



AUDIT COMMITTEE
DRAFT Minutes of the Meeting held on 21 June 2022 at 17:30
The Source, Worcester

Present

Governors: Stephen Bolton
Tony King
Denis Miles
Steph Simcox Chair

In Attendance: Stuart Laverick Principal
Nicki Williams Vice Principal and Deputy Chief Executive Officer
Cherie Clements Director of Finance
Asam Hussain Risk Assurance Director (RSM)
Nathan Coughlin Partner - Bishop Fleming
Kay Kavanagh Clerk to the Corporation

Action

- 26.1 Apologies**
Apologies were received from Kevin Gaffney (KG). Stephanie Simcox agreed to act as Chair in the absence of KG. SB agreed to provide the verbal update from this meeting to Corporation in July in the absence of SS.
- 26.2 Declarations of Interest**
Members were asked to declare any Interests, financial or otherwise, which they may have in any Agenda Item. Members confirmed that they had no interests to declare.
- 26.3 Audit Committee Concerns**
Members were invited to raise any issues which they wish to discuss. Nothing was raised.
- 26.4 Auditor Concerns**
The Auditors were invited to raise any issues which they wish to discuss, and all confirmed that there were none.
- 26.5 Minutes of the Previous Meeting**
The Audit Committee **approved** the Minutes of the meeting held on 8 March 2022.
- 26.6 Matters Arising**
The Audit Committee **monitored** action taken, and remaining to be taken, in respect of Matters Arising from the Minutes of previous meetings.

26.7 Determination of Any Other Urgent Business

No other urgent business was determined.

26.8 Risk Register and Assurance Framework

a) Strategic Risk Register – Summer Term Update

NW explained that the Summer Term is traditionally a time when the register is settled and few changes to scoring are expected. Only 4 changes have been made and these are detailed in the supporting papers. No risks have been removed or added.

SL added that following feedback from ASCL, many colleges are expecting their financial health score to drop by 1, due to increasing energy costs, pressures on salaries and difficulties in recruiting.

There were no questions. Governors **recommended** the Risk Register for approval by Corporation.

26.9 Internal Audit:

The Corporation were **advised** on the Internal Audit Reports from RSM and management's responses to these.

a) Internal Audit progress report 2021/22

AH advised that most of the plan had been delivered. Briefings were included in the pack for emerging issues, these include:

- Levelling Up the United Kingdom
- Audit committee and internal auditor scope of work
- 2022 College Accounts Direction
- 2022 Post-16 Audit Code of Practice
- Skills Bill
- Subcontracting standard
- ESFA role
- IFS annual report
- Funding
- Apprenticeships
- Cyber and information security
- Ofsted
- FE Commissioner Annual Report
- Lifelong learning
- Qualification's review
- FE and HE collaboration
- Higher education
- Student destinations
- Safeguarding

b) 21/22 Processes for Harassment and Sexual Misconduct (Students); and Mental Health and Wellbeing (Staff)

AH confirmed that the College provides its staff with a variety of wellbeing initiatives and support services to help them with their mental health. Services include providing access to the Employee Assistance Programme (EAP), that can be accessed by all staff, and access to a Wellbeing Hub.

Procedures are up to date with monitoring arrangements in place.

Safeguarding Policies are up to date with clear processes and a Safeguarding welfare team is in place.

26 areas were reviewed, with no management actions.

c) 2021-22 Key Financial Controls – Financial Planning and Budgetary Control

AH confirmed that substantial assurance was given.

3 Low Priority Management Actions were noted:

1. The Financial Procedures will be updated and reviewed by the appropriate body to ensure they are reflective of current requirements (sector, legal and regulatory) and current practice
2. The Devolved Budget Holder Handbook will be reviewed and updated to ensure it is reflective of current practice and requirements. Once updated, the Handbook will be made available to budget holders on the Portal.
3. The Finance team will ensure that the budgeted figures reported in the Management Accounts distributed to SLT and the Corporation are in line with the Management Accounts spreadsheet and the approved budget.

SL confirmed that there is an open culture with the Management Accounts teams being embedded within the curriculum teams. CC added that trust is higher within teams due to strong working relationships.

d) 21/22 Follow Up Report

AH explained that there were 25 actions, of which 2 remained ongoing and 2 were not actioned. 84% of actions were complete or had been superseded.

AH provided an overview of the 4 remaining actions, highlighting:

- 1) In order to ensure that Governors can clearly understand how performance against key targets (as per the KPI reports) links to the achievement of the College's strategic priorities, relevant KPIs will be referenced to corresponding strategic priorities.
- 2) Staff Utilisation will be periodically reported to Governors as part of the Finance KPI report.
- 3) Peer Review documentation to be updated
- 4) Each Cycle of Business will be formally presented and reviewed by its respective committee prior to, or as near to, the start of each academic year.

The Chair thanked AH for the report and noted the actions, confirming that there were none of concern. The Chair requested that AH add 'impact' to future reports, to show the impact of not completing/completing each action. AH agreed to consider impact in future reports.

26.10 Internal Audit Plan 2022/23

AH provided an overview of the plan, highlighting the areas to be covered:

- Contract Management Arrangements: Value for Money: The College has recently changed Mechanical and Electrical (M&E) contractor. RSM will consider how the College processes monitor how the M&E contractor is helping the College achieve value for money in reducing reactive maintenance spend
- Framework for Compliance with Legal Requirements: Prevent Duty and Protect Duty: As part of this audit RSM will consider the arrangements in place with National Star, who utilise College buildings
- Corporate Performance Management Processes: RSM will review departmental KPIs are set and monitored (and how they link to corporate objectives) and whether they take account of sustainability
- Sustainability Framework – Use of Resources: RSM will consider how the College has developed the Carbon Management Strategy. RSM will also review procurement activities undertaken by departments with regard to what consideration is given to the carbon footprint of suppliers
- Learner Number Systems

AH explained that the plan also details the fees, a 3-year rolling audit strategy and the Internal Audit Charter.

A governor questioned if the plan had been created with input from SLT. SL confirmed that it had. CC added that for Learner Number Systems, RSM and Bishop Fleming had discussed this jointly.

SL explained that LSIPs could form part of future work, with advice or lessons learnt from RSM.

Governors **reviewed** the Internal Audit Plan 2022/23 and **recommended** to the Corporation for approval.

26.11 External Audit

NC advised that there had been no significant changes in audit or accounting standards.

NC explained that there are two areas of significant risks:

- Management override of controls
- Fraud in income recognition

There are also 3 areas of heightened risk:

- Pension assumptions
- Going concern
- Land & Buildings

Also contained in the External Audit Plan are updates on:

- Audit Code of Practice amendments
- Updated Accounts Direction
- College Audit Committee Good Practice Guide

Tony King joined the meeting (18:30)

Governors agreed that the Going Concern is valid, with concerns being raised by the AoC and ASCL.

There were no questions.

26.12 College accounts direction 2021-2022 - Financial reporting requirements for sixth form and further education colleges

KK provided an overview of the changes to the College Accounts Direction that impact on governance, highlighting:

- The need to detail any activities undertaken during the year to develop governors and clerks/heads of governance
- The need for the corporation to conduct an annual self-assessment of governance and, if applicable, to confirm that an external governance review (required every 3 years) has taken place.

Governors **received** the College accounts direction 2021-2022, for use by “governors as charity trustees”.

26.13 Regulatory Items

- a) KK explained that The Post-16 Audit Code of Practice (the ‘Code’) sets out a common standard for the provision of assurance in relation to the funding of post-16 providers. KK confirmed the updates relating to governors.
- b) There have been 5 gifts received, noted on the report.
- c) There are no changes required for the Committee Terms of Reference.
- d) An updated committee Annual Cycle of business has been provided. This will be discussed with SLT prior to approval by Corporation in July 2022.

CONFIDENTIAL ITEMS

26.14 – 26.18 See separate Agenda and Papers

26.19 Any Other Urgent Business

There was no other urgent business.

26.20 Date and Time of Next Meeting

22 November 2022, The Source, Worcester

There being no further business, the meeting concluded at 19:15

Signed:

Date: