

Minutes of the Hybrid Audit Committee Meeting Held at 4.30pm on 05 December 2023

Present: Prue Amner, Ashley Cullen, Shirley Nellthorpe, Liz Rix & Pauline Tiller (chair)

Apologies: None

In Attendance: Mike Cheetham RSM (internal auditors)
 Lewis Linton Alliotts (external auditors)
 Chris Mantel Alliotts (external auditors)
 Paola Schweitzer Director of Governance
 Maria Vetrone COO

Minutes

Mike gave a [presentation](#) on Audit Committee's role and remit. Governors agreed it had been helpful and asked that the next session explore risk management. Shirley had observed the Strategic Risk Management Board meeting and noted that it brought the register to life and provided assurance. Prue would attend the next meeting.

141 Attendance and Participation

There were no apologies. Due to work commitments, Liz arrived late.

142 Declarations of Interest

There were no declarations of interest.

143 Minutes

Governors agreed that Minute 128 should be reworded given its confidential nature. With this amendment, the minutes from the meeting on 26 September 2023 were **Agreed** as a correct record.

144 Matters Arising

Governors **Noted** that the matters arising were either completed or closed.

Minutes 128, 129 & 130: Email responses to be summarised in the grid.

Minute 138: Audit Committee Training & Development Plan 2023/24: Paola to circulate details of Audit masterclass. Shirley was interested in attending.

145 Financial Statements 2022/23 & Annual Report (paper 513/23/A)

As part of its duty to oversee the College's financial performance and to ensure its financial sustainability and solvency, Corporation was required to submit an audited annual report and financial statements to the ESFA by 31 December 2023. The Committee was asked to approve the draft audited Group financial statements with particular focus on the governance statements and audit opinions (see Minute 146).

After an overview of the College Group's 2022/23 financial position, governors focused their attention on the statement of corporate governance and internal control. Maria confirmed that the statement followed ESFA guidance and drew attention to the control weakness identified by RSM in the Single College Register (SCR). Shirley, as safeguarding lead, confirmed that staff were working hard on the SCR and it was much more robust than previously. Pauline suggested some amendments to the statement.

Governors then focused on going concern, noting that additional in year funding due to student recruitment had helped to improve the College's financial position. Governors agreed with the suggestion that the College have a mock funding audit to ensure student records could be delivered within the ESFA timescales. Governors noted the contingent liability note, level of bad debt and the building leases (a paper would be tabled at Corporation the following week). Governors noted that the external audit opinions were unqualified and there were no audit recommendations or management letter points.

Maria and Chris confirmed that it had been an effective, robust and smooth first audit. Governors thanked Maria and her team and **Agreed** to recommend the draft audited Group financial statements, the governance statements and the audit opinions to Corporation for approval.

146 External Audit Management Letter & Letter of Representation (paper 514/23/A)

The College was also required to submit the external auditor's management letter to the ESFA by 31 December 2023. Included in this item were the draft letter of representation which the Corporation was required to provide to the external auditor. The letter confirmed that information submitted for external audit was accurate and that all material information had been disclosed.

Chris presented Alliotts' management letter outlining their findings including that the business had good operational and management controls, they were satisfied with the assumptions applied to inform going concern and that nothing had come to their attention from their regularity review that they needed to draw to governors' or the ESFA's attention. The opinions were unqualified. In response to a question, Chris confirmed that the regularity self-assessment questionnaire (RSAQ) was a critical document in providing assurance to governors, with any concerns to be raised with management. Maria confirmed that the RSAQ was a thorough document and had been presented to Corporation in October to ensure all governors were comfortable with it.

Governors **Noted** the External Auditor's Management Letter particularly the audit opinions and **Agreed** to recommend the Letters of Representation to Corporation for approval.

147 Audit Committee Annual Report to Corporation (paper 515/23/A)

The Audit Committee's Annual Report provided the Committee's independent assurance to the board. It summarised the Committee's activities in 2022/23 and concluded that Corporation's assurance arrangements, framework of governance, risk management and control procedures for the effective and efficient use of resources, solvency and the safeguarding of assets were adequate and effective.

The report was an ESFA requirement and followed the format set out in the guidance. There was a brief discussion about the positive feedback following the recent Ofsted monitoring visit and FE Commissioner's (FEC) visit. Governors noted that the report's highlighted sections would be updated and, with these amendments, **Agreed** the Audit Committee's Annual Report to Corporation.

148 Review of Internal Audit 2022/23 (paper 516/23/A)

This report assessed the performance of RSM after their first year as the College's internal auditors in accordance with good practice. The College was happy with RSM's performance, welcoming their robust approach and appreciating their professional and efficient service. Governors **Agreed** the key performance indicators (KPIs) and the assessment of RSM's performance against them.

149 Review of External Audit 2022/23 (paper 517/23/A)

This report assessed the performance of Alliotts after their first year as the College's external auditors in accordance with good practice. The College was happy with Alliotts' performance. There was a brief discussion on continuity of staff with Chris stating that there would continuity with staff in the team although there would be a different senior lead. Governors **Agreed** the key performance indicators (KPIs) and the assessment of Alliotts's performance against them.

150 Internal Audit Progress Report (paper 518/23/A)

This report provided an update on progress against the 2023/24 internal audit plan and summarised the results of work to date. The financial planning and budgeting audit, and staff utilisation audit were in progress with other audits due to start as planned. The report also provided updates on FE emerging issues and lessons learnt from the ESFA subcontracting standard. Maria confirmed that the emerging issues were not a surprise to managers and were being addressed through the strategic risk register which was owned by the Committee and considered by Corporation. Governors **Noted** the internal audit progress report.

151 External audit Reports (paper 519/23/A)

The Ofsted monitoring and FEC visits were discussed under Minute 148.

152 Outstanding Audit Recommendations Follow Up (paper 520/23/A)

This report monitored progress against implementation of audit recommendations. KPMG and FEC recommendations had been implemented and therefore closed. 49 internal audit recommendations had been raised in 2022/23 all of which had been accepted. 43 had been implemented with the remainder in the progress (RSM would report on progress to the Committee). There was a brief discussion about the revised timelines for four of the remaining recommendations and Maria confirmed that the dates felt achievable and if not, they would return to the Committee. RSM 2023/24 internal audit recommendations would be reported to the Committee as appropriate.

Governors **Noted** the outstanding audit recommendations follow up.

153 Strategic Risk Register (paper 521/23/A)

The strategic risk register provided the latest update of the College's strategic risks and included movements in net risk and mitigating management actions. All risks were aligned to the College's strategic objectives.

The College's Strategic Risk Management Board (SRMB), observed by Shirley, met on 23 November 2023 and agreed changes in narrative and scoring. There were currently 25 strategic risks, seven of which were *significant/business critical* and nine *high*. Risks had mitigating management actions and were underpinned by operational risk registers. The risks concerning *failure to properly plan and manage major capital projects* and *non-compliance with health & safety and security* had been raised to *significant/business critical*. Shirley confirmed that these risks had been discussed at SRMB and action was being taken. She stated that within her remit as safeguarding lead, she had invited an external advisor to meet with the VP Student Experience to discuss physical security. Several other risks were discussed including *failure to embed crucial organisational restructure*. Governors noted that training was now in place and that performance management was key. One governor asked how governors would see the impact of this, to which Maria responded that the corporate dashboard and information could be triangulated through link visits and QRMs.

Governors **Agreed** to recommend the strategic risk register to Corporation.

154 Data Protection Breaches

Maria stated there was one breach to report: a foundation learning student took a class list (including EHCP information) home. The parent had destroyed the document and alerted the College. There was now a robust reporting mechanism with immediate and longer term remedial action taken including data protection at induction training.

155 Fraud Update

There were no fraud incidents to report.

156 Meeting with Internal & External Auditors without Staff Present

Governors and auditors did not believe a separate meeting was necessary.

The meeting ended at 6.55pm