

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL AND THE DIRECTOR

Year ended 31 July 2022



Significant Issues

1. The Audit Committee's role is to advise and assist the Council in respect of the entire assurance and control environment of the College. In line with its responsibility, on behalf of Council, to oversee and monitor the College's system of internal control, including its audit and risk management framework, the Committee's opinion on the management and control environment is set out at the conclusion of this report. Without qualification of that opinion, the Committee draws attention to the risks faced by the College.
2. The College is operating at a time of heightened political and economic uncertainty and therefore needs to be alert to events which could quickly shift the balance of the risks to which it is subject. In particular, in common with other HEIs, and other enterprises relying on digital technology to operate, the College remains at risk of cyber-attack or breach of security. Investment and work to reduce this risk continues and the Committee is monitoring the larger programme of the College's digital strategy.

Membership and meetings

3. The membership of the Committee in 2021/22 was:

Andrew Ratcliffe, Chairman; member of RCM Council July 2014 - July 2024, appointed to Committee August 2014 - July 2017, extended to July 2020 and again to July 2023.

Catherine Clarke; member of RCM Council October 2020

5. In summer 2022, Paula Walter was approved by Council to become a member of Council, subject to the consent of The President, and hence will become an independent Council member of the Committee with effect from September 2022.

4. The Committee expressed its sincere thanks to its outgoing member, Catherine Clarke. Catherine was appointed Deputy Chairman of RCM Council, Chairman of Remuneration Committee and a member of Finance & General Purposes Committee with effect from 1 August 2022. Given these new appointments and specifically her appointment to Finance & General Purposes Committee, she is no longer able to serve on Audit Committee.
5. The Committee met four times during the year on 30 September 2021, 4 November 2021, 28 February 2022 and 19 May 2022 and has met twice subsequently on 29 September 2022 and 8 November 2022. The meeting in February 2022 was an additional meeting specifically to consider an update on ICT. Joanna Matthews was unable to attend the meeting on 30 September 2021, otherwise all members attended all meetings during the

Assignments	Recommendations by priority rating				Assurance level	Control	Risk Management	Governance	VfM
	1	2	3	Total					
Internal control assurance - financial									
Financial Processes and Systems	2	7	-	9	Limited				
Internal control assurance – operational									
IT Risk and Control – Service Management	-	2	-	2	Satisfactory				
Human Resources	-	5	-	5	Satisfactory				
Internal control assurance – strategic									
Student Satisfaction incl. CMA	-	4	-	4	Satisfactory				
Estates Strategy	-	1	-	1	Satisfactory				
Sector theme audits									
Environmental Sustainability	-	-	-	-	Substantial				
Totals	2	17	-	19					

23. The Audit Committee considered in particular those weaknesses identified by the Internal Auditors as Priority 1 recommendations and concluded that the matters had been satisfactorily remediated.

KCG has provided its annual report. Its opinion is quoted below:

Overall, for the year ended 31 July 2022 and at the time of reporting, we provide satisfactory assurance that the College maintained adequately designed and effective arrangements for risk management, control and governance and economy, efficiency and effectiveness.

24. The Committee held a private session with KCG at the conclusion of its meeting on 29 September 2022.

External Audit

25. BDO was appointed as External Auditors with effect from 17 May 2012 and have been reappointed annually thereafter, including by a formal tender process, inviting proposals from other firms of auditors, in 2018/19. The Audit Committee's assessment of BDO's performance for the year is that it is satisfactory.

26. The external auditors' audit highlights memorandum for 2021/22 includes no significant recommendations. The management of the College has responded positively to the findings and recommendations.

27. The Committee held a private session with BDO at its meeting on 8 November 2022.

Audit Committee Opinion

28. In accordance with the OfS Terms and Conditions of Funding for Higher Education Institutions (OfS 2018.15) and having taken into account the annual report of the Internal Auditors and the Management Letter of the External Auditors, the Committee confirmed, based upon information it has received, the following statement as part of its Annual Report to the Council, and to the Director, as the Accountable Officer:

- The Committee is satisfied that the College has effective arrangements in place for governance and risk management and control within the College as set out in the Statement of Internal Control, included with the Annual Financial Statements.

- The Committee is satisfied with the College's arrangements for securing economy, efficiency and effectiveness and notes the progress made in this regard during 2021/22.
-