

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 25TH SEPTEMBER 2025 – PART ONE

Present:

Edward Ng
Graham Ward – Chair
Heather Lodge

In Attendance:

Louise Tweedie, RSM – Internal Auditor
Jacky Leek – Interim Director of Finance
Rachel Jones – Assistant Principal MIS
Lesley Venables – Head of Governance
Jat Sharma – Principal

	Apologies for Absence	
1	Apologies for absence were received from Charlotte Bosworth and Andrew Chiduku (external governors)	
	Declarations of Interest	
2	There were no declarations of interest in any agenda item.	
	Appointment of Chair & Vice-Chair	
3	Resolved – That Graham Ward be appointed as Committee Chair and Edward Ng as Vice-Chair for the 2025/2026 academic year.	
	Minutes	
4	Resolved - That the minutes of the meeting held on 17 th July 2025 be approved as a correct record and signed by the Chair	
	Matters Arising	
5	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.	
	CHAIR'S ACTION	
6	There had been no chair's actions since the previous meeting.	
	INTERNAL AUDIT ANNUAL REPORT 2024/2025	
7	The Internal Auditor presented the Internal Audit Annual Report for 2024/2025. The College's framework had been assessed as adequate and effective, but with some areas for improvement.	RSM
8	Governors were advised that the majority of FE colleges within RSM's client base fell into the same category. In response to questions as to how the College could improve its performance in this area the Internal Auditor reported that this was unlikely, given the complexity of GFE funding and provision compared to sixth form colleges. However, the audit team would be asked to undertake some research to identify any colleges that were graded in 'tier 1'.	
9	A total of 5 assurance assignments had taken place, 3 of which had been graded as providing 'substantial' assurance and 1 of which had been ungraded as it was advisory only. The former reports focused on 'softer' areas such as financial controls and compliance, where performance was easier to quantify, whereas the other audits had centred on difference, non-traditional areas of concern for the College.	
10	Progress against the follow-up of recommendations from 2023/2024 had been classified as 'reasonable'.	

11	There had been 13 recommendations made, 8 of which were graded as 'medium' priority and 5 as 'low' priority actions. No 'high' priority actions had been raised in 2024/2025.	
INTERNAL AUDIT PROGRESS REPORT 2024/2025		
12	The Internal Auditor reported that no work had yet been undertaken in 2025/2026, but a draft programme of visits had been agreed with management and would commence in October 2025.	
13	Governors received a briefing on current issues within FE, education and other national developments. This included information on the Economic Crime & Corporate Transparency Act (ECCTA), with particular relevance for the College ensuring that its anti-fraud procedures were sufficiently robust and that all possible preventative measures were in place to minimise the risk of non-compliance. In response to queries from governors the Assistant Principal MIS gave an assurance that all relevant staff had either completed or were scheduled to undertake mandatory training in this area.	
16	The Committee was advised that, following recent high-profile cyber security incidents nationally, the work to be carried out by the Internal Auditors was of the utmost importance for the College in gaining an assurance over the robustness of current systems and the implementation of any resulting recommendations.	
17	It was noted that 'hackers' were becoming more sophisticated in their approached, particularly with the more widespread use of artificial intelligence. Although the College had cyber-security insurance, current DfE funding regulations meant that it was not able to pay any ransom to retrieve stolen data.	
18	A report on the College's current position on cyber-security was being submitted to the Resources Committee meeting later on 25 th September and would be shared with Audit Committee members.	LV
EXTERNAL AUDIT REPORT – SUB-CONTRACTOR CONTROLS		
19	The Interim Director of Finance explained that this audit was an annual requirement of the Department for Education/Combined Authority to ensure compliance with the funding regulations for 2023/2024.	
20	Beever & Struthers, the College's external auditors, had been appointed to undertake this work. The overall outcome was that the College's systems and controls in this area provided a 'satisfactory' level of assurance to enable it to manage sub-contracting delivery.	
21	The Auditors had concluded that the College's systems and controls provided a good level of assurance against 9 of the 10 possible criteria. One criteria had been assessed as an area for improvement. Overall the audit graded the College's systems and controls as providing a 'satisfactory' level of assurance.	
22	During the previous audit visit a total of 3 areas for improvement were identified: retaining on file details of any sub-contractor declarations sent to the WMCA; preparation of a contract management plan of scheduled quality visits; and ensuring that contracts were approved and signed by the College prior to any students being enrolled.	

23	The audit findings were that two of these recommendations had been fully implemented. However, two of the contracts for 2024/25 (Learning Curve and 3EE's) had not been signed prior to the contract start.	
24	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.	
25	The Committee commented that the recommendation on signing contracts prior to any delivery commencing had also been made in previous years. The Interim Director of Finance reported that this was due to the timings of the audit work, which had been scheduled in August but after the effective date for any new regulations.	
26	Following previous discussions at this Committee, the College's processes had been amended to enable senior postholders other than the Principal to sign sub-contracting arrangements, which was useful during holiday periods.	
27	Governors were also assured that arrangements for 2025/2026 would remain effective, despite the recent Government announcement that the Department for Work & Pensions would now have oversight of the skills element of FE colleges' delivery.	
FINANCIAL STATEMENTS 2024/2025		
28	The Interim Director of Finance provided an update on the External Auditors' work on the Financial Statements for 2024/2025. Interim work had been undertaken over the summer, with no significant or contentious issues highlighted.	
29	Governors noted that the materiality level was just over £1m and that the restructuring programme had taken account of the constraints of new regulations for FE colleges on redundancy/settlement payments, which had only been made after receiving advice from a sector-leading law firm. Previous issues regarding a technical breach of the bank covenants had now been resolved and management was confident that there were no issues with the College's going concern status.	
FUNDING ASSURANCE		
30	The Committee received for information an update on the implementation of recommendations on the Funding Assurance audits undertaken in previous academic years.	
31	The AP MIS advised that work continued internally to determine the size of any potential clawback for 2024/2025 and 2025/2026, which was estimated to be £180K and £57K respectively.	
32	A new apprenticeship enrolment and tracking system (Aptem) had been purchased which brought together 4 separate existing systems and provided a more functional solution for the College. Until this had been fully installed and tested, any further improvements would be minimal before the commissioning date of January 2026.	
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<p>34</p> <p>35</p> <p>36</p> <p>37</p>	<p>The College would be instigating a full funding audit in April 2026 to provide assurance to governors and the management team, which was likely to generate some further recommendations.</p> <p>Governors sought confirmation that the College had adequate resources to be able to deliver the project and address the audit recommendations. The AP MIS reported that a consultant had been engaged to provide high level support. The new system would enable more robust compliance meetings to take place for all curriculum areas and would generate exception reports for management.</p> <p>The areas of adult, HE and apprenticeships had undergone funding audits in the past few years. A restructure of these departments was planned for 2025/2026 to streamline processes and support students.</p> <p>The Committee would maintain its focus on ensuring that all audit recommendations were implemented effectively and in a timely manner. It was suggested that the outcomes of processes such as PDSATs should be provided to future meetings.</p> <p>The Chair thanked the AP MIS and her team for their efforts in improving systems and processes over the past few months.</p>	
AUDIT RECOMMENDATIONS TRACKING REPORT		
<p>38</p> <p>39</p> <p>40</p>	<p>The AP MIS presented a report on progress against each of the actions identified in previous audit reports.</p> <p>A total of 20 recommendations had remained for action on the previous report, 8 of which were still active. The Committee was assured that work was underway to complete any outstanding or overdue actions, with support provided where necessary.</p> <p>The Chair commented that the report reflected the robustness of the College's processes to ensure compliance and an improved position for 2025/2026.</p>	
RISK MANAGEMENT UPDATE		
<p>41</p> <p>42</p> <p>43</p> <p>44</p>	<p>Governors received a report on the latest developments of the new Risk Management system, which was now fully embedded within the College's overarching Risk Management Framework.</p> <p>For each Audit Committee meeting, Risk Owners would be asked to review their respective risks and to confirm whether the risk score, controls and assurances remain accurate or require amendment. Any risks that had not been reviewed would be highlighted to the Audit Committee. This would enable governors to monitor risk trends and assess changes in exposure levels throughout the year.</p> <p>Termly risk review meetings had been scheduled for 2025/2026, which would commence in October.</p> <p>One new risk had been added to the Risk Register since the July Committee meeting relating to compliance by the College's Nursery and Commercial entities with health and safety legislation/regulations.</p>	

45	The scores of 2 risks had been amended to reflect the increased likelihood of an event through a cyber or physical attack on the College following 2 recent incidents at local FE institutions.	
46	Work was underway with the Head of Governance to identify a suitable approach to determine governors' risk appetite and access to the online risk register. The Committee requested that the risk register should be shared with members as an Excel spreadsheet and that all governors should receive a list of the top 10 risks for the College.	RJ/LV
REGULARITY SELF-ASSESSMENT 2024/2025		
47	The Head of Governance presented the Regularity Self-Assessment for 2024/2025. This formed part of the Department for Education's oversight of regularity of the use of funds in further education. The document must be approved by the Corporation and signed by the Principal and the Chair.	
48	The External Auditors would review the content as part of their work on the regularity audit that determines whether the College had used the public funds allocated to it for appropriate and legitimate purposes.	
49	The intention of the document was to provide an additional level of assurance on the internal controls and governance frameworks when preparing the Financial Statements.	
50	The RSAQ had been updated for 2024/2025 to take account of the changes to DfE and HM Treasury regulations and requirements.	
51	In response to questions about the level of fraud awareness training undertaken by the College the Interim Director of Finance reported that all new staff received this as part of their induction and mandatory training was required for some staff (such as Finance, Estates & Facilities and anyone undertaking procurement on a regular basis).	
52	The College's procurement procedures had been updated to align with the latest legislation. A formal Procurement Policy was under development and would be submitted for consideration to a future Finance Committee meeting.	
53	It was agreed that further context on the points made above would be added to the relevant section of the RSAQ to reflect this.	JL/LV
54	Resolved – That, subject to some additional evidence to be added, the Corporation be recommended to approve the RSAQ for 2024/2025	
COMMITTEE SELF-ASSESSMENT 2024/2025		
55	Governors received a final draft of the completed Committee Self-Assessment for 2024/2025, which measured performance against the areas of attendance, membership, activities undertaken, strengths and actions for improvement.	
56	Resolved – That the Committee Self-Assessment for 2024/2025 be approved	

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	Date and Time of Next Meeting	
	19 th November 2025, 12.30 p.m.	