

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 2ND OCTOBER 2024**Present:**

Edward Ng – Associate Governor
 Graham Ward – Chair
 Charlotte Bosworth – 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
 James Norris, Assistant Principal, Adult, WBL & Community (minutes 23 to 36)
 Rachael Smith – Director of Apprenticeships (minutes 23 to 36)
 Jat Sharma – Principal

	Apologies for Absence	
1	Apologies for absence were received from Louise Tweedie.	
2	The Committee was advised that Nick Tomkys had resigned recently from the Corporation. A search process was underway to fill this vacancy and further information would be provided as appropriate.	
	Declarations of Interest	
3	There were no declarations of interest in any agenda item.	
	Appointment of Chair	
4	Resolved – That Graham Ward be appointed as Committee Chair until the first meeting of the 2025/2026 academic year.	
	Minutes	
5	Resolved - That the minutes of the meeting held on 18 th June 2024 be approved as a correct record and signed by the Chair	
	Matters Arising	
6	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.	
7	In relation to minute 87 the Assistant Principal MIS reported that a significant amount of working had been undertaken on updating the College's risk management arrangements. A draft list of the 'top 10' risks had been compiled, but was not yet finalised and would be presented to the Committee's next meeting for discussion	RJ
8	The Head of Governance reported that, following discussions with the Principal and the Chair regarding proposals on the publication of minutes, further research on competitor organisations had been requested prior to this action being completed (minute 8 refers).	LV
	CHAIR'S ACTION	
9	There had been no chair's actions since the previous meeting.	

	INTERNAL AUDIT ANNUAL REPORT	
10	The Internal Auditor presented the Internal Audit Annual Report for 2023/2024. In line with the previous year, the overall assessment was 'Amber/Green'.	
11	A total of 5 assurance assignments had taken place, two of which had been graded as providing 'substantial' assurance and 3 as 'reasonable assurance'. There had been 18 recommendations made, 8 of which were graded as 'medium' priority and 10 as 'low' priority actions. No 'high' priority actions had been raised in 2023/2024.	
	INTERNAL AUDIT REPORT – FOLLOW-UP	
12	Governors received a report on progress made in implementing previous recommendations identified by the Internal Auditor. The report concluded that 'reasonable' progress had been made, with 17 out of a total of 32 recommendations completed in-year.	
13	Governors noted that a high proportion of recommendations had been classified as 'low' priority. A small number of those graded as 'medium' priority were linked to other work that was ongoing in the current academic year.	
	INTERNAL AUDIT PROGRESS REPORT 2024/2025	
14	The Internal Auditor advised that the first review of 2024/2025 was not scheduled until December 2024, planning for which was already underway.	
15	Governors received a briefing on the implications of the Procurement Act 2024 which was now expected to become effective from February 2025.	
16	Information was also provided on developments in higher education and it was noted that details on the Lifelong Learning Entitlement had not yet been published. It was anticipated that the remit of the Student Loans Company would be expanded as a result of changes to the LLE, which was a potential risk for the College, together with the recent announcement of the removal of Level 7 higher apprenticeships.	
	SUB-CONTRACTOR CONTROLS ANNUAL ASSURANCE REVIEW 2023/2024	
17	The Interim Director of Finance reported that this audit was an annual requirement of the ESFA/Combined Authority to ensure compliance with the funding regulations for 2023/2024.	
18	Beever & Struthers, the College's external auditors, had been appointed to undertake this work and the overall outcome was that the College's systems and controls in this area provide a 'satisfactory' level of assurance to enable it to manage sub-contracting delivery.	
19	A total of 3 areas for improvement were identified: ensuring that details of any sub-contractor declarations sent to the WMCA are retained on file, preparation of a contract management plan of scheduled quality visits and that any contracts should be signed by the College prior to starts being enrolled. Contracts had been signed by the subcontractor prior to starts being enrolled and it was the availability of designated College signatories that had caused the non-compliance.	

20	In relation to the recommendation regarding signing contracts prior to work commencing, the Head of Governance suggested that, in addition to the Principal, the Deputy Principal Curriculum (who was also a senior postholder) should be designated as a signatory, to minimise any delays if the Principal was absent. It was agreed by the Committee that the Financial Regulations and any relevant policies would be updated accordingly	JL
21	All recommendations had been agreed by management and an implementation plan was in place. The areas for improvement would be added to the College's action tracking document, progress against which would be reported to each future Committee meeting. It was noted that these were actions outstanding from the previous subcontractor controls review audit, but the Committee was assured that these related to the contractual aspects of sub-contracting, not to the quality of provision.	
22	The Combined Authority had issued a certificate of compliance.	
FUNDING ASSURANCE REPORT		
	James Norris and Rachael Smith joined the meeting.	
23	Governors received for information a progress report on the actions identified in the recent Funding Assurance Audits undertaken by PWC and Mazars.	
24	From a total of 28 recommendations relating to apprenticeship funding, 8 had been fully completed and a level of progress had been made on a further 15 recommendations. A number of changes to the College's systems and processes had been made and management was confident that these measures were sufficient to ensure that any future audit would receive a higher grading. However, the Committee noted that there may be further points made in the management letter issued to the College and that on a previous visit these had been due to a lack of available evidence to confirm that the relevant activity was happening.	
25	The most significant area of risk was the Off The Job (OTJ) apprenticeship hours, which now had robust controls in place. Each OTJ log was checked by staff prior to its submission to the Gateway, and additional evidence could be provided at that point if the assessor felt this was required. The Assistant Principal AWBL&C reported that the evidence exceeded the minimum and that checks were undertaken for each year of an apprenticeship.	
26	The Committee was advised that there was still some work to be completed on the recommendations emanating from the KPMG audit in December 2023. Management was currently discussing the relative cost and benefit of these suggestions. Announcements on policy changes to the apprenticeship framework were expected shortly from the government, so it might be more prudent to wait until these had been published before making any additional changes to the College's systems (possibly through the purchase of new software for the apprenticeship provision).	
27	A governor reported that in her experience of the apprenticeship landscape there was a multitude of IT systems available, however, the inputs for these were still subject to a high level of interpretation, which was still a risk for	

	the College. A mapping exercise would be undertaken to allow sufficient flexibility to address any further changes due to Government policy shifts.	
28	The Interim Director of Finance confirmed that any such initiative would form part of the Transformation Project to bring about efficiencies including digitisation where possible. One improvement that had already been introduced was ensuring that responsibilities were clear for each part of the apprenticeship process.	
29	It was acknowledged that the lack of a Head of MIS for some time had had an impact on data processes, which was being addressed by the new Assistant Principal MIS & Student Services. Dashboards on key performance indicators were under development and would feature as part of the monitoring processes at the Learning & Quality and Finance & Resources Committees and at the Corporation meetings.	
30	Data had already been extracted from the MIS to populate two dashboards on quality, one for classroom-based activity and one for apprenticeships.	
31	In response to a question about the claims for any new Maths & English Entry 3 courses the Assistant Principal AWBL&C reported that this was currently graded as 'amber' and was being closely monitored.	
32	A governor commented that clawback from FE providers for non-compliance with apprenticeship regulations was common across the sector currently, particularly as the funding rules changed on a regular basis. The latter were open to interpretation with different audit firms having particular views on the content	
33	The College would need to determine the degree of tolerance it was willing to accept. A 3% tolerance level was included in the ESFA guidelines and the Principal was asked to obtain benchmarking information if possible from other colleges and the FE Commissioner's office (as part of the Curriculum Efficiency & Financial Sustainability Support process) to enable a decision to be made by the College.	JS
34	Once the level of tolerance was determined, the Finance & Resources Committee would need to review the financial implications.	F&R
35	Governors were advised that, the College would be engaging an annual internal funding assurance audit along the same lines as had been previously commissioned from KPMG. Proposals for the tendering of this service would be discussed at the Committee's next meeting.	JL
36	It was agreed that a report on progress against the recommendations identified in the funding assurance audit would be submitted to each future Committee meeting. Rachael Smith and James Norris left the meeting.	JN
AUDIT RECOMMENDATIONS TRACKING REPORT		
37	The Risk & Compliance Manager presented a report on progress against each of the actions identified in previous audit reports.	

38	A total of 45 recommendations had been made in 2023/2024, 15 of which were still active and it was noted that this was an improvement on the previous report (June 2024) with no actions overdue compared to the identified completion date.	
39	One of the medium priority recommendations related to work experience, which would be a focus for Ofsted during any future inspection. It was important that clear expectations were set for students in terms of the amount and type of activity that could be classified as work experience, particularly amongst 16-18s.	
40	A governor commented that, linked to this area, was their lack of understanding of employer engagement activities at the College, which had been highlighted as part of the recent annual performance review process.	
41	The Principal reported that some work had been undertaken on the recommendation for curriculum planning, through engagement with the CEFSS programme operated by the FE Commissioner's team, providing additional support and capacity to shape the College's systems.	
42	As discussed earlier, a number of emerging risks had been identified, such as processes surrounding student bursaries and the commissioning of high-needs places by Walsall Council where there was currently underfunding of £0.5m for 2024/2025 and £0.2m in 2023/2024.	
43	Policies was another area where some realignment and streamlining was being undertaken. The Principal was asked to check that any significant policies had been updated as far as possible.	JS
44	The Head of Governance reported that a detailed review of senior postholder-related policies would be carried out during 2024/2025 to ensure that these took account of best practice in the sector and any legislative developments .	LV
45	The Committee asked that any potential barriers to progression on policies should be flagged and, if necessary, additional time or resources could be allotted to this work.	LV
REGULARITY SELF-ASSESSMENT 2023/2024		
46	The Head of Governance presented the Regularity Self-Assessment for 2023/2024. This formed part of the Post-16 Audit Code of Practice issued by the Education Skills Funding Agency and was an annual requirement. The document must be approved by the Corporation and signed by the Principal and the Chair.	
47	The External Auditors would review the content as part of their work on the regularity audit that determines whether the College has used the public funds allocated to it for appropriate and legitimate purposes.	
48	The intention of the document is to provide an additional level of assurance on the internal controls and governance frameworks when preparing the Financial Statements.	
49	The RSAQ had been updated for 2023/2024 to take account of the Office for National Statistics reclassification of FE colleges.	

50	Resolved – That, subject to some additional evidence to be added on governance structures and training, the Corporation be recommended to approve the RSAQ	
COMMITTEE SELF-ASSESSMENT 2023/2024		
51	Governors received a final draft of the completed Committee Self-Assessment for 2023/2024.	
52	Resolved – That the Committee Self-Assessment for 2023/2024 be approved	
Date and Time of Next Meeting		
	19 th November 2024, 10.00 a.m.	