

Minutes of the Virtual Meeting of the Audit Committee

19 June 2025

8:30am to 10:30am

**Governors present:** Helen Simpson (Chair) 'HS'; Andrew Elsby-Smith; David Isteed; Steven Bell; Stephen Davies

**Apologies:** None

**In attendance:** Claire Boliver (CEP) 'CB'; John Snow (Deputy Principal – Finance and Resources) 'JS'; Helen Knowles 'HK' (Mazars); James Godsmark (Internal Auditors – Validera) 'RPH'; Clare Parkes (TIAA) 'CP' for item 11 only; Jo Hutchison (Head of Governance) 'HoG'

**Decisions: in bold; Support: Blue; Challenge: Yellow** **Items to be minuted confidentially**

Audit	Procedural Matters	Actions
1.1	<p><b>Welcome and Apologies for Absence</b> HS opened the meeting at 8:30am and welcomed the governors and attendees to the Audit Committee.</p> <p>HS welcomed James Godsmark to the meeting as the Internal Auditors' representative in place of Roopa Patel-Harji and Lee Glover who were unable to attend.</p>	
1.2.	<p><b>Declarations of Interest</b> There were no declarations of interest.</p>	
	<p><b>Meetings between Committee and Auditors</b></p>	
2.1	<p><b>Meeting between the Auditors and the Committee without Management present</b> <i>[Redacted due to confidentiality]</i></p>	
	<p><b>Minutes and Action Grid</b></p>	
3.1	<p><i>JS and CB rejoined the meeting at this point.</i></p> <p><u>Minutes</u></p> <p><b>Resolved:</b> the minutes of the meeting 26 March 2025 be approved as a true record.</p>	
3.2	<p><u>Action Grid</u></p> <p>The Committee reviewed the action grid noting the actions closed. JG reported that Validera was confident that it could conclude its work within the year and provide its annual audit opinion to the Committee once the year was completed. JH reported that in terms of the action at regarding the template for feedback this related to the self-evaluation process and feedback which was being sought and received and would lead to a report to the Board. It was agreed that this action would be picked up as part of the Committee effectiveness evaluation and feedback at the 2 October 2025 Audit Committee meeting.</p>	
	<p><b>External Auditors</b></p>	
4.1	<p><b>External Audit Strategy Memorandum 2024-25</b> The Chair invited HK to introduce the Audit Strategy Memorandum.</p> <p>HK introduced the Audit Strategy which she reported had been produced following the planning meeting with JS and his team.</p> <p>HK highlighted the following areas in the planned Audit Strategy:</p> <ul style="list-style-type: none"> <li>• Audit team – HK would continue to be the College audit partner, however there was a change in audit manager. HK reported that there had been a detailed</li> </ul>	

	<p>handover between the audit managers and the College team had met the new audit manager.</p> <ul style="list-style-type: none"> <li>• Timetable; the planning meeting had taken place with the College team and had undertaken some planning work which would be completed over the summer, final fieldwork planned for the Autumn to be ready to report to the November meeting.</li> <li>• Four Significant risks had been identified; the first two were mandated by the auditing standards; revenue recognition and management overrides; and the two other significant risks identified were pensions and the new campus at Tamworth.</li> <li>• Key areas of management judgements which were in line with last year.</li> <li>• Audit fees; these reflected an inflationary increase over last year.</li> <li>• Confirmation of independence</li> <li>• Materiality; based on 2% of total income and the proposed clearly trivial threshold based on 3% of total materiality. HK reported that the auditors would only report to the Committee any adjustments which were above the materiality levels.</li> <li>• Appendices; an update on financial and reporting matters as well as engagement letters which HK reported were in the standard form.</li> </ul> <p>A Governor sought clarification on the work to be undertaken on covenants, HK reported that this had been discussed with the management team and whilst currently there were no concerns in this area, this would be kept under review.</p> <p>A Governor sought clarification on whether there would be any impact as a result in the change in internal auditors this year (and the timing of that) and whether any discussion would be required with the outgoing internal auditors. HK reported that as audit standards had changed direct reliance was no longer placed by the external auditors on the work of the internal auditors. However consideration was given to the plan of work undertaken by the internal auditors and any issues arising in any specific areas. HK reported that this would be fed into the risk assessment undertaken and could lead to additional sample testing and therefore the external auditors would keep in touch with the internal auditors as their reports were finalised during the year.</p> <p>A Governor highlighted that the Committee would be seeking assurance as part of the external audit on the financial statements and with the change in finance system sought clarification on whether there was anything which the Committee needed to be aware. HK reported that the external auditors were aware of this and had factored into their timetable and would flag to the Committee any issues. JS reported that the whole of the 2024/25 financial year would be on the old finance system, and the expected go-live date for the new system was expected to be either 1 October or 1 November.</p> <p>A Governor sought clarification on how any impairments related to the Tamworth project were proposed to be addressed and JS reported that depending on the handover date for the building this would need to be considered, as well as including the relevant disclosures.</p> <p>A Governor sought clarification on whether the fee increase was in line with contractual terms and JS reported that this was the case.</p> <p><b>Resolved to recommend the External Audit Strategy Memorandum to the Board for approval.</b></p> <p>The Chair thanked HK for her presentation.</p>	
	<p><b>Data Protection, Fraud, Irregularity, Impropriety, Health &amp; Safety, Cybersecurity, Business Continuity and Whistleblowing</b></p>	
5.1	<p>[Redacted due to confidentiality]</p>	
5.2	<p><b>RIDDOR Update</b> JS presented the report and highlighted that:</p>	

	<ul style="list-style-type: none"> <li>• A further incident had occurred with a member of staff falling at the Rodbaston Campus and fracturing bones in their hand and elbow</li> <li>• The incident was RIDDOR reportable and was reported to the HSE well within the reporting timeframes.</li> <li>• A full investigation had not yet been possible, however the area had been checked by staff and there were no hazards identified.</li> </ul> <p>A Governor sought clarification on the signage at the site, and JS reported that there had been significant signage across all campuses as part of the Slips &amp; Trips campaign. As the staff member had now returned to work the health &amp; safety team would interview the staff member to seek to identify any potential factors. The Committee requested that as the investigation had not yet concluded, a final update with lessons learnt be provided to the Committee in the Autumn term.</p>	JS
5.3	[Redacted due to confidentiality]	
5.4	<p><b>Update related to Data Protection, Fraud, Irregularity, Impropriety, Health &amp; Safety, Cybersecurity, Business Continuity and Whistleblowing</b></p> <p>JS reported that there were no further items related to data protection, fraud, irregularity, health &amp; safety, cyber security, business continuity or whistleblowing which were not covered on the agenda.</p>	
	<p><b>Internal Audit Reports and Action Grid</b></p>	
6.1	<p><b>CFC – Income and Debtors Internal Audit</b></p> <p>JG presented the draft Income &amp; Debtors internal audit report which had received Substantial Assurance demonstrating that the systems and controls in this area were substantial. The report identified one area for improvement which related to formalising and documenting the debt collection procedures.</p> <p>A Governor sought clarification on the position of the College in terms of debt management processes compared to other colleges. JG reported that the College was in a good position with a debt management process which was largely followed with the level of debt reducing over time. JG confirmed that in terms of benchmarking with other college, the college was in a fairly strong position.</p> <p><b>Cash Handling Review</b></p> <p>This report was not available for review at this meeting.</p> <p><b>Internal Audit Follow up Report</b></p> <p>This report was not available for review at this meeting.</p> <p><b>Internal Auditors' Progress Report</b></p> <p>JG highlighted that there had been one change to the review areas, from Bursary &amp; Learner support to Cash Handling. Three internal audit reports had been completed from the plan, in addition the Income &amp; Debtors report had been discussed today and the Cash Handling audit remained to be finalised. JG reported that Validera was waiting for the evidence from management to verify the completion of the actions for the Follow up report and it was difficult for him to provide a timeline to provide that report until he had received that evidence.</p> <p>The Chair thanked JG for attending this meeting in the absence of RPH and LG at short notice. However, the Chair reported that as a matter of good governance the Committee expected reports to be circulated a week in advance of the meeting to allow members to fully prepare. The Chair was expressed her disappointment that one report was not available to consider and another report had been made available (in draft) the day before the meeting. In terms of the outstanding review report (on Cash Handling) the Chair requested clarification</p>	

	<p>on when the Committee could expect to receive that report. JG reported that he had reviewed the cash handling audit thoroughly the day before the meeting and that he expected to be able to issue the Cash Handling audit in the following week, following completion of some internal queries.</p> <p>The HoG was asked to circulate the report (once management comments had been included) to the Committee and that this should be targeted to be achieved before the Board meeting on 1 July 2025.</p>	JG / JH / JS
6.2	<p><b>Internal Audit Recommendation Tracking Grid</b></p> <p>JS presented the tracking grid and reported that:</p> <ul style="list-style-type: none"> <li>• The College had started the year with 12 active audit recommendations.</li> <li>• 7 further recommendations had been made in Internal Audit reports during this year, giving a total of 19 recommendations.</li> <li>• Of these, 18 recommendations had subsequently been completed including the two external audit recommendations.</li> <li>• The five recommendations from the external DFE Audit of Bursaries and Free College Meals had also been added.</li> <li>• The only In Progress recommendation had been delayed until July 2025 (Risk Management).</li> </ul> <p>Following a question from a Governor as to why the Risk Management action had been delayed, JS reported the training required to complete the action had been planned to be rolled out alongside the release of the Departmental Risk Management Questionnaires which were always scheduled to be released in June, and therefore the agreed date for completion of the action (as May) should have been agreed as July to support the College's normal cycle of risk management activity.</p>	
6.3	<p><b>DfE Audit of Bursary and Learner Support Funds</b></p> <p>JS presented his report and highlighted that;</p> <ul style="list-style-type: none"> <li>• The Audit had been undertaken between December 2024 and May 2025 by PwC on behalf of the DFE.</li> <li>• Based on previous experiences with DFE audits, there would not be a full audit report but just a list of recommendations</li> <li>• The Audit had five recommendations which were not scored for severity and so had been given a notional "medium" priority</li> <li>• There were no recommendations that resulted in a clawback of funds to the DFE although some funding had been reallocated and recycled internally within the College.</li> <li>• All five recommendations had been added to the audit recommendation tracking document.</li> </ul> <p>JS highlighted the key recommendation areas which were:</p> <ul style="list-style-type: none"> <li>• A lack of detail to justify the actual costs of items purchased by learners from learning support funds eg trip costs.</li> <li>• That payments to learners were to be based on actual attendance and not timetabled attendance (which reflected a recent change in rules)</li> <li>• The payment of "blanket" vulnerable support bursaries rather than undertaking a full assessment of need.</li> <li>• Retention of documentation to support the initial decisions for Free College Meals (FCMs) eligibility.</li> </ul> <p>A Governor sought clarification on how the new processes which would be implemented following this audit would impact on the vulnerable learners to whom this support was targeted, had the College assessed that these new processes would not adversely impact vulnerable learners / be more burdensome for learners? JS reported that the take up of FCMs by College learners was at only around 40% of those entitled and the College wanted to improve the low take up and in addition the Government changes would mean there would be significantly larger numbers of learners eligible for FCMs. The College planned to</p>	

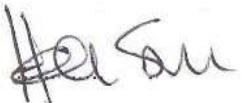
	<p>introduce a cashless payment system at its catering outlets which it expected to improve the take up.</p>	
	<p><b>Risk Management</b></p>	
7.1	<p><b>Corporate Risk Register</b></p> <p>JS presented the updated risk registers for 2024-25. JS highlighted that:</p> <ul style="list-style-type: none"> <li>• The Risk Register formed part of the College risk management process.</li> <li>• No risks had been added or removed since the last meeting of the Audit Committee in March 2025</li> <li>• There were four main risks, which JS highlighted to the Committee as well as the activities to reduce those risks. JS highlighted that the Tamworth project remained a very high risk and the Pension Scheme Costs and Liabilities was an increasing risk area.</li> </ul> <p>A Governor sought clarification on whether the College foresaw any increasing political / funding risks which could be facing the College / FE sector. JS reported that the College funding streams from Staffordshire County Council for High Needs Learners and also certain grant funding for specific projects (eg Net Zero Centre at Rodbaston). The High Needs income was a significant income stream however, the funding was a nationally controlled process which was enacted locally so whilst there could be some small changes (perhaps around transport for learners) JS reported that he did not expect that the funding for the teaching itself would be likely to change. JS reported that the grant funding from the Council was more locally controlled and there was no clear indication yet as to how this funding was planned to be used.</p> <p>A Governor sought assurance from management on the high risks (including Tamworth) and JS reported that the Risk Register set out the controls and mitigations in place to manage the risks.</p> <p>A Governor sought an update on the TORC lease and the works expected to take place over the summer. JS reported that progress had been made in this area with the council and an agreement over the space required by the College had been reached and a new lease was expected to be completed in September. The agreement on the space requirements provided the College with sufficient confidence to progress with the works planned over the summer.</p> <p><u>Covenant Risk Register</u></p> <p>JS reported that he had no concerns for the current year and following financial year. In 2026/27 the covenant position was 100% and JS updated the Committee on the reason for this which was due to a grant being received in the 2024/25 years, with the expenditure related to that grant taking place in the following financial year.</p> <p>A Governor sought clarification on how the tight position on covenants in 2026/27 would be addressed in terms of Going Concern as part of the external audit. JS reported that the external audit would focus on covenants for 2025/26 financial year, however as part of the Three Year Forecast he would review the covenant position for 2026/27.</p> <p><u>Tamworth Relocation Risk Register</u> [Redacted due to confidentiality]</p>	
7.2	<p><b>New Finance System</b></p> <p>JS presented his report and highlighted that:</p> <ul style="list-style-type: none"> <li>• [Redacted due to confidentiality]</li> <li>• The new system being implemented [Redacted due to confidentiality]</li> <li>• Implementation was well advanced and the Director of Finance expected to begin live work on the system in October or November 2025.</li> <li>• The main risk to the project plan was the time resource of the Director of Finance as the College approached year end and audit season.</li> </ul>	

	<ul style="list-style-type: none"> <li>There was an opportunity to look at the internal audit plan to identify any further focus on the new finance system.</li> </ul> <p>A Governor sought clarification on the planned implementation date for the new system and JS reported that this was expected to be either October or November. If necessary implementation would be delayed to November 2025 in order to avoid any additional complications around the quarterly VAT return being drawn in part from old and new systems.</p> <p>The Committee requested that the Director of Finance be invited to attend the next meeting to provide an update to the Committee.</p> <p>A Governor highlighted that implementing any new finance system involved risks for an organisation, were resource intensive and that it was important to ensure that the governance around the project was strong and that all user acceptance testing was completed well before any Go Live of the system.</p>	JH
	<b>Governance</b>	
8.1	<p><b>Committee Self Evaluation, Terms of Reference and Business Planning</b></p> <p>The Head of Governance introduced her report and highlighted that;</p> <ul style="list-style-type: none"> <li>The Terms of Reference for the Committee and the Schedule of Business for the Committee had been reviewed and updated, and together with the additions of Whistleblowing Policy and Business Continuity Plan to the September / October meeting were presented to the Committee for its recommendation to the Board;</li> <li>Following receipt of further responses on the Committee self-evaluation questionnaire and other feedback to be sought by the HoG over the summer, the information would be shared with the Committee and included in the Governance Self-Assessment to go to the Board in October 2025.</li> </ul> <p><b>Resolved to recommend to the Board the updated Terms of Reference and Schedule of Business and Meetings for the Committee.</b></p>	
8.2	<p><b>Policies Reviews</b></p> <p>JS presented the Policy Review of the Supply Chain Fees &amp; Charges Policy.</p> <p>The Policy had been updated:</p> <ul style="list-style-type: none"> <li>With references to the Education and Skills Funding Agency (ESFA) updated to the Department for Education (DFE).</li> <li>A section outlining due diligence requirements had been added (section 5.2).</li> <li>With more detail provided in section 7 on how fees would be charged including what would be included in a Standard Management Fee and what would be included in an Additional Management Fee.</li> </ul> <p><b>Resolved: To recommend the Supply Chain &amp; Charges Policy to the Board for approval.</b></p>	
8.3	<p><b>OfS Documents for Approval</b></p> <p>JS presented the Report and highlighted that:</p> <ul style="list-style-type: none"> <li>the suite of documents required to be approved as part of the College's application to join the Office for Students' (OfS) Register of higher education (HE) providers had been shared with governors;</li> <li>one Document has been identified for the Committee's consideration and recommendation to the Board which was: <b>Draft Student Protection Plan</b> – which was a required document by OfS setting out the college's arrangements and commitments for action if a higher education</li> </ul>	

	<p>programme needed to be closed. The draft document used specific prompts and headings set out by the OfS</p> <ul style="list-style-type: none"> <li>• all the OfS documents had been considered and recommended by ELT for approval.</li> </ul> <p><b>Resolved that the Draft Student Protection Plan be recommended to the Board for its approval.</b></p>	
	<b>Any Other Business for all attendees</b>	
9.1	No other items had been notified.	
9.2	<p><b>Items to be minuted as confidential</b> The Committee considered the items covered in the meeting which should be minuted confidentially <i>[Redacted due to confidentiality]</i></p>	
	<b>Date of next meeting</b>	
10	<p>The next meeting is at 8.30am on Thursday 2 October 2025 via Microsoft Teams <i>(provisional date)</i></p> <p>The Chair thanked the JG for his attendance at the meeting.</p> <p><i>SB left the meeting.</i> <i>JG left the meeting.</i></p>	
11.1	<p><b>Internal Audit Strategy (IAS) and Annual Plan</b></p> <p>The Chair welcomed CP to the meeting.</p> <p>CP presented the draft Audit Strategy and Annual Plan and highlighted the process followed to develop the draft Strategy and Plan including meeting with JS and the HoG. CP highlighted that a draft Annual Plan had been developed for 2025/26 (at Appendix B) and included the rationales and scope for the audits identified.</p> <p>A Governor sought clarification on whether the Plan for 2025/26 should include an item focussed on the new finance system, given this was a new system and the value in testing the key controls of that before it went live. JS reported that the draft Plan included a review of Creditors and Payments, which was a large area for a finance audit however that would not cover budgets nor income.</p> <p>A Governor sought assurance around Martyn's Law and the College's readiness with perhaps an audit in 2026/27 year.</p> <p>A Governor suggested that the Bursary internal audit be deferred by a year.</p> <p>The Committee requested that the draft Internal Audit Strategy &amp; Annual Plan be updated as discussed and provided to JS and the HoG for sharing with the Board.</p> <p><b>Resolved that the draft Audit Strategy and Annual Plan be recommended to the Board, following updates to it to include (in 2025/26) a key controls review for the new finance system, and deferring the Creditors and Payments review to the following year (2026/27).</b></p> <p>The Chair thanked HK and CP for their attendance.</p> <p><i>HK and CP left the meeting.</i></p>	CP

	<b>Meeting between Management and the Committee</b>	
12.1	<b>Meeting between the Committee and Management without the Auditors present</b> <i>[Redacted due to confidentiality]</i>	
	The meeting closed at 10:30am	

Approved as a true record in a meeting on 2 October 2025



Chair of Audit Committee