

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 11TH MARCH 2025**Present:**

Graham Ward – Chair
Edward Ng – External Governor
Heather Lodge – External Governor

In Attendance:

Karen Gentles, RSM – Internal Auditor
Jacky Leek – Interim Director of Finance
Gurpreet Sandhu – Risk & Compliance Manager
Rachel Jones – Assistant Principal MIS
Lesley Venables – Head of Governance
Helena Platt – Director of English & Maths – minutes 103 to 121

	Apologies for Absence	
103	Apologies for absence were received from Charlotte Bosworth (External Governor) and Louise Tweedie (Internal Auditor)	
	Declarations of Interest	
104	There were no declarations of interest in any agenda item.	
	Minutes	
105	Resolved - That the minutes of the meeting held on 19 th November 2024 be approved as a correct record and signed by the Chair	
106	The Head of Governance advised that any areas of challenge raised in committee and Corporation meetings were now highlighted in the minutes, for ease of reference.	
	Matters Arising	
107	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. It was agreed that a good level of progress had been made.	
108	The Interim Director of Finance reported that informal benchmarking information on tolerance levels for sub-contracting compliance had not yet been obtained from other colleges or the FE Commissioner's office. (minute 33 refers).	JS
109	In relation to minutes 43 to 45 a review of all College policies was being undertaken by the Quality Directorate, which would include checking that any Human Resources policies were compliance with current legislation/guidance (minutes 43 to 45).	DT
110	The Assistant Principal MIS reported that a Anti-Violence & Aggression Policy was being drafted in response to recent events and student feedback on safeguarding and external safety concerns (minute 98).	RJ
	CHAIR'S ACTION	
111	There had been no chair's actions since the previous meeting. However, the Chair and the Head of Governance had met with the Assistant Principal Adults & WBL to discuss the report on the apprenticeship clawback and how these issues were being worked through by the College.	

UPDATE ON APPRENTICESHIP AUDIT		
112	Governors received for information a report on progress against the actions identified in the recent Apprenticeship Audit. It was noted that a significant amount of work had been carried out in this area over the past few months. From the total of 28 recommendations relating to apprenticeship funding, 10 had been fully completed and progress had been made on a further 15 recommendations. All items had now been classified as 'Amber' status.	RJ
113	Proposals had been development for the purchase of a new tracking and system which would improve oversight and data flows. The relevant tender process and a full business case would be considered by the Finance & Resources Committee, in line with the requirements of the Financial Regulations.	
114	Currently the College was negotiating with 2 possible suppliers of apprenticeship tracking software and there was a considerable disparity between the costs and capabilities of each. A key question for the College was whether the anticipated capital investment would bring about a sufficient level of efficiency. The timescale of the implementation of any new system would need to be carefully thought out to minimise any disruption to College activities.	
115	A governor sought assurance that the College had the necessary in-house expertise on artificial intelligence to evaluate any relevant parts of the tender process. The Assistant Principal MIS responded that the College may not be able to use all the tools associated with the software at this stage and that this was one of the considerations within the tender process.	
116	The Committee noted that there had been a good level of progress against the majority of the identified audit recommendations. However, a number of completion dates had now expired and required updating, for example the Smart Assessor software had now been implemented (moving this action from Amber to Green). There were other recommendations where further checks on embedding were required before these could be considered as implemented. It was agreed that some narrative to reflect this could be added to the progress column in future reports.	RJ/JN
		RJ/JN
INTERNAL AUDIT REPORTS		
117	The Internal Auditor presented reports on 3 recent internal audit visits – Marketing & Engagement, Student Voice Framework and Bursaries.	
118	A total of 4 medium priority recommendations had been made and corrective actions were already underway. The recommendation resulting from the Student Voice audit had already been actioned with a formal strategy now approved at SMT. The two actions for Marketing would be completed by July 2025.	
119	The Interim Director of Finance reported that in the past the College had been keen to ensure that students received bursary funding as quickly as possible and that it had not been clear as to whether this was funded through the College's own bursary expenditure or through Government allocations. This had now been clarified and receipts for items purchased with bursary funds were required where appropriate and reasonable.	

120	A governor questioned how effectively the funds had been used according to the findings of the internal audit process. The Assistant Principal reported that the College could draft its own Bursary Policy but had to adhere to the Department for Education's specific rules on how these monies could be spent. The Committee was reminded that the External Audit report on bursaries in 2023/2024 had focused on compliance with the DfE funding rules whereas the Internal Audit in 2024/2025 had reviewed the processes in place to achieve compliance.	
121	The Assistant Principal was asked whether the College was offering bursaries to the right students and whether this support benefitted individuals to achieve success in their qualifications, particularly in relation to English and Maths. Governors were advised that the bursary for vulnerable students applied to care leavers, in line with the definition set by the Government. General bursaries were assessed according to financial needs of the individual students. Helena Platt left the meeting	
INTERNAL AUDIT PROGRESS REPORT		
122	The Internal Auditor presented a report on progress against the Internal Audit Annual Plan for 2024/2025.	
123	The Plan was on track to be delivered by the end of the academic year, with the final visit due to take place in April and reports would be submitted to the June Audit Committee meeting.	
124	The Committee also received a benchmarking report that compared RSM clients across the further education and other areas of the public sector, together with a copy of the latest Board Assurance Toolkit.	
ESFA BURSARY AUDIT		
125	The Assistant Principal MIS presented a report resulting from a recent ESFA audit of the College's bursary funding for 2023/2024, which was a new requirement.	
126	No issues had been raised in relation to student eligibility, travel payments, equipment payments or free school meals. However, a number of minor recording issues had been identified as to which parts of bursary provision the funding was allocated (as the College administers the funds as a single 'pot' of money which can be vired between free school meals (FSM) and discretionary bursary). Procedures for 2024/2025 had been amended to take account of this recommendation.	
127	Blanket payments to students had not been permitted for a number of years and the College was concerned about the impact of any potential clawback, which could amount to £460k. Payments to students for wifi or internet access were problematic as the DfE required proof that individuals other than the bursary recipients had not benefitted from this support, which was difficult to obtain.	
128	The College had now mitigated a significant proportion of the potential clawback (now £118K) by requiring receipts or providing any support 'in kind'. Management had challenged the ESFA on the remaining amount and had been informed that the money needed to be re-spent on eligible items.	

129	It had been agreed that there would be no further challenge, as there was a risk that the DfE could claw back the full amount of £460K. Further accounting anomalies had been identified in relation to Free School Meals. In the past the College had treated FSM and Discretionary Bursary allocations as one funding 'pot'. This was no longer permitted under the DfE guidance.	
130	The Committee asked whether there was anything that management could have done in advance to minimise the risk of clawback. The Assistant Principal responded that this would only have been possible if the College had realised that its Bursary Policy had been incorrect for a number of years.	
131	The Internal Auditor commented that the clawback situation was not unusual within the sector and that changes to the funding rules were not always clearly communicated. The most common recommendation was about ensuring receipts were obtained for any bursary payments. Governors were advised that the College was allocated 5% of the total bursary budget to administer the scheme, but this would soon be spent if staff had to continually chase up students who had not yet provided evidence of expenditure.	
132	Further questions centred around why the College had continued to provide blanket payments despite this process being non-compliance with DfE regulations. The Assistant Principal MIS felt that this could be partly a result of the College having a succession of interims leading MIS over the past 2 to 3 years, which had meant that changes to the funding rules had not been picked up.	
133	The Committee was assured that the Bursary Policy had now been amended to reflect the latest requirements and that this would be checked during any follow-up work. Management was confident that appropriate controls were now in place and operating effectively, but it was noted that the guidance for 2025/2026 had not yet been issued by the DfE, so further changes to procedures may be required.	
OFFICE FOR STUDENTS HIGHER EDUCATION AUDIT		
134	Governors received for information a report on a recent audit by the Office for Students on the College's higher education provision. This had been graded as providing a 'moderate' level of assurance with 6 recommendations - 2 high priority, 2 medium priority and 2 low priority. A substantial improvement had been made compared to the previous OfS HE audit in 2023, when there had been a lack of expertise on higher education internally due to staff changes.	
135	One of the 2 medium priority recommendations related to the verification tool software. Although this had been used throughout 2023/2024, it had not generated any submissions to the OfS or supporting cases as it had been focused on clearing all issues. In the final ILR there were only 2 issues relating to a number of learners compared to the HESE23 submission which had an error tolerance of 5%. The other medium priority recommendation related to a limited number of errors across a number of fields.	
136	The 2 low recommendations were on subject weighting and the percentage of provision taught by each partner for a total of 3 courses.	

137	It was noted that apprenticeships at Level 4 or above were now part of the OfS oversight regime, which was not the case in the previous audit. It was more difficult to ensure accuracy on these as they are based on individual learners rather than on particular courses. The College would be making the recommended changes to processes to improve the courses further for all HE provision and ensure that the data was correct.	
138	Training across the team would take place together with a review of documentation, which would include a wider group of staff. The Assistant Principal MIS advised that the MIS Manager would be retiring shortly, so it was important that other staff within the team were familiar with these processes.	
139	Subject to submitting an appropriate action plan, completion of the recommendations and any ILR recreation if required, the College should not remain on the OfS audit non-compliance process regime. Robust tracking was now in place and the OfS would determine whether the ILR would need to be amended for 2023/2024.	
140	A thorough review of all HE data had been undertaken and mapped to OfS entry criteria for each programme.	
141	It was noted that OfS processes were highly bureaucratic and complex, but a high level of compliance was required if the College was to continue to run these programmes.	
HEALTH & SAFETY AUDIT		
142	The Committee received for information a report on a recent health and safety audit carried out by Assured Partners of Hettle Andrews (a specialist consultant).	
143	The audit covered 26 functional areas and had identified a total of 15 recommendations, 5 of which were graded as priority 2 (potential risk), 9 of which were graded as priority 3 (minor regulatory non-compliance) and one of which was graded as priority 4 (best practice).	
144	The recommendations related to lone working, legionella testing, Display Screen Equipment assessments for home working, fire risk assessment for the Wisemore Campus (which had not been completed since August 2023), work and equipment testing (including gym and play equipment) and risk assessments and lift operating processes.	
145	Governors were informed that at the time of the audit the full-time Health & Safety Manager had left the College. Some of the actions identified in the report had already been implemented, but the new appointee had used the recommendations to amend procedures and provide staff training as appropriate.	
146	It was recognised that further discussion with the auditor was required on some recommendations. For example, the goods lifts were working effectively but the under-usage was due to 2 members of staff not wishing to undertake the necessary training. Some of the play equipment in the Nursery was located in the Early Years' area, but was not necessarily used by children as it was a simulated environment.	

147	The recommendation on home working focused on differences between sites or documentation that were inconsistent. Procedures were in place that were compliant with the relevant guidance, however, these were not consistently applied across the College.	
148	The Assistant Principal MIS reported that future audits would be undertaken by the College's insurers on an annual basis.	
AUDIT RECOMMENDATIONS TRACKING REPORT		
149	The Compliance & Contracts Manager presented a report on progress against each of the actions identified in previous audit reports.	
150	A total of 48 recommendations were included from both 2023/2024 and 2024/2025, 12 of which were still active, 34 of which had been completed with a further 8 in progress. It was noted that there were 2 items classified as 'red' on which further work was being undertaken and it was anticipated that these would be completed by the end of the academic year.	
RISK MANAGEMENT UPDATE		
151	The Assistant Principal MIS presented a report on progress with the new risk management processes. Following the recent governor training session on Risk Management and to align with the College's new Strategic Objectives, the draft Risk Management Policy and Board Assurance Framework had been updated.	
152	The draft Policy would expire in August 2025 and a revised version was submitted for comment prior to its consideration by SMT and approval by the Corporation. The main changes focused on redefining the risk scoring table, the clarification of the impact of financial terms, the alignment of risk categories to the strategic risks and the inclusion of departmental risk registers and their links to the Strategic Priorities.	
153	Governors were advised that the scores in the current Risk Register had been amended to ensure they were consistent and would be migrated to the new system before the next Audit Committee meeting. The online risk system would contain all risks and a series of reports was under developed to enable governors and managers to monitor performance.	
154	A summary of the outcomes of the risk appetite scores was presented for information. The Committee noted the difference in scoring between SMT and governors in terms of the profile and between members of different committees.	
155	A further survey of the risk appetites of SMT and governors would be conducted during April, after which the risk appetite scores would be re-defined and presented to the Corporation, which would be asked to approve an overall risk appetite statement.	
156	Further work was required on the level of risk that was acceptable to the Corporation and provided an consensus of opinion. Governors discussed issues such as the potential variation in risk appetite, for example, a more commercial venture may need to be riskier to achieve the projected outcomes (both in terms of quality and finance) However, it was recognised	

157 158 159	that the application of a mid-point view of risk appetite was not appropriate for some items such as safeguarding. The current financial risks had been amended as an example of what the new Risk Register might look like. The Committee was asked to confirm that it was comfortable with the approach being used, so that the full Risk Register could be mapped out in the same manner. This would reduce the overall number of risks as items like “£500k shortfall of ALS” would be categorised under ‘loss of income’ as a cause and effect. A review of some non-curriculum departmental Risk Registers had taken place, namely Finance, MIS, Estates, Safeguarding & Well-Being and IT. The next stage would be to review Risk Registers for each of the curriculum directorates. Resolved – That the Corporation be recommended to approve the proposed changes to the Board Assurance Framework for Risk Management and to the Risk Register	
	VALUE FOR MONEY 2023/2024	
160 161 162 163 164 165	The Interim Director of Finance presented a report on Value for Money in 2023/2024. The report’s overall assessment of performance varied between different elements. Whilst non-pay expenditure continued to be well managed within the approved budget and there was evidence of this impacting positively on achievement rates and student destinations, English and Maths achievement levels were below the identified target. It was difficult to assess how much of this was attributable to COVID-19 factors, together with the ever-increasing number of students who needed to re-sit English and maths qualifications post-16. The College had increased its staff cohort and awarded a pay rise in 2023/2024, which had meant that the staff costs to income ratio had risen to nearly 10 percentage points above the sector benchmark (65%). However, student satisfaction rates indicated that they felt well-supported by the College and safe whilst on campus. The College was able to grow its 16-19 cohort in 2023/2024 and, due to the ESFA’s lagged funding model, this additional income was received in 2024/2025. However the imminent increases in National Insurance and the National Minimum Wage make it likely that the College’s level of EBITDA would remain below 5% for the foreseeable future, together with its financial health rating in the middle range for a scoring of ‘good’. Non-pay expenditure had been managed well and had had a positive impact on students, but governors noted that English & Maths achievement and attendance levels and the continuing influence of the pandemic had proved challenging. The significant investment in staffing, through a pay award and additional recruitment, had added to the culture of the organisation and supported students in feeling safe whilst in College. An increased funding allocation had been received from the DfE to reflect the growth in 16-19 student numbers. However, the imminent increases in	

166	National Insurance and the National Minimum Wage would be difficult to manage, particularly against a target EBITDA of 3.5%. In response to a question about the status of the report and whether it was required by the College's regulators, the Interim Director of Finance reported that it was for internal discussion only and that other colleges were likely to use different metrics for their own institutions. The productivity measures in place would be used to make comparisons against previous and future years. It was recognised that the term 'value' now encompassed a broader definition, including the softer skills acquired by students as part of their programmes.	
167	Governors commented that, perhaps, a more qualitative analysis was required in future reports, but management felt that this was covered elsewhere within the governance framework (such as the quality data dashboard). It was also important to ensure that the information needed to be both measurable and readily available. Reports such as those on English & Maths presented to the Learning & Quality Committee indicated that there had been significant progress, but the overall targets had not yet been met. Further thought would be given to the content of the report in future to incorporate these points.	JL
FUNDING ASSURANCE AUDIT TENDER PROCESS		
168	The Committee was reminded that several years ago, the Funding Assurance Audit work had been undertaken by the Internal Auditors. This requirement had then be removed from the Audit Code of Practice, but in the last couple of years the External Auditors had carried out work on the College's ILR returns to ensure that funding claims to the ESFA were accurate. In addition, the ESFA had appointed its own auditors to check the veracity of funding claims.	
169	Governors received a proposal to tender for the funding assurance audit contract for a 3 year period with the option to renew for upto a further 2 years. A detailed programme of work had been set out in the report, which meant that all funding streams would be covered by the audit in year 1 to provide a high level of assurance to the College and to the Board.	
170	Work on the College's high needs provision was included in the plan, as there was increasing pressure on FE colleges to reduce the costs charged to local authorities for these students.	
171	The contract was for between 17 to 20 days per year at an estimated cost of £20k per year for the 5 year period. A governor questioned whether the timescales for the tender process were realistic, but was assured that this would not be difficult for most firms operating within the sector and familiar with the ESFA funding regulations.	
172	Resolved – That the Corporation be recommended to approve the initiation of a tender process for the funding assurance audit for the next 5 years.	
Date of Next Meeting		
	17 th June 2025	