transferred courses internally. The team are adding in additional controls into the process with the intention of avoiding the dual funding error identified in the future.</p> <p>IP left the meeting.</p>	15
12	<p>Selby College Final Financial Statements Audit Plan</p> <p>The committee noted the timeline for the completion of the final set of statements and the responsibility of this committee to oversee the process.</p> <p>The plan is straightforward and the Audit will be completed by RSM. The intention is for the draft report to be reviewed at the next meeting on 21st June.</p>	16
13	<p>Review of Effectiveness</p> <p>The Committee considered how it can assess if the college is making good progress.</p> <p>Energy costs: Both colleges are locked into contracts so have protection from rising energy costs.</p>	

	<p>Culture: All Governors need to be inquisitive and accept the group is a new entity, with a new board and should embrace change and a fresh start. There will be new roles for committees, local boards and the group board too.</p> <p>It is important that day to day compliance or process does not fall through the cracks amongst planned changes, and the committee need the internal audit plan to provide assurance.</p>	
14	<p>Date of Next meeting 21st June 2022 at 4pm</p>	

Meeting closed at 5.44pm

Action Log from the Meeting:

1	Provide updates on the mitigation of IT, and on cyber security , including the cyber essentials accreditation in July to the committee for assurance (in light of Ukraine etc)	Ongoing	JP
2	Include more information regarding internal control in the next iteration of the Management Assurance Report and remove governance altogether which was outside of its scope	November 2022	JP
3	RL to provide confirmation his recommendation in item 3 was completed: Recommendations made by RSM in respect of funding be included in the Audit Committee Annual Report including management's response to these.	21 June 2022	RL
4	Journal sampling – JP and team will introduce further financial control checks	ASAP	JP
5	The written report from Audit One will be circulated to committee members.	On receipt	AP
6	Have meeting with Audit One when the apprenticeships report is completed.	In weeks after final report is received	NW
7	Making changes to the process, in light of recommendations from the internal audit report (commitment statements and	ASAP	JT

	updating ESFA details) Potentially adding wording re: signing to confirm the agreement too		
8	Board assurance framework carried forward to the new plan	21 June 2022	JP
9	SLT to confirm none of the 26 students will slip through the cracks (ie if do not go into HE) and confirm individuals have received appropriate communications. Neil Warren and David Powell as Chairs to follow up with Lisa Macdonald (potentially a joint item of concern).	ASAP Spring 2022	LM NW
10	Consider work placements for an audit/ management review	Autumn 2022	ALL
11	Further Apprenticeship Internal Audit activities to continue	Ongoing	ICCA
12	New Risk Register to be created.	21 June 2022	JP
13	Risk Register should consider management capacity and culture	21 June 2022	JP
14	Recommend the Risk Management Policy to the Group Board for ratification	5th April 2022	NW
15	Review of the internal process and controls when learners transfer internally (main error noted in ILR audit)	ASAP	LM/ JP
16	Review final statements etc for Selby College	21 June 2022	ALL