Audit Committee Meeting

Minutes of meeting held on Thursday 26 June 2025 at 5.30pm
Exec Boardroom, All Saints Building, Worcester

Present:
Chris Hallam (Chair)
Phil Colledge (Governor)
Vicki Davies (Governor)
Adam Hall Governor
Donna Gibson (Clerk to the Corporation)

In attendance:
Michelle Dowse (Principal)
Cherie Clements (VP Finance & Corporate Operations)
Nathan Coughlin (Bishop Fleming)
Asam Hussain (RSM) (Up to Item 35.9)
Stephen Pringle (WBG) (Up to Item 35.12)

Item		Action For
35.1	**Welcome and Apologies** Apologies were received from Louise Tweedie and Jane Grimshaw. The Clerk to the Corporation confirmed the meeting was quorate.	
	Declarations of Interest There were no interests, financial or otherwise, to be declared.	
Members of the College Executive & Auditors left the meeting at this point		
35.2	**Audit Committee Concerns** Members did not raise any issues that they wished to discuss in the absence of College Management and Auditors	
The Auditors rejoined the meeting at this point		
35.3	**Auditor Concerns** The internal auditors raised concerns at the repeated issues to do with learner numbers. The Committee agreed to seek further details from College Management to better understand why this is still the case. There were no issues from the external auditors.	
Members of the College Executive rejoined the meeting at this point		
35.4	**Minutes of the Previous Meeting** The Committee approved the minutes of the meeting held on 17 March 2025.	
35.5	**Matters Arising** The Committee noted that all the actions from the meeting had been completed.	
35.6	**Determination of any other Urgent Business** There was no urgent business to be discussed.	
35.7	**External Audit Plan** The Committee had received the audit plan that set out the scope and objectives of the work to be undertaken by the external auditors.	

	A Governor asked if the 2% of income referred to under Audit materiality was normal? They were advised that it is, some do 3%. Bishop Fleming applies a lower level – known as Performance Materiality. Bishop Fleming drew the Committee's attention to the risk approach particularly the management override of controls and how the risk would be addressed. *A Governor asked if anything was identified as being wrong in the accounts both Management and the Audit Committee would be told, but is it up to Management to accept the change?* Bishop Fleming advised that it would be. Management asked if the fallout from the recent reporting about a large college in Somerset had influenced any changes. Bishop Fleming responded that the issues would not happen now. The issues what were reported were largely before reclassification and there are now more restrictions in place. Auditors are likely to pay close attention to special payments made. The Committee considered what was known from the FEC Report and were satisfied that the College structure is secure, and its processes are robust and legitimate and mindful of the requirements of the DfE. The Committee acknowledged the plan and its content and thanked Bishop Fleming for the level of detail that it provided.	
35.8	**Internal Audit** **Audit Reports:** **a) Progress Report** • The Progress Report summarised the audit reports progress against the internal audit plan. • RSM had included the Spring Newsletter and Sector Updates and highlighted that he College Financial Handbook was being updated; the Economic Crime and Transparency Act is coming into force, the Ofsted Consultation. The updated also included emerging risks, novel contentious and repercussive transactions. **b) Key Financial Controls Strategic & Financial Planning** • The VP Finance and Corporate Operations and their team were thanked for the positive outcome from the report. • The financial planning processes showed a good use of sensibility. • The Committee noted that there were 3 low priority actions linked to Financial Regulations (x2) and documenting non curriculum workings in the budget. *A Governor questioned whether the 3 things were fixable.* College Management advised that they were, and steps were already being taken to resolve them. The Committee were reassured that progress was going in the right direction. **c) Learner Numbers** • The Audit had looked at Apprenticeships and Study Programmes. • The April 2025 ILR had not fully complied with funding rules and errors had been made in the claims made. • 15 areas had raised compliance issues. • The Committee noted that only 5 areas in the previous report had been concluded. The report considered that not enough progress had been made since the last review. • *A Governor observed that the area always has some issues and wondered if the College was getting to grips with it. Whilst it is advisory it is clear that work needs to be done.* College Management responded that a lot of work has been done on apprenticeships which is a complex area. Teams had received lots of training and briefings. There are some legacy issues being addressed and some duplication had been identified. The teams will do a thorough clean up. The Committee were reminded that the process last	

year had shown a minimal amount. College Management advised that they are seeing progress being made.

- *A Governor asked if the progress is quick enough?* College Management advised that legacy learners are always identified as exceptions.
- *A Governor observed that due to the complexities of the area it is likely to be a challenge that many colleges are facing.*
- *A Governor questioned, without the legacy learner issue, with training having been done with staff, how effective has the training been? College Management advised that the current sample has not yet been analysed and requires review. Every College will have a similar issue, but all new apprenticeships must be accounted for. It could be an issue with repetition or the volume.*
- *A Governor noted that internal audit is stating that not enough progress is being made, that the sample is not showing progress. Could it be the sample is revisiting the legacy issues. Another Governor acknowledged it could be but there are other issues such as start and end dates. It may be a case of improving the housekeeping.*
- *The Chair asked whether ELT are convinced that it can be sorted?* College Management acknowledged that there are some challenges and there are some solutions.
- *A Governor suggested that the Committee receives an update on progress at the March meeting so that the Committee can have the assurance that progress has been made.*
- *A Governor asked if the issues could cost us if we were to receive a funding audit. How confident are we?* Management responded that having an audit not so long ago is in our favour and the data is being cleansed all the time. *The Governor questioned does the College have any say on funding audits?* College Management confirmed that it does not but by the end of the year the data should be of a much higher quality.

d) Follow Up

- The report confirmed that the College had made demonstrated good progress in implementing agreed management actions.
- College Management confirmed that sign up was a system limitation and nothing more.
- The VP Finance & Corporate Operations advised that the comment about contract management issue not being taken further was misleading and would be rectified by RSM.
- The Lead Governor, IT & Digital advised that he had met with IT and found that reasonable progress was being made with Disaster Recovery, but the risk is still high. They observed that it would be useful to select an area and conduct a simulation at an appropriate time so that IT could check if they can execute their DR plan. For systems outside the control of IT – i.e. external partners the College needs to obtain the providers assurance that they have appropriate plans in place. The Lead Governor expressed concerns about the security alert process, being used to 24/7 in the industry and wondered if consideration could be given to out of hours monitoring? College Management advised they are looking into coverage out of hours.

A Governor questioned the security of software used in College. College Management advised there are Software Acquisition Forms that cover the use of software. *The Lead Governor was not sure that control had worked in relation to Grofar.* College Management advised that there are assurances in place for the finance systems.

College Management noted that if testing disaster recovery required switching off a server there is only one week in a year that would be a good time to test the process. It may be worth trying it around June next year. ELT would need to consider this and whether then would be appropriate.

A Governor observed that all the points are well made, and we do know of a College that suffered significantly because of their systems being hacked.

The Lead Governor would like to see the IT and Digital Strategies separated. They also noted that a 4-year digital strategy is too long. College Management advised that a review could be done in 2 years.

A Governor asked if the SLAs are in place and assumed all the significant areas are covered including AI? They noted that Microsoft agreements generally cover all areas. College Management advised that ChatGPT had been turned off and Copilot and Teachermatic (for teaching staff) are being used.

A Governor asked if our due diligence covers SLA's? College Management confirmed that they would check this. *The Governor expressed concern that this risk is high. The Lead Governor agreed and advised caution when using Copilot.*

e) Quality Assurance Systems

- The Committee noted that this was quite a positive report overall and was of reasonable assurance. There was 1 low management action (Lesson Visits) and 2 medium management actions (External Verification x2).
- The purpose of the audit was to ensure that the College has robust processes in place that contribute towards achieving high quality provision.
- College Management advised there had been some issues with compliance testing which had been noted.
- College Management advised that the processes highlighted as medium would be aligned with sector practice going forward.
- Overall, College Management were pleased with the report.

a) Internal Audit Reports:
Update on GDPR Audit
The Committee received a comprehensive update from College Management in response to the Committees challenge in response to the GDPR audit.

The Committee noted that 9 of 11 actions had been completed and 2 were in progress. The Committee note the action tracker in the reading room which was RAG rated

College Management had reviewed the options available and on consideration of the Committee's feedback had decided to outsource the role of Data Protection Officer (DPO) to Naomi Korn Associates Ltd. from 1st July 2025. College Management confirmed that the decision was informed by an evaluation of third-party specialists, feedback from other Colleges who have also outsourced to them and feedback to the Clerk from Colleges currently in a contract with them. All had been very positive. The support provided by the contract was noted by the Committee.

The Committee took assurance that the VP, Finance and Corporate Operations would be the ELT lead for the area, with some additional support being provided by the Head of Management Information.

A Governor confirmed they like the idea of it being outsourced but challenged whether sufficient due diligence had been done. College Management confirmed that the necessary checks had been done, the provider also matched the College's requirements and the costs for the service were appropriate for what they are providing. They have experience of the education sector and have all the required credentials.

The Committee discussed professional indemnity cover. The External Auditors advised that it is seen quite a lot within the sector. *A Governor stated that the Committee had expressed concerns about liability previously. The Internal Auditors suggested that GDPR will come back around in the audit cycle at some point.* College Management assured the Committee that the contract is for an initial first year and then will be reviewed.

A Governor observed that it is a good use of external support and should work well.

b) Verbal Update from Lead Governor IT & Digital – (Assurance Item) – Disaster Recovery & Business Continuity Plan
The points were covered with in the discussion about the Follow Up Audit Report.

	The current Internal Auditors passed on the thanks from colleagues who had not been able to attend the final meeting. They acknowledged that the time as the College's Internal Auditors had been an enjoyable experience. The Chair asked that the thanks be reciprocated from the College. The input, clarity and honesty when delivering reports to the Committee had always been appreciated. *A Governor acknowledged that as a newer member of the Committee they had always found the briefings very useful.* The Committee took a short comfort break.	
35.9	**Introduction and Presentation from WBG & Audit Needs Assessment 25/26** The Chair welcomed Stephen Pringle, Director of Internal Audit at WBG to the meeting. WBG provided the Committee with an overview of how WBG has progressed to have 30 FE colleges as clients and how the company has seen significant growth in staff numbers. staff increased. WBG advised the Committee that all internal audit plans, regardless of provider, should include funding. WBG confirmed that they can commit to attending meetings on site. *The Chair informed them that the previous provider worked to a hybrid model. The VP Finance & Corporate Operations advised that the key things for staff involved with internal audit are Communication, planning and the sharing of documents.* WBG confirmed that all Audit Committee *meetings will be attended in person. Whilst a hybrid model can be useful, WBG find it useful to visit clients and get an understanding of their business.* The Committee noted the three-year period up to 2028, with an option to extend by two years. Whilst it is typically mandatory for auditors to do a five-year review, WBG like to do a review every two years and are confident they will meet the expected standards each time. The Committee noted the WBG's services are covered by the engagement letter of 12 June 2025. WBG introduced the Audit Needs Assessment (ANA) and summarised the planning process and that planning meetings had taken place. WBG had reviewed the College's Strategic Risk Register and having noted the previous findings had been able to produce a work map. WBG confirmed that the ANA can be revisited at any time and there is flexibility as and when it may be required. The Committee noted that a Safeguarding Audit is for all education clients and that the scope of the audit would extend beyond the usual areas and would consider the requirements of Martyn's Law and how secure the College's buildings are. The Principal noted that element would be a useful addition. The Risk Management audit would look at the risk register, the approach to risk management and the College's appetite for risk. The Principal agreed it was a good time to sense check that area. The Chair confirmed it would be useful to see if WBG identify any revisions or even any fundamental changes that need to be made. The Committee considered the placement of the Funding Review (Adult Skills) planned for April 2026. The consensus was that it would be better to conduct an audit of Apprenticeships and look at the Adult Skills at a later date. *The Chair sense checked with the Committee if they definitely wanted to switch the audit to an apprenticeship focus? Members noted:*	

	• *Several points had been raised by the previous internal auditors* • *Ahead of an Ofsted inspection it would be useful to see what areas need improvement* • *A belt and braces approach would be appropriate* • *Apprenticeships is a complex area; it would be beneficial for the area to be considered from a fresh perspective* WBG were asked to make the revision to the plan. Financial Controls would be straightforward and the usual high-level review of key controls the College has in place. *The Chair noted that external audit also looks at this area, albeit on a broad basis.* WBG advised their starting point would be a scoping meeting. The VP Finance and Corporate Operations advised that external audit is provided with a lot of data on an annual basis and the demands on the Finance Team would be useful to note when considering the timing. The Follow Up is a standard yearly activity. Other areas can be considered at the annual review. *The Chair noted that the Committee has had minimal sight of anything HR related. The Finance & Resources Committee have some oversight but there are a lot of College employees, and it would be useful to add HR to the list of areas to audit.* WBG asked when the annual report is presented to Audit Committee. They were advised that it goes to the November meeting. In terms of Audit Progress Reports WBG will aim to submit reports to each Audit Committee (November, March and June). The Committee noted that the grading structure is self-explanatory. For each area of review – Strong, Substantial, Weak and No with each grade having its own classification. For each WBG recommendation a grading of High, Medium or Low is assigned depending on the degree of risk. The Committee noted the KPI's and the targets. The Committee noted that several training topics are available. WBG had provided their Audit Universe which shows the coverage over the 25/26, 26/27 and 27/28 academic years. The Committee agreed to recommend the ANA to the Corporation for approval subject to the revisions being made. The Chair thanked SP for their attendance at the meeting and the informative presentation.	WBG WBG Clerk
35.10	**Strategic Risk Register** The Committee monitored the College Risk Register and noted the changes since the Spring Term. The Committee were advised that the revisions of the register acknowledge changes that may be expected in the 25/26 academic year and will have some impact on the College. The College has 2 risks rated as HIGH. 4 risks had changed for the better. No new risks were added or removed during the Summer Term review. Risk Appetite had been requested as an addition to the register. College Management proposed that the Risk Management Plan is updated in 2025/26 to reflect the scoring approach and the monitor the Risk Rating against the scoring at each reporting point. *A Governor expressed their thanks for the clearer presentation of the register, noting that it was much easier for Governors to assess the risks.* *A Governor noted that reviewing the register in the new format is less work. The format works well.*	

	The Committee agreed to recommend the register be approved by Corporation and reflects the Risk Appetite scoring and monitoring approach in 2025/26.	Clerk
35.11	**Terms of Reference 25/26** The Committee noted the revisions made to the Terms of Reference for 2025/26 and agreed to recommend them to Corporation for approval. As an additional assurance, WBG confirmed that they cover everything that they would expect to see in there.	Clerk
35.12	**Cycle of Business 25/26** *A Governor asked why the Committee had been light in terms of reviewing policies?* The Clerk explained that several policies had been dealt with in the previous year and were not yet due for review. Typically, the Audit Committee has the least number of policies that it is responsible for. The Committee noted the revisions made to the Cycle of Business for the Audit Committee for 2025/26 and agreed to recommend them to Corporation for approval.	 Clerk
35.13	**Sector Updates** The Committee noted that there had been changes to several key DfE guidance documents, namely the Regularity Self-Assessment Questionnaire; College Accounts Direction 2024/25 and the Framework for Auditors & Reporting Accountants of Colleges (which replaced the Post 16 Audit Code of Practice).	
35.14	**Meeting Effectiveness & Reflections** • The pack had been easy to navigate but was still quite large. The Clerk would review the balance of what is in the main pack and what can be placed in the reading room for future meetings • The WBG item had been useful to talk through with them • There had been good discussion and challenge • The risk register was much easier to follow and work with	
35.15	**Any Other Business** There was no business to be discussed.	
WBG left the meeting at this point		
	Committee Members and College Management moved to the Confidential Papers.	
	Date and Time of Next Meeting: 25 November 2025, 5.30pm – Onsite, Worcester	