

Minutes of the Virtual Meeting of the Audit Committee  
26 September 2024  
8:00am to 10:00am

**Governors present:** Helen Simpson (Chair) 'HS'; Andrew Elsby-Smith; David Isteed; Philip Atkins

**Apologies:** Helen Knowles (Mazars)

**In attendance:** John Snow (Deputy Principal – Finance and Resources) 'JS'; Shannon Mould 'SM' (Mazars); Roopa Patel-Harji (Internal Auditors – Validera) 'RPH'; Claire Boliver (CEP) 'CB'; Jo Hutchison (Head of Governance) 'HoG'

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

Audit	Procedural Matters	Actions
1	<p><b>Welcome and Apologies for Absence</b> HS opened the meeting at 8:00am and welcomed the governors and attendees to the Audit Committee. Helen Knowles from Mazars had given her apologies and Shannon Mould was in attendance in her absence.</p> <p>There were no other apologies for absence.</p>	
2	<p><b>Declarations of Interest</b> There were no declarations of interest.</p> <p><i>CB and JS left the meeting.</i></p>	
	<b>Meeting between the Auditors and the Committee without Management present</b>	
3	<p>The Chair invited first the External Auditors and then the Internal Auditors to raise any matters with the Committee.</p> <p><i>[Redacted due to confidentiality]</i></p>	
4	<b>Minutes and Action Grid</b>	
4.1	<p><u>Minutes</u></p> <p><b>Resolved:</b> the minutes of the meeting 27 June 2024 be approved as a true record.</p>	
4.2	<p><u>Action Grid</u></p> <p>The Committee reviewed the action grid noted that all actions were closed, or not yet due, except:</p> <ul style="list-style-type: none"> <li>5.1 (Internal Auditors Progress Report). RPH reported that all reports were completed for year 2023/24. RPH reported that the Internal Auditors had planned more effectively for the 2024/25 year and had set out clear timelines with management and were clear when the Internal Auditors were expected to deliver Internal Reports to the Committee.</li> <li>5.2 (RIDDOR Report). <b>In response to a question from a Governor on how the already good compliance level of 95.6% could be increased even further, JS</b> reported that given the manner of the reporting (which included staff on maternity leave and sick leave) and that the statistics included staff for whom the module had just become due, it would be difficult to achieve a significantly higher level. However work continued to ensure that this mandatory training as well as the other modules of mandatory training were completed in a timely manner given their importance. JS further reported that the awareness campaign on slips and trips would be rolled out across the college in the second week in October.</li> </ul>	

5	<b>External Audit</b>	
	<p>The Chair invited SM to provide an update on the progress of the External Audit which was progressing in accordance with the External Audit Strategy presented to the previous Audit Committee meeting. SM reported that the interim audit had taken place over the summer and there were no items to report. The fieldwork was due to start on 7 October and this remained on track.</p> <p><b>In response to a question from a governor regarding the College's plans to implement a new finance system in this year, and the testing which would be undertaken by the External Auditors as part of the external audit,</b> SM reported that migration testing would be undertaken and that the system processes would be reviewed in light of any changes in controls and the External Auditors would test the IT controls and access to the software on the new system.</p>	
6	<b>Data Protection, Fraud, Irregularity, Impropriety, Health &amp; Safety, Cybersecurity and Whistleblowing</b>	
6.1	<p><u>Grants Compliance Report</u></p> <p>JS presented the report and highlighted that:</p> <ul style="list-style-type: none"> <li>• The College had a large number of projects running currently, many of which were capital projects but some of which also had a partial or full revenue aspect.</li> <li>• The various grants were usually awarded alongside targets that the College needed to complete either immediately or over a period of time.</li> <li>• Theoretically the grant funders could clawback funds where these targets had not been met, so it was important to continue monitoring outcomes against targets until the College could sign off the completion of the project with confidence that there would be no liabilities.</li> <li>• Although some grant outcomes were reviewed quarterly, it was the intention that the College would confirm compliance with its grants on an annual basis in the early Autumn, which allowed the College to confidently confirm compliance with funding requirements and provided assurance that clawback was unlikely or low risk.</li> </ul> <p><i>[Redacted due to confidentiality]</i></p>	JS
6.2	<p><u>Insurance Review Report</u></p> <p>JS presented the report and highlighted that:</p> <ul style="list-style-type: none"> <li>• The College was insured by FE Protect (renaming to Gallaghers) and was entering the second year of a three year contract which had all types of insurance under one umbrella.</li> <li>• <i>[Redacted due to confidentiality]</i></li> <li>• The College had had its building reinstatement values reviewed and there would be a further adjustment to reflect these prices in September 2024.</li> <li>• Clarification had been sought on what the risks would have been if damage had been sustained in the recent riots, particularly if the demonstrators had been labelled as terrorists by the Government. The College Policy covered damage from riot, but damage from terrorism was not covered. Assurance was provided by Gallaghers that, if damage had been caused as a result of rioting which had taken place, the College policy would have covered the damage.</li> </ul> <p><i>[Redacted due to confidentiality]</i></p>	
6.3	<p><u>2023-24 Gifts and Hospitality Register</u></p> <p>JS presented the report and highlighted that:</p>	

	<ul style="list-style-type: none"> <li>• This report provided a full and final summary of the 2023-24 academic year.</li> <li>• There were 19 entries onto the register this year, but there were no transactions where a member of staff bought presents for learners.</li> <li>• The College had in place a Gifts and Hospitality Policy which protects the College against instances or allegations of bribery, corruption and fraud.</li> <li>• The Gifts and Hospitality register provided transparency on any gifts received. The College advised its staff not to accept gifts or hospitality above a value of £20.00.</li> <li>• The Register was attached as an Appendix to this paper.</li> <li>• Staff were reminded about the Register and how to submit a declaration particularly towards the end of the summer term and around Christmas.</li> </ul> <p>A Governor sought clarification on whether, given the limited number of declarations, management felt there was any under declaration of gifts received. JS reported that this could be the case in respect of very low value gifts from learners to teachers (eg a bar of chocolate) at the end of term, he did not believe this was the case in higher risk areas such as suppliers / procurement where the Director of Estates was very aware as were his staff.</p> <p>The Chair invited the Internal Auditors to provide their views in terms of the Register and the processes following from an internal control perspective and in light of their experience with other colleges. The Internal Auditors felt that the College process as reported was just about right and in line with their wider experience in the sector.</p>	
6.4	<p><u>Update on any other Regulatory matters</u></p> <p>The Chair invited JS and CB to update the Committee on any other areas related to data protection, fraud, irregularity, impropriety, health and safety, cybersecurity or whistleblowing.</p> <p><i>[Redacted due to confidentiality]</i></p>	
7	<p><b>Internal Audit Reports and Action Grid</b></p>	
7.1	<p><u>Internal Audit Annual Report 2023-24</u></p> <p>The Chair invited RPH to introduce the Internal Audit Annual Report and RPH highlighted:</p> <ul style="list-style-type: none"> <li>• That the Committee had approved the following audits for the 2023/24 Audit Plan; Performance Management, Safeguarding, Student Records (with a focus on Apprenticeships On-boarding), Procurement, Information Governance and a Follow up report at the end of the year.</li> <li>• The overall opinion of the Internal Auditors based upon the reviews performed was that the College had adequate and effective risk management, governance and control processes in place. In response to a question from a Governor as to what this opinion meant, RPH reported that this adequate and effective opinion meant that this provided the College with assurance that the processes were working in accordance with expectation and adequate and effective was the highest rating the Internal Auditors would give.</li> </ul> <p>A Governor sought a view from the Internal Audit service as to where the College performance sat against their other clients in terms of the internal audit reports, to which RPH responded that the College's performance was at the better end of the spectrum, and the College had received predominantly substantial assurance reviews.</p> <p>The Chair thanked the Internal Auditor.</p>	
7.2	<p><u>Recommendation Tracking Grid</u></p>	

	<p>JS presented the tracking grid and focussed on the actions which remained in progress. JS reported that two In Progress recommendations were not yet due (Information Governance) and two recommendations were overdue (Performance Management). The overdue actions had been progressed and would be presented for consideration and approval at the October 2024 Corporation meeting.</p> <p>The Chair invited the Internal Auditors to provide any comments or observations to this report, to which RPH had none to make.</p>	
8	<b>Risk Management</b>	
8.1	<p><u>Corporate Risk Register</u></p> <p>JS presented the updated risk registers for 2024-25. The Risk Register formed part of the College risk management process. JS reported that an internal audit was underway on Risk Management.</p> <p>Over the summer the Executive Leadership Team and departments reviewed their risk areas. JS reported that two new risks had been identified; one related to the T Level SEA Capital Fund, as previously discussed and the other related to a risk related to the lease at TORC Centre in Tamworth. In addition one risk had been adapted, the Property Strategy, which had been focussed on future space needs for the college, the impact on future growth for the college and lack of capital investment money from Government.</p> <p>JS highlighted the following high / very high risks and explained the steps taken to mitigate the risks:</p> <p><i>[Redacted due to confidentiality]</i>  C14 – Failure to execute the College Property Strategy.</p> <p><i>[Redacted due to confidentiality]</i>  C5 – Qualifications Reform.</p> <p>C10 – Risk of losing staff, being unable to recruit new staff or not having succession plans in place.</p> <p>C23 – UK Economic Outlook and risks to public spending.</p> <p>The Committee reviewed the items contained on the Corporate Risk Register and the actions in place and the timelines associated with those to mitigate those risks.</p> <p><b>The Chair thanked JS for the good report.</b> The Committee noted the level of detail contained within it and asked JS to consider whether using arrows to indicate the direction of travel in the risk could be beneficial.</p> <p><u>Covenant Risk Register</u></p> <p>JS reported that in terms of covenants there were no risks. JS reported that all the metrics were green for 2024/25 and 2025/26. In terms of the debt service cover metric for 2025/26 (108%) which, based on the current Three Year Forecast, exceeded the 100% requirement, given the strong recruitment in this academic year, which would be expected to bring additional income growth in the next academic year, it was expected that the figure of 108% would increase.</p> <p><b>The Chair thanked JS and the team for the hard work on covenants to achieve this position.</b></p> <p><u>Tamworth Relocation Risk Register</u> <i>[Redacted due to confidentiality]</i></p>	
8.2	<i>[Redacted due to confidentiality]</i>	
8.3	<u>Finance Team structure</u>	

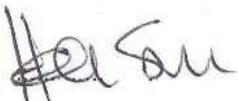
	<p>JS provided an overview of the finance team structure which included a Director of Finance and nearly seven full time equivalents, as well as the procurement manager role. JS reported that one staff member had very recently resigned.</p> <p><b>In response to a question from a Governor</b> on whether there were any learnings in terms of the finance team structure from the resignation, JS reported that this did not appear to be the case. A Governor commented that the structure appeared to provide a good degree of separation / division of duties was possible delivering good internal control.</p> <p><b>A Governor sought clarification on how many qualified accountants</b> [Redacted due to confidentiality]</p>	
8.4	<p><u>Finance System implementation and assurance</u></p> <p>JS reported that the Find a Tender system had been used and the process had identified several options and the pricing structures for each system was quite different. One system did not charge a licence fee, but rather by transactions. The team expected to make a decision by October and to implement from January 2025.</p> <p><b>A Governor sought any input from the internal and external auditors</b> and both had experience of one of the systems, but not the others. JS reported that the team would be seeking feedback from other clients before making any final decisions.</p> <p><b>A Governor sought input on the expected implementation timescales</b> and JS reported that they would like to commence after Christmas and that this would in part depend on the system chosen, however there was expected to be a longer implementation period and more support provided for the one system than the others.</p> <p><b>A Governor requested written assurance on the timescales for implementation, the budget and the procurement followed for this system</b> to the next Audit Committee meeting in November 2024.</p>	JS
9	<b>Governance</b>	
9.1	<p><u>Annual Sub-contracting report – 2023-24</u></p> <p>JS introduced the report and highlighted that:</p> <ul style="list-style-type: none"> <li>Colleges that deliver more than £100,000 of subcontracted provision need a separate external audit to provide assurance to the ESFA.</li> <li>The College did not deliver any subcontracted provision in 2023-24 and therefore no audit was required.</li> </ul> <p><b>In response to a question from a Governor</b> as to how the College could be sure that there was not sub-contracting within the supply chain, JS reported that there was no risk of this in terms of teaching provision, and this assurance only related to sub-contracting related to educational provision.</p>	
9.2	<p><u>Proposed Sub-Contracting – Code Nation &amp; Environmental Excellence Training and Development</u></p> <p>JS introduced the report and highlighted that for the current academic year (2024/25):</p> <ul style="list-style-type: none"> <li>The College had the opportunity to work with two subcontractors – Code Nation and Environmental Excellence Training &amp; Development Ltd (EET&amp;D).</li> <li>The proposals would be to deliver Level 2 online digital skills (Code Nation) and Level 3 diploma and certificates in Leadership &amp; Management and Information, Advice &amp; Guidance (EET&amp;D) in each case for adult learners.</li> </ul>	

	<ul style="list-style-type: none"> <li>• The proposals fitted within the stated aims of the Supply Chain Fees and Charges Policy.</li> <li>• The qualifications delivered by this sub-contracting aligned with local and regional skills needs.</li> </ul> <p>JS reported that the College had previously sub-contracted with Code Nation. EET&amp;D were an approved sub-contractor for the West Midlands Combined Authority and provided sub-contracting to other local colleges JS reported that all the learners would be local and all qualifications were priority qualifications and work support staff getting into work and developing skills within work.</p> <p>The Chair invited the Internal Auditors to provide any views on sub-contracting. RPH reported that if the sub-contracting proceeded and an internal audit was required, Validera could provide that service.</p> <p><b>A Governor sought clarification on whether there was any alternative to sub-contracting.</b> CB reported that the Code Nation proposal was very specialised and the College did not have the capacity or skills to deliver to this priority area. In terms of the EET&amp;D proposal, whilst the College could deliver leadership and management training, these related to markets and online offers which the College did not deliver in.</p> <p><b>Resolved to recommend the two Sub-contracting proposals to the Board for approval.</b></p>	
9.3	<p><u>2023-2024 Regularity Audit Self-Assessment Questionnaire</u></p> <p>JS introduced the report and highlighted that:</p> <ul style="list-style-type: none"> <li>• The questionnaire formed part of the Regularity Audit undertaken by the Financial Statements Auditor each year.</li> <li>• The sections were updated last year to reflect the additional requirements of the ONS decision to place FE Colleges into the Public Sector as from the 29th November 2022.</li> <li>• There was one new question added at the end of the questionnaire – it covers legal, regularity and rules compliance.</li> <li>• The questionnaire responses demonstrate that we had complied with regularity requirements and had provided examples of evidence to support this compliance.</li> </ul> <p>The Committee reviewed the questionnaire.</p> <p>A Governor sought clarification as to who the Reporting accountant on the Internal Control question would be and to provide clarification within the questionnaire on that and a further explanation of the impact.</p> <p><b>Resolved to recommend the Questionnaire to the Board for approval.</b></p>	JS
9.4	<p><u>Policy approval</u></p> <p>JS introduced the Report and highlighted that there were two policies for consideration and recommendation to the Board for approval and JS highlighted that:</p> <p><b>Data Protection Policy</b></p> <ul style="list-style-type: none"> <li>• Reference was made to the Data Protection and Digital Information Bill which was delayed in its passage to becoming a full Act by the July 2024 election</li> <li>• A section had been added to confirm the existence and review of the Record of Processing Activity (RoPA) and an Information Asset Register (following the Information Governance internal audit recommendations)</li> <li>• Confirmation was given that the College would undertake an Annual Data Audit which would be an internally commissioned review of data and processing activities</li> </ul>	

	<ul style="list-style-type: none"> <li>GDPR training was referenced as mandatory College training, with the level of compliance for completing the course under regular review.</li> </ul> <p>The Chair invited the Internal Auditors to provide any further comments and whether it met their recommended practice. RPH reported that there was nothing further to add as reference to the new Bill had been included as had a section to reflect the Information Governance recommendations.</p> <p>A Governor sought assurance as to whether all the relevant legal requirements were addressed and that all the relevant guidance was covered. JS reported that given the internal audit on Infomrtaiion Governance he was confident that areas were covered.</p> <p><b>Fraud Policy and Fraud Response Plan</b></p> <ul style="list-style-type: none"> <li>The Policy had been updated to take into account the new Economic Crime and Corporate Transparency Act 2023 which punished organisations which failed to prevent fraud.</li> <li>The Policy had been updated to show what steps the College had taken to prevent fraud.</li> <li>Clarification that the Fraud Response Group could operate with a minimum of two members.</li> <li>There had been updates of some terminology particularly around IT resources.</li> <li>The College already undertook many of the recommended steps already and the College was considering utilising online mandatory training module in this area.</li> </ul> <p>The Chair invited the Internal Auditors to provide any further comments and whether it met their recommended practice. RPH reported that there was nothing further to add as reference to the new Act had been included.</p> <p>A Governor supported the plans to include this area as part of the College's mandatory online training modules.</p> <p><b>Resolved that the Committee recommended to the Board that the following polices be approved:</b></p> <ul style="list-style-type: none"> <li>Data Protection Policy</li> <li>Fraud Policy and Fraud Response Plan</li> </ul>	
9.5	<p>Self Evaluation</p> <p>JH presented the report and highlighted that:</p> <ul style="list-style-type: none"> <li>The evaluation exercise had started at the June 2024 meeting and following that all Audit Committee members had separately completed the Questionnaire and the responses had been included in the attached document. These had taken into account the comments from the Internal and External Auditors as well as form the Chair of the Board.</li> <li>Areas identified by members where the Audit Committee had had impact during 2023/24 and areas for improvement had been included in Section 8.</li> <li>All members considered that the Committee could be graded as, at least, Good.</li> </ul> <p>A Governor sought clarification on how the Committee could become Outstanding. It was agreed that this would be discussed at the November Audit Committee meeting.</p> <p>The Committee agreed with the areas included at Section 8 and the Good grading. Noting this would be used in conjunction with the feedback from other Committees and Groups and feed into the Annual Review of Governance.</p>	JH
10	<b>Any Other Business</b>	

10.1	There was no other business.	
10.2	<p>Committee members considered that items 8.1 (Tamworth Relocation Project Risk Register) and 8.2 were confidential and should be minuted accordingly.</p> <p>The Chair of the Committee thanked the auditors for their attendance.</p> <p><i>SM, LG and RPH left the meeting at this point.</i></p>	
11	<b>Meeting between the Committee and Management without the auditors present</b>	
11.1	<p><u>Process and timeline for re-tendering the Internal Audit Service</u></p> <p>The Committee discussed whether there was any opportunity to bring forward the timelines and considered the risks associated with doing this. The Committee further discussed the weighting of the scoring within the tender process.</p> <p><b>Resolved to recommend to the Board that the timeline be approved.</b></p>	
11.2	<p><u>Meeting between Management and Committee members</u></p> <p><i>[Redacted due to confidentiality]</i></p>	
11.3	<p><u>To approve Confidential minutes of the meeting on 27 June 2024</u></p> <p><b>Resolved to approve the minutes.</b></p>	
	The meeting closed at 10:00am	

Approved as a true record in a meeting on 29 November 2024



Chair of Audit Committee