



**Minutes of Audit Committee Meeting
Tuesday 22 November 2022 at 17:30
All Saints, The Source, Worcester**

Present:

Stephanie Simcox (Chair)
Tony King (Governor)
Chris Hallam (Governor)
Andrew D'Arcy (Governor)
Denis Miles (Governor)

In Attendance:

Stuart Laverick (Principal)
Cherie Clements (Vice Principal Finance & Corporate)
Nicki Williams (Vice Principal Corporate & Resources)
Donna Gibson (Deputy Clerk)
Jane Grimshaw (Bishop Fleming)
Louise Tweedie (Partner and Engagement Lead RSM)

Item:

Action

27.1 Apologies

Assam Husain – Risk Assurance Director. RSM
Nathan Coughlin – Partner, Bishop Fleming
Kay Kavanagh – Clerk to the Corporation

Members noted the sad passing of Committee Member Steve Bolton, noting that he was a great colleague who will be missed and paid a minutes respect to Steve and his family.

27.2 Declarations of Interest

Members were asked to declare any Interests, financial or otherwise, which they may have in any Agenda Item. No interests were declared.

27.3 Audit Committee Concerns

Separate Confidential Minute
The auditors rejoined the meeting at this point

27.4 Auditor Concerns

Auditors were invited to raise any issues which they wished to discuss in the absence of College Management and confirmed that there were no items to discuss.

Members of College Staff returned to the meeting at this point

27.5 Minutes of the Previous Meeting

The Minutes of the meeting held on 21 June 2022 were **approved**.

27.6 Matters Arising

- A discussion took place in the early part of the meeting that covered Procurement (27.15) and also Supply Arrangements (which was a verbal update on the agenda (27.16)
- The Committee suggested that good practice going forward would be to have a select list of suppliers who could be called upon to undertake capital work as and when required by the College. This would avoid a knee jerk reaction when short timescales are introduced. Members were aware of the short time scales that be enforced at times and that sometimes works can only be undertaken at set times.
- The Committee suggested that good practice going forward would be to have a select list of suppliers who could be called upon to undertake capital work as and when required by the College. This would avoid a knee jerk reaction when short timescales are introduced. Members were aware of the short time scales that be enforced at times and that sometimes works can only be undertaken at set times.
- Members noted that practice across the sector is very similar to what is in place at HoW College, and the use of one supplier usually ensures that they have an understanding of the College buildings and the infrastructure etc. Members further noted that the current supplier is very hands on and attends site as and when needed.
- Members also noted that with the current funding pressures there is likely to be very little capital work going forward.
- The Committee envisage that the list would comprise 6-10 vetted suppliers who have expressed an interest in working with the College. They would be approached to see if they would like to do the work. Based on who responds the next step would be to receive quotes from them and make an informed decision at that point.
- The introduction of the approved list will show that our process for selecting suppliers is transparent but also adds an element of competitiveness to what is currently a non competitive process and repeatedly sees the same supplier selected.
- Auditors welcomed the idea of the supplier list going forward and agreed it demonstrated an awareness of value for money.

- Compilation of the list to be discussed with Tenet and sample frameworks for such a list to be sought. CC
- List of approved suppliers to be in place for the start of the next academic year. CC

27.7 Determination of any other Urgent Business

The Chair raised the issue of appointing a Vice Chair for the Committee. Andrew D’Arcy was appointed to the role, seconded by C Hallam. KK

27.8 a) Audit Committee Performance Review

Members agreed that the effectiveness of the Audit Committee in 2021/22 had been monitored and the document was a good reflection of the year. Wording to be added to 7.17 – “All policies and processes are in place and there are no issues of any concern” KK

b) Terms Of Reference KK

- The Terms of Reference were reviewed noting that the date needs to be changed.
- Wording needs to be included about Subcontracting, linked to the new Code of Practice.
- The ToR to be recommended to the Corporation for approval.

27.9 ESFA Funding Assurance Review 21/22

- Members received a verbal update on the ESFA Funding assurance review 21/22. Informal feedback had been received and no major issues had been reported. The final report is awaited, and any points raised will be responded to within 5 days.
- Bishop Fleming advised they cannot sign off their audit without the finalised report but would be open to receiving confirmation that there are no major points of concern, or that there are areas of concern which may have an impact and of which they should be aware.

27.10 2021-22 Financial Statements

a) Engagement Letter

Members noted the current Engagement Letter with Bishop Fleming approved in 2021 remains in place. Letters are generally updated every 3 years or upon reappointment.

b) Regularity Self-Assessment Questionnaire

- The issue of qualifications and disqualification and second checking for Governors to be revisited by the Clerk, the new question shows no evidence of second checking taking place. With 4 new Governors appointed a useful exercise would be to check 2 out of the 4.
- Roles within the WLEP to be clarified for the next iteration of Governor declarations of interest.
- The college accounting officer and Corporation Chair will sign the Regularity Self-Assessment Questionnaire off once the above item has been addressed.

KK

c) External Audit Report to the Audit Committee

- There were no major issues arising from the audit, nor any accounting or audit judgements. Bishop Fleming will amend the point relating to the breach.
- Members discussed the final valuation and anticipated proceeds from the sale of Osprey House.
- The report was recommended for Corporation approval.
- The Chair thanked Bishop Fleming for producing a report that was easy to follow and understand.

BF

d) Letter of Representation

Having reviewed the letter and its contents members were satisfied that the letter be submitted to Corporation for approval.

CC

e) Going Concern Review

- Members **were satisfied** that the going concern is regularly reviewed and challenged.

f) Cashflow forecast

- Members noted the forecast for the period to 31 July 2023.
- The suggestion to enter early discussions with Santander about possibly breaching the covenant was noted.

g) Financial Statements

CC explained the timeline, the current position, and the possible implications around the meeting the 13 December Corporation date, where sign off would be required by the Principal and Chair of Corporation. A plan for delegating authority to sign off outside of the formal meeting may be required and will be kept under review.

CC/KK

h) Student Union Accounts

Members received the Student Union Accounts for 2021/22.

i) Teachers' Pension Statement

Members received the Teachers' Pension Statement. There were no issues to report.

j) Subsidiary Company Accounts

Members noted the Molinna Ltd and NEWCEL Accounts. For the benefit of newer members an explanation was provided as to why the accounts are retained and are dormant.

27.11 Internal Audit:

a) Annual Report 2021/22

The Internal Auditor's Annual Report for the year ended 31 July 2022 was noted and there were no issues to report, the annual report was very positive.

b) Learner Number Systems

The report for 2021/22 was noted. Concerns were expressed around Apprenticeships. SL confirmed these were being addressed within the Colleges Apprenticeship Management Group.

c) Internal Audit Progress Report

Members received the Internal Audit Progress Report,

The Chair thanked the internal auditors for their work on the audits and for providing the sector update which is very helpful in ensuring Governors remain

Members recommended that the Internal Audit Annual Reports be passed on for Corporation approval

27.12 Sub-Contracting (External Assurance)

Members received the advisory report and certificate. The current wording shown is incorrect and needs to be amended to show that the College is not the provider.

27.13 Audit Committee Annual Report

There were no concerns arising from the report. The Chair would approve and sign off the report before its submission to Corporation.

Chair

27.14 Risk Register and Assurance Framework

a) Risk Management 2021/22 Annual Report

Members had reviewed the report was a useful summary and agreed to recommend it to the Corporation for approval **NW**

b) Risk Management Plan for 2022/23

Members agreed that the plan had taken into consideration the Committees previous challenges which had been reflected within the plan.

c) Strategic Risk Register – Autumn Term 2022

Members agreed that the College Risk Register showed that movement was monitored and recognised that it was largely reflective of what is being seen across the sector. Members recommended it be passed to Corporation for approval. **NW**

27.15 Annual Procurement Report

Members reviewed the Annual Procurement Report noting that it was a straightforward report and included spend values that exceeded £50K. The Report was recommended for submission to Corporation.

27.16 Supply Arrangements

Item was covered earlier on in the meeting.

27.17 Any Other Urgent Business

Gaynor Cheshire to be approached about joining the Audit Committee.

27.18 Date and Time of Next Meeting

Tuesday 8 March 2023, 17:30 at The Source, Worcester

The Auditors left the meeting at this point.