

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 14TH NOVEMBER 2023**Present:**

Charlotte Bosworth – External Governor
 Edward Ng – Associate Governor
 Graham Ward – Chair
 Nick Tomkys – External Governor

In Attendance:

Matthew Brown - Director of Finance & MIS
 Aisha Khan – Beever & Struthers (External Auditor)
 Helen Knowles – Beever & Struthers (External Auditor)
 Jacky Leek – Head of Finance
 Gurpreet Sandhu – Risk & Compliance Manager – minutes 73 - 75
 Louise Tweedie – RSM (Internal Auditor)
 Lesley Venables – Head of Governance

	Apologies for Absence	
41	There were no apologies for absence.	
	Declarations of Interest	
42	There were no declarations of interest in any agenda item.	
	Minutes	
43	Resolved - That the minutes of the meeting (Parts 1 and 2) held on 28 th September 2023 be approved as a correct record and signed by the Chair	
	Matters Arising	
44	Governors received for information a progress report on the actions identified at the previous meeting and noted that the majority of these were either completed or featured on the agenda.	HoG
45	Minute 4 on risk management had been superseded by a later agenda item on revised risk processes. In relation to minute 11 on safeguarding training for governors the Head of Governance reported that baseline data had been requested from the HR department which would enable any gaps to be identified. It was proposed that governors would undertake the internal electronic training modules on safeguarding, EDI, health and safety, Prevent and GDPR. If they completed safeguarding training in their employment or voluntary activities, they could submit a copy of their training certificate which would be kept on the Single Central Record.	
	FUNDING ASSURANCE AUDIT REPORT	
46	The Director of Finance & MIS presented a report on the Funding Assurance Audit. Governors noted that it had not been possible for the appointed auditors (KPMG) to schedule in this work until the middle of December, which meant that the resulting report would be presented to the March 2024 Audit Committee meeting.	DoF
47	The College expected that a 'reasonable' level of progress would be evident, with not all risks dealt with completely but providing a distinct improvement on the previous report.	

48	No response had been received yet from the ESFA regarding the level of any potential clawback of funding.	
49	A governor questioned whether, as this was a high risk area, a review should be added to the Internal Audit schedule. The Director of Finance & MIS responded that, historically, this work had been kept separate from the Internal Audit Plan but this course of action would show that the College had commissioned its own work in this area of continuing high risk to assess the implementation of previous recommendations. Due to the complexity of this funding stream it would be difficult to provide governors with 100% assurance and the College's processes had been tightened up considerably for 2023/2024.	
50	The proposed tender process for the provision of funding audit services had not yet been drafted. This would be discussed at the March 2024 meeting.	DoF
SUB-CONTRACTOR CONTROLS ASSURANCE WORK		
51	Governors were advised that this report had not yet been completed and would be submitted to the March 2024 meeting.	DoF
FINANCIAL STATEMENTS 2022/2023		
52	The Committee received the draft Financial Statements for 2022/2023, together with the draft External Auditor's Management Report and the Letters of Representation.	
53	The Director of Finance & MIS presented the reconciliation between the management accounts position reported at 31 st July 2023 (deficit of £1.106m) and the financial statements (£14.916m). There was an actuarial gain of £16.7m for the year, compared to £36m gain in 2021/2022.	
54	The External Auditors advised that the audit was almost complete and it was anticipated that an unqualified opinion would be issued on both the financial statements and the regularity audit. A small number of items had yet to be completed, which was normal at this point in the audit process.	
55	Two adjustments had been discussed with management: the payroll classification of two part-time members of staff and the accounting methodology relating to the purchase of the CCM facility. Both of these issues had now been resolved.	
56	All recommendations made in the previous year's management letter had been addressed satisfactorily. A further 2 low priority recommendations on internal control systems had been made for 2022/2023, neither of which affected the overall audit opinion. One of these related to ensuring that sufficient checks were carried out on 16-18 learner records. The second recommendation focused on the disconnection between the establishment of apprenticeship programmes and claiming associated income. This underlined the importance of the College receiving assurance on the robustness of any funding claims.	
57	It was unlikely that the ESFA would issue colleges with the reconciliation statement between the financial outturn and performance against the agreed targets before the Corporation meeting on 30 th November 2023.	

58	A governor asked whether the College should be mitigating the risks associated with the fluctuations in the value of the pension scheme. The Director of Finance & MIS responded that the College's responsibility was to pay the pension benefits to recipients, which would be based on future conditions. It was up to the individual pension schemes to ensure that there was sufficient monies available to pay future benefits.	Principal
59	The College had made additional contributions to the scheme in the past to mitigate any deficit but this had not been necessary for several years due to the variations in performance. The contribution rates by employers was renegotiated every 3 years and was likely to continue to increase beyond the current rate of approximately 30% for the Teachers' Pension Scheme and 21% for the LGPS.	
60	The Committee received the draft Regularity Self-Assessment Questionnaire, which required approval by the Corporation and the signature of the Principal and the Chair prior to its submission to the ESFA.	
61	Governors also received the annual accounts for the Student Union and for Broadway Training Limited. It was noted that the previous Head of Governance was still listed as company secretary of Broadway Training Limited at Companies House. This needed to be amended and would be followed up by the Director of Finance & MIS.	
62	Resolved - <ol style="list-style-type: none"> 1 That the Corporation be recommended to approve the Financial Statements, Letters of Representation and the Regularity Self-Assessment Questionnaire 2 That the External Auditor's Management Letters be noted and presented for information at the November Corporation meeting 3 That the annual accounts for the Student Union and for Broadway Training Limited be noted and presented for information to the November Corporation meeting 	
AUDIT COMMITTEE ANNUAL REPORT 2022/2023		
63	The Head of Governance presented the draft Audit Committee Annual Report for 2022/2023. This had been prepared in line with the guidance set out in the Post-16 Audit Code of Practice. A small number of minor amendments were suggested, with the final version to be circulated to the Corporation at its next meeting.	
64	Resolved - That the Committee's Annual Report for 2022/2023 be approved, subject to some minor amendments	
INTERNAL AUDIT REPORTS		
65	Health & Safety The Internal Auditor presented an Internal Audit Report on Health & Safety systems, which had graded this area as providing a 'reasonable' level of assurance.	
66	A total of 6 recommendations had been made, 3 of which were graded as 'medium' priority and 3 of which were graded as 'low' priority. The Internal	

67	Auditor had noted that the link between the objectives set out in the Health & Safety Policy and the training undertaken for staff to enable them to comply. One example of this had been that evidence on fire alarm checks had not been easily available to address the issues identified in a fire risk assessment.	
68	A governor questioned whether there was a minimum number of fire drills held during the academic year and was advised that these were scheduled to take place termly. However, the associated record-keeping was variable and had been highlighted as an area for improvement.	
69	The Committee was assured that the training identified in the Health & Safety Policy had been completed in the majority of cases with no significant gaps.	
70	It was agreed that the Internal Audit Report would be discussed at the next Health & Safety Committee meeting and shared with the relevant link governor (Heather Lodge).	DoF/ HoG
71	Progress Report The Internal Auditor reported that the work on Risk Management had now been scheduled for November 2023 and would feature as an agenda item at the March 2024 Committee meeting.	RSM
72	Governors were advised of a change to the Internal Audit Plan due to the Office for Students identifying some differences in their methodology for calculating student data. By the end of January 2024 colleges were now required to commission additional work on their higher education data. The outcomes of this process would be reported to the March Committee meeting.	RSM
73	A thematic review of common compliance issues against the ESFA's sub-contracting standards for all RSM's client colleges was presented for information.	
AUDIT TRACKING REPORT		
74	The Risk & Compliance Manager presented a report on progress against each of the actions identified in previous audit reports. A total of 8 recommendations had not been completed by the due deadline, which was a significant reduction compared to previous reports and was due to the work undertaken by the team in this area. It had been agreed that in future any requests for extending the deadline would be submitted to the Head of Governance on behalf of the Audit Committee.	
75	Governors sought clarification of the colour-coding of the report and were advised that many of the actions were not due for completion until December 2023 or January 2024. It was suggested that these should be categorised as either 'On track to meet the agreed deadline' or 'Will miss the agreed deadline', rather than 'In progress'.	
76	Future reports to the Committee would highlight any actions graded as high-risk and a more effective summary of progress would be provided.	R&CM

FRAUD RESPONSE PLAN 2023/2024		
76	The Head of Finance presented the draft Fraud Response Plan for 2023/2024, which was a requirement of the Post-16 Audit Code of Practice. This had been based on the previous year's document, which had operated effectively.	
77	A total of 5 points had been identified for further action in 2022/2023, three of which had been completed and the remaining 2 were in progress,	
78	As advised to the Committee at a previous meeting there had been one instance of fraud during the year. The College had followed the procedures outlined in the Plan and it was noted that there had been no financial loss by the institution or the affected individual. This matter had been reported to the relevant authorities.	
79	A governor enquired as to whether the additional layer of identity verification discussed at the last meeting had been implemented. The Head of Finance reported that this had been actioned.	
80	Resolved – That the Fraud Response Plan for 2023/2024 be approved	
RISK MANAGEMENT & BOARD ASSURANCE		
81	The Director of Finance & MIS presented a report on Risk Management. This outlined the 5 key areas of risk for the College, namely <ul style="list-style-type: none"> • Inflationary pressures • Staffing remains challenging after strong student recruitment • Improvement in Maths is required • Low numbers of traditional HE students • Challenging trading conditions for apprenticeships, with particular emphasis on retention 	
82	Previously, the College's risk register was based on 10 key risks. These had now been reviewed and reduced to 5 strategic risks aligned to the Corporate Plan. These had been shared with the various layers of management within the organisation, generating a high level of buy-in. It was intended that further work would be carried out on the risk management framework and would be brought back to the March 2024 Audit Committee meeting for discussion.	DoF
83	Governors discussed whether the strategic risks were too broad and made it difficult to assign responsibility to individuals. The Director of Finance & MIS responded that this would be reviewed as the risk assurance map was developed further. Overall it was felt that the risks were appropriate as long as the associated internal controls defined clearly.	
84	The Committee sought assurance that all of the areas covered in the previous iteration had been mapped across. It was noted that issues such as safeguarding, mental health and pastoral care needed to be captured properly.	
85	The Director of Finance & MIS was asked to consider whether the new risk register was sufficiently student-focused and to include Environmental, Social and Governance (ESG) elements.	DoF

86	The Risk Management Policy would also be updated to reflect the new risk process. This would be an agenda item for the Committee's March 2024 meeting. Separate risk registers would be created for significant projects such as the new Adult Learning Centre (former M&S Building).	DoF/ DOR
87	The Head of Governance suggested that the Audit Committee may wish to focus on one strategic risk at each future meeting. The structure of the new risk register would also enable risk to be considered by the wider management group on a regular basis.	DoF/ HoG
Date and Time of Next Meeting		
12th March 2024, 9.30 a.m.		