

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 17TH JULY 2025**Present:**

Graham Ward – Chair
 Andrew Chiduku
 Edward Ng – External Governor

In Attendance:

Louise Tweedie, RSM – Internal Auditor
 Jacky Leek – Interim Director of Finance
 Gurpreet Sandhu – Risk & Compliance Manager
 Rachel Jones – Assistant Principal MIS
 Lesley Venables – Head of Governance

	Apologies for Absence	
173	Apologies for absence were received from Charlotte Bosworth (External Governor) and Heather Lodge	
	Declarations of Interest	
174	There were no declarations of interest in any agenda item.	
	Minutes	
175	Resolved - That the minutes of the meeting held on 11 th March 2025 be approved as a correct record and signed by the Chair	
	Matters Arising	
176	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.	
177	In relation to minute 116 it was noted that an additional column had been added to the funding audit report to reflect progress.	
178	The Committee received a copy of a letter sent by the Office for Students in response to the College's notification of the closure of some HE programmes which were unviable. OfS had confirmed that no further action would be required by the College on this matter.	
	CHAIR'S ACTION	
179	There had been no chair's actions since the previous meeting.	
	INTERNAL AUDIT REPORTS	
180	Strategic & Financial Planning The Internal Auditor presented a report on the College's Strategic and Financial Planning processes, which had been graded as providing a 'substantial' level of assurance. A total of 2 low priority recommendations had been made on the need to update the Financial Strategy and verification of the level of teaching costs. In relation to the latter point the Interim Director of Financial reported that her predecessor had split staffing costs into teaching and business support, but that the calculations required slight amendment.	JL
181	Follow-up Report Governors were advised that of the 34 recommendations made in 2024/2025, 22 had been fully implemented, 5 had been superseded and 4 had not yet been implemented. The Internal Auditor commented that this	

	was a good outcome given the level of activity and the complexity of the organisation.	
	INTERNAL AUDIT PROGRESS REPORT	
182	The Internal Auditor presented a report on progress against the Internal Audit Annual Plan for 2024/2025.	
183	The Plan had now been delivered and the Committee would receive the Annual Report at its September meeting.	
184	Governors' attention was drawn to the sector update on the Economic Crime & Corporate Trading Act, which would need to be taken account of in the College's policy framework. The Interim Director of Finance reported that the College already had a strong relationship with Barclays Bank, with regular webinars for staff included as part of the annual training programme. It was important that staff had the necessary tools to be able to identify fraud taking place and this would be applied to a wider group of budget-holders, not just members of the Finance Team.	
185	In response to questions about the regularity of testing the College's procedures, the Interim Director of Finance advised that there was annual penetration testing of the College's cyber security framework and phishing tests undertaken on a regular basis.	
186	The Committee was reminded that there had been a 'near-miss' fraud incident in 2023/2024. Governors asked whether a simulation exercise could be devised to test whether staff were aware of these risks and knew how they could be dealt with. As a result of this incident the College's internal practices had been strengthened in terms of the way in which staff notified the HR and payroll departments of any amendments to their personal details.	
187	The Fraud Response Plan was followed for any identified fraud cases. The incident was reported both to the bank and to Action Fraud.	
188	In the section on risk management within RSM's sector update the top 3 most common risks across all organisations were: changes in Government policy/priorities, political instability and the impact of cyber-attacks. Governors were assured that all of these were featured on the College's own risk register and would continue to be reviewed.	
	INTERNAL AUDIT STRATEGY 2025/2026	
189	The Internal Auditor presented the draft Internal Audit Strategy for 2025/2026. This had been prepared following discussions with management on the basis of the College's current priorities and identified risks and used a risk-based approach to determine areas of coverage. The Plan for 2025/2026 included reviews of Procurement, Cyber Security, Capital Projects, Prevent/Protect Duty, Curriculum Development & Management and Follow-up.	
190	In 2025/2026 the planned number of days would be 52 (compared to 45 in 2024/2025), at an estimated cost of £35,513 plus VAT. The Committee noted that the timings of each visit and the number of audit days for 2025/2026 could be amended during the year.	
191	Resolved – That the Corporation be recommended to approve the Internal Audit Strategy for 2025/2026	

AUDIT RECOMMENDATIONS TRACKING REPORT		
192	The Compliance & Contracts Manager presented a report on progress against each of the actions identified in previous audit reports.	
193	A total of 20 active recommendations were included from both 2023/2024 and 2024/2025, 8 of which had been completed, 3 of which were in progress and 9 of which were not yet due. 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.	
APPRENTICESHIP FUNDING ASSURANCE REPORT		
194	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, 8 had been fully completed and progress had been made on a further 15 recommendations with the status of many moving from 'Red' to 'Amber'.	
195	A new tracking system had been purchased and was currently being implemented. This would enable all student data to be stored in one place and meant that some of the recommendations highlighted in the original audit report could not be progressed. All new starts from September 2025 would be input on the new system and there would be a phased migration of other apprentices by January 2026.	
196	The Assistant Principal MIS highlighted a potential area of concern that had been identified in previous years and had resulted in a clawback of apprenticeship funding of £350K in 2023/2024 and £250K in 2024/2025. However, following an extensive review of the data, it was projected that there would be a clawback of approximately £40K in 2025/2026.	
197	This related to Functional Skills on English & Maths programme and was partly due to changes in the delivery pattern. Management would ensure that the delivery plan for Maths and English in future years would align with the supporting evidence.	
198	For the benefit of the newest member of the Committee, the Chair provided summary of the issues on the apprenticeship funding audit discussed previously. The College had delivered apprenticeships but the accompanying records had not been completed. The report for this item tracked progress on the recommendations made by the 3 different audit firms that had reviewed this area.	
199	A governor asked whether there were any 'learning points' for staff as a result of the audit, particularly as there did not appear to be any financial penalty for errors such as missing signatures. The Chair reported that in discussions at previous Committee meetings governors had been assured that any issues were due to incorrectly recording delivery.	
200	In response to questions as to when the College would be informed of any clawback in 2025/2026, the Assistant Principal MIS advised that this would occur in the first few weeks of the new academic year.	

201	A further question was raised on the fact that control systems were manual in some areas of the department. The Assistant Principal MIS reported that this was the case currently, but would be partly addressed through the implementation of the new tracking system.	
202	The Committee asked whether the directorate had sufficient resources to undertake all necessary checks. The Assistant Principal confirmed that the level of resourcing was adequate, but that there still may be occasions when staffing was pressurised.	
203	In response to questions on the level of confidence that management had in reclassifying some actions as Amber instead of Red, the Assistant Principal advised that the latest projected outturn position for the year end was 62% (compared to 57% previously reported). The number of Out of Funding apprentices had reduced and progress to the End Point Assessment was more timely. A process had now been agreed for any apprentices on a break in learning.	
204	The Committee thanked the Assistant Principal MIS and the MIS and Apprenticeships teams for the significant work that had been undertaken to date on rectifying these issues.	
RISK MANAGEMENT UPDATE		
205	The Assistant Principal MIS presented a report on progress with the new risk management processes. The risks had been reviewed and refined, with the main themes forming the basis of the Risk Register.	
206	Through discussions with risk owners across the relevant departments the key risks linked to each theme had been identified, together with the causes, effects, controls and risk scoring.	
207	The Risk Register was being categorised in terms of departmental and corporate risks and the top 10 strategic risks would be presented to future Committee meetings in a live dashboard. It was agreed that the Assistant Principal would arrange to meet with members of the Audit Committee to explain the Risk Register in detail.	RJ
208	Governors suggested that a colour-coding could be added to the Risk Register to identify which risks were currently 'trending' and possibly adding an indication on the direction of travel of each risk.	RJ
FRAMEWORK & GUIDE FOR AUDITORS		
209	The Head of Governance presented a report on the DfE's Framework & Guide for Auditors. The purpose of the Guide was to set out external auditors' obligations to issue an audit opinion, the requirements for the regularity review/report and to support governors (especially Audit Committee members), accounting officers, chief financial officers and internal auditors to understand the roles and responsibilities of external auditors/reporting accountants.	
210	The Guide also detailed the full range of assurance activities on which the DfE rely, such as the review of college annual accounts and DfE funding audits.	

211	The Audit Committee's terms of reference had been reviewed to ensure that they aligned to the updated guidance and it was noted that only minimal changes had been made.	
212	Resolved – That the Corporation be recommended to approve the Committee's revised Terms of Reference	
213	The External Auditor presented the draft Plan for the Financial Statements & Regularity audits for 2024/2025.	
214	Under the Framework & Guide for Auditors (formerly the ESFA's Post-16 Audit Code of Practice) the Auditor was required to examine a number of areas including regularity, fraud risks, going concern status, revenue recognition, management override of internal controls and the valuation of the pension scheme.	
215	The latest College Accounts Directive had been published in March 2025, with no significant changes. This had taken account of the reclassification of FE colleges as public sector organisations and was more closely aligned to the academy sector.	
216	Some amendments had been made to Financial Reporting Standard 102 which would be effective after January 2026. An updated SORP for the HE and FE sectors was being developed with 3 areas of change: leases, revenue recognition and the presentation of the primary statements.	
217	A governor requested an update on the College's position in terms of the covenants on its loan and was advised that a waiver letter had been issued by the bank and that the covenant had not been amended to avoid any recurrence.	
218	The total fees for the audit work, including the audit of the Teachers' Pension Agency, was £41884 plus VAT.	
219	Resolved – That the Corporation be recommended to approve the External Audit Strategy for the 2024/2025 financial statements.	
Date of Next Meeting		
25 th September 2025 – time to be agreed		