

Minutes of Audit Committee Meeting

Tuesday 20 June 2023 17:30
The Source, Worcester

Present:

- Stephanie Simcox (SS) (Chair)
- Chris Hallam (CH)
- Denis Miles (DM)
- Gary Woodman (GW)

In Attendance:

- Michelle Dowse (MD) (Principal)
- Cherie Clements (CC) (Vice Principal Finance & Corporate)
- Nicki Williams (NW) (Vice Principal Corporate & Resources)
- Tony Green (TG) (Assistant Principal, Funding, Data & External Contracts)
- Kay Kavanagh (Clerk to the Corporation)
- David Ash (DA) (Corporation Chair)
- Louise Tweedie (LT) (RSM)
- Jane Grimshaw (JG) (Bishop Fleming)

Item:

Action

29.1 Apologies

Apologies were received from Nathan Coughlin (Bishop Fleming) and Tony King.

DA was welcomed as a guest and GW was welcomed as a new member of the Committee.

The Committee **agreed to Recommend** Chris Hallam as Vice-Chair of the Committee.

29.2 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.

29.3 Audit Committee Concerns

Members were invited to raise any issues which they wish to discuss in the absence of College Management and Auditors. There were no concerns.

29.4 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.

29.5 Minutes of the Previous Meeting

Governors **approved** the Minutes of the meeting held on 7 March 2023.

29.6 Matters Arising

Governors **monitored** action taken and remaining to be taken, in respect of Matters Arising from the Minutes of previous meetings.

CC explained that a preferred suppliers list would be provided.

29.7 Determination of any other Urgent Business

No urgent business was declared.

29.8 Risk Register and Assurance Framework Strategic Risk Register – Summer Term Update

NW explained that the Summer Term register reflects a more certain period of the year, with less movement and fluctuation around areas such as student numbers. This allows us to have more certainty associated with year-end predictions and therefore changes to scoring are adjusted to reflect this.

Governors acknowledged the format of the report noting that the commentary gives greater assurance that risks are being managed.

Governors noted that AI had been added to the Risk Register.

The Risk Register will be approved at the next Corporation meeting.

29.9 Internal Audit Reports

Governors **approved** an amendment to the 2022/23 Internal Audit Plan, to remove the LNS Audit.

Governors received the Internal Audit progress report 2022/23, noting that 4 audits have been delivered in full, with good assurance from the Internal Auditor.

The Report also contained briefings on the sector, useful for the committee members.

There were no questions.

22/23 Follow Up

Good progress has been made, with 39 actions complete, 3 in progress and 1 not implemented. These will continue to be monitored.

Prevent & Protect Duty

RSM confirmed that the audit covered a number of aspects of both Prevent and Protect. There were 2 medium actions; risk assessments for events were dated ahead of the event and some Training on Prevent was overdue, with no evidence of it being followed up. Overall, the audit was very positive.

Action: NW to provide an update on all Management Actions from Internal Audits at each Audit Committee meeting.

NW

GW explained that he had met with JB in respect of his role as Safeguarding Lead Governor and gave his assurance concerning Safeguarding to committee members.

Contract Management (Value for Money)

LT explained that during 2021/22, the College changed Mechanical and Electrical (M&E) contractor to CBRE with the hope that CBRE could help reduce reactive maintenance spend, use their knowledge and information to develop planned maintenance programmes and would inform decisions on repair or replacement as part of asset lifecycle and sustainability strategies. Given the recent commencement of the current contractor and the conclusion of matters related to the previous contractor, we were informed that it has not been possible to date to discern value for money from the new arrangements.

The Management Action is to track if cost savings have been achieved by the new contractor.

A governor **questioned** if it was 'normal' to have 30 KPIs. LT confirmed that 30 was high but reasonable.

29.10 Internal Audit Plan 2023/24

LT provided an overview of the Internal Audit Plan for 2023/24 highlighting the 4 areas of core business:

- Cyber Security Arrangements
- Health & Safety
- Student Support Arrangements (Bursaries)
- Learner Number Systems (including T-Levels)

A governor **asked** if the College carries out a 'mystery shopper' type of exercise currently, for Cyber Security. NW confirmed that it does (using an independent company)

A governor **asked** if Mental Health was covered by Health & Safety. NW explained that it is separate, however a Wellbeing Audit was carried out last academic year.

Governors agree that students should be included in Mental Health & Wellbeing Audits. LT noted.

Governors **reviewed** the Internal Audit Plan 2023/24 and **recommended** to the Corporation for approval.

29.11 PWC Report

TG provided an overview of the PWC report, explaining that there were areas of non-compliance identified. None of these affected the conclusions reached for each of the funding streams. The areas of non-compliance did result in a financial impact, resulting in a requirement to repay funding. This was related to one funding stream (Apprenticeships) and equated to £137,454.28 in total (plus an amount of £217.39 already adjusted for the 2022/23 year).

To minimise a repeat of the areas of non-compliance identified, the College is working to an action plan which is iterative and focused on resolving and mitigating those areas indicated within the report.

TG added that an internal audit has been planned for the 2023/24 academic year to assess progress on improvements.

Governors **asked** if TG was happy with the responses and if he is confident that all issues will be resolved. TG explained that he is happy with the responses, and the Internal Audit next year should give assurance that all actions are complete.

A governor **questioned** what checks would be put in place throughout the year. TG explained that the ESFA reports will be utilised to highlight any potential issues. TG added that the dashboard has been consistently green for the last few months. TG explained that these checks were now able to be carried out due to new reports that were available.

29.12 2022/23 Financial Statements Audit

JG advised the committee members of the scope and objectives of the work of the external auditor for the 2022/23 Financial Statements.

Areas of Risk covered will be:

- Management override of controls
- Fraud in income recognition
- Pension assumptions
- Going concern
- Accounting for other capital projects and capital grant funding

Changes following the ONS reclassification will also be in scope of the Audit.

A governor **asked** if the SLT were content with the rise in costs from 2022. CC confirmed that the increase has been budgeted.

JG provided an overview of the changes to the College Accounts Direction.

There were no further questions.

29.13 College accounts direction 2022-2023 - Financial reporting requirements for sixth form and further education colleges

Governors **received** the College accounts direction 2022-2023, for use by "governors as charity trustees", and **noted** the requirements for Governors.

29.14 Regulatory Items

Governors **received** the:

- Post 16 Audit Code of Practice
- Register of Gifts and Hospitality Annual Report

Governors **recommended** for Corporation approval:

- Audit Committee Terms of Reference
- Audit Committee Annual Cycle of Business

Tony Green, Louise Tweedie, and Jane Grimshaw left the meeting at this point.

29.15- Confidential items

29.18 See Confidential minutes

29.19 Any Other Urgent Business

There was no other urgent business.

29.20 Date and Time of Next Meeting

KK advised that the provisional date for the next meeting of the committee is Tuesday 28 November 2023, at 17:30 in The Source, Worcester

There being no further business the meeting ended at 18:25