



Minutes of Audit Committee

Held on 18 June 2024 at 5.30pm, The Source, All Saints, Worcester
and via Teams

Present:

Chris Hallam (Chair)
Phil Colledge (Governor)
Vicki Davies (Governor)
Adam Hall (Governor)
Denis Miles (Governor)
Gary Woodman (Governor)
Donna Gibson (Clerk) (Via Teams)

In Attendance

Michelle Dowse (Principal) (Via Teams)
Cherie Clements (Vice Principal)
Asam Hussain (RSM)
Nathan Coughlin (Bishop Fleming)

32.1 Welcome & Apologies

Apologies were received from Nicki Williams.

Phil Colledge was welcomed to his first Audit Committee.

The Chair, on behalf of the Committee, recognised the service of Denis Miles and Gary Woodman to the committee over the years and thanked them for their contribution.

The committee also expressed their thanks and acknowledgement to Nicki Williams for her contribution and the effort, and all the data provided to committee over the years. The Chair requested that the acknowledgement be forwarded on to Nicki in her absence.

Principal

32.2 Declaration of Interest

There were no declarations of interest.

32.3 Audit Committee Concerns

There were none to be noted.

32.4 Auditor Concerns

There were none to be noted.

32.5 Minutes of the previous meeting

The minutes from 5 March 2024 were received and it was agreed that section 31.9 would be redacted in its entirety prior to being published on the website.

Clerk

32.6 Matters Arising

The Clerk advised that all the actions had been completed and the items regarding Tender Committee outcomes had been resolved. The outcomes had been scrutinised and reviewed accordingly and all were assured that there were no issues of any concern.

32.7 Determination of Any Other Business

There was no other business to be discussed.

32.8 Internal Audit Reports Health & Safety Report

The number of actions (4) from the report was noted.

The committee noted that work is taking place around risk assessments as part of the improvement plan introduced by the new H&S Manager.

A Governor questioned whether the handover between the H&S Managers had been effective enough, or had it led to some of the issues. RSM offered the necessary assurance that a number of the items had already been picked up.

Management advised that there is a cross college H&S Committee, which meets termly, and all areas are represented there, and good practice shared etc.

Management noted that the audit was undertaken following a change of personnel, and they had wanted to see the final report. It would be useful to do a sense check to see if the issues were from the previous post holder or are more current. The Committee were interested to know how robust actions were in those areas where there had been an incident or investigation, and what the process for feedback was.

RSM

Governors expressed concern that an investigation had not taken place with regards to one of the actions. It was agreed to revisit in the confidential part of the meeting.

The Principal further advised that with the new ELT structure for 2425 members of SLT will be invited to attend ELT every 5 weeks so there will be opportunities for the H&S Manager to feedback any concerns.

Governors expressed their concern that the issue around non completion of paperwork is reminiscent of what had happened with apprenticeships.

A Governor questioned if the forms system is not fit for purpose if staff are not going to use it. Not completing forms is neglectful and management should be being reminded that completion has to be done in a timely manner.

Governors reiterated that SLT need to be reminded about compliance, as it is becoming a recurring theme.

Principal

A Governor noted that it was to see there were no RIDDOR reports.

The Chair requested that all the actions be completed by 31 July.

Cyber Security Progress Report - Update

The Committee and Management had a robust discussion about the progress being made. The Committee noted that good progress was being made.

The Principal asked the Lead Governor for IT and Digital if they were getting assurance from the team, having spent time with them? The Governor confirmed that the assurance was there.

The Principal confirmed that they had requested the audit because as a new Principal in the college it was an appropriate area to audit in the early days.

The Chair requested that they be provided with assurance from the Principal that all actions have been completed by 31 July 2024.

Principal

Learner Numbers

The Committee noted the level of detail included in the report.

RSM advised that there had been a number of changes to funding rules. The audit had been useful in that it had identified gaps that the MIS Department could take forward. The Committee were assured that funding rules are complicated, so it is normal to see a report of this size and a number of actions.

Management supported this and had noted that some of the actions are in those areas that have a greater complexity when it comes to the rules. However, it would be useful to see how we fare with the sector.

RSM agreed to carry out some benchmarking and feedback their findings.

RSM

Management advised that further changes to the rules are anticipated and depending on when they are announced may be a CPD item for the team to work through.

A Governor made the observation that some of the sample sizes were small, and it would be correct to assume some low-level noise.

Management advised that with regards to apprenticeships a change in the responsibility for the area would have oversight of the points raised and would be asked to rectify anything that remains outstanding.

The Chair reiterated that something has to be done around apprenticeships and a general tightening up of the management and other processes in general may be required.

A Governor noted that apprenticeships are always a complex area and there will be the added uncertainty of what the next Government may introduce. RSM agreed with the observation noting that "off the job" activity is always difficult to record. Management confirmed that the team will be directed to look at and review the report.

The Chair questioned what a reasonable timeframe may be? Management advised that a funding audit is due to take place, this is a significant piece of work and much of September will be spent doing the field work, therefore mid October may be a realistic timescale.

The Chair stated that reporting in 24/25 needs to start off on a positive footing and questioned how can the committee receive feedback on progress?

Management responded assurances can be provide for example that the team are following processes, completing checklists and so on.

The Chair stated that the intention is not to create more work but by 1 September would expect to receive assurances that the apprenticeship actions have been addressed to the satisfaction of SLT.

Follow Up Audit

The Committee noted that several actions have been closed down or completed. This was acknowledged as good progress since the last report.

A Governor questioned whether there is any crossover with the post inspection action plan / future engagement with Ofsted. Management responded that the team prioritise what actions needs to be completed and will continue to do so. The original list was very long and not all had any bearing directly on curriculum.

The Chair confirmed that assurance could be taken from what had been heard in response to the reports, particularly the endorsement from the Lead Governor for Digital/IT.

32.9 Internal Audit Strategy / Plan 24-25

The Committee reviewed the plan and noted the audits that would take place in 24/25:

- Key financial controls – strategic and financial planning
- Quality assurance systems
- Framework for compliance with legal and regulatory requirements – this would be either Data Protection Governance Framework or Fraud, whistleblowing, and bribery.

The Chair asked if SLT had any particular preferences. Management responded that the Data Protection Governance Framework would be useful.

A Governor observed that this could be useful and there could be some overlaps with the Quality Assurance audit.

The Principal reminded the Committee that the approach is to select those areas where we want a sense check of how we are doing. Audits are a useful tool for achieving this.

Governors expressed their preferences and the usefulness of both audits. Management asked RSM whether the introduction of managing public money meant that in 25/26 there may be a need for more fraud and bribery audits. RSM confirmed this is a direction that they foresee audits going, and noted they are likely to be quite resource intensive for auditors once introduced.

Bishop Fleming noted that external audit will also have a role in those type of audits as per the College Financial Handbook.

The Committee unanimously agreed to the Data Protection Governance Framework audit.

On a separate note, RSM were asked to confirm the number of audit days and if it was 35 or 40. RSM

32.10 External Audit Plan

The Committee had received the report and noted:

- The risks are clearly set out.
- There are references to changes within the sector.
- The approach is similar to previous plans.

Some specific risks had been identified:

- Pensions and Assumptions (the Committee noted that this was a risk across the sector)
- Going Concern (also a challenge for the sector)
- Restructuring Costs
- Possible Breach of Covenant

Management advised the deficit is reducing monthly and is reported to the Finance & Resources Committee.

Santander have provided options available to the College and discussions are ongoing.

The Chair asked whether the banks are aware of our position? Management confirmed that they are, and that is how we know we have options available if needed.

Bishop Fleming assured the Committee that they have no concerns.

The Chair thanked Bishop Fleming for the comprehensive report.

Corporation would receive the plan for information.

32.11 Strategic Risk Register - Summer Term

The Committee noted that the full risk register had been added to the reading room. The cover paper clearly highlighted the changes that had been to the Risk Register for the 2023/24 Summer Term.

The changes included items that had:

- Reduced from high to medium (1.3)
- Reduced from high to low (1.6)
- Reducing from medium to medium (1.8)
- Reduced from low to low (2.8)
- Increased from medium to high (2.7)
- Increased from high to high (3.1) (3.2)

It was noted that the last two items reflect current financial position and predicted outturn incorporating restructure costs, and the financial position and predicted outturn, with deferred capital grants creating a POA balance sheet liability with a negative impact on solvency.

The issues of the format of the register were raised. Governors stated that the current format is no longer fit for purpose and is difficult to follow.

Management acknowledged that over time additions have been made to the register and it has now reached a point where it needs to be reviewed. RSM had offered some support on this if required and had software available.

Governors emphasised that the need to move to another format is critical and *consideration should be given to either engaging with RSM or creating a new risk register from scratch internally.*

A Governor observed that if Management were not reporting any movement with any of the items on the register that would raise concerns for Governors.

The Committee agreed to recommend that Corporation approve the risk register.

Clerk

32.12 College Accounts Direction 2023-24

The Committee noted the addition of Added 'College accounts direction 2023 to 2024', updated 'Proposed timeline for upcoming college financial returns' and updated the DfE sign-in link for submissions.

32.13 Post 16 Audit Code of Practice

The Committee noted the update made on 27 March 2024:
Added 'Post-16 Audit Code of Practice 2023 to 2024' and 'Regularity self-assessment questionnaire 2023 to 2024' and removed 'Post-16 audit code of practice 2021 to 2022: revised edition, September 2022'.

32.14 College Financial Handbook 2024

The handbook had been shared to the reading room. The committee noted that the handbook includes all the bitesize guides referred to at previous meetings. To

note that the handbook has been published and comes into force on 1 August 2024

32.15 Policies

Fraud Policy and Action Plan Update & Anti Bribery Policy

F&R Committee had reviewed both the Fraud Policy and the Anti Bribery Policy and recommended them for Corporation approval.

The Clerk advised that going forward the Audit Committee would have oversight of these policies and the fraud checklist. Both policies had been through Finance & Resources Committee for 23/24 and are moving to Audit Committee to align with the business of the Committee going forward.

32.16 Appointment of Vice Chair

The Clerk explained why the item was on the agenda, so that for the purposes of future succession planning the item could be recorded for the minutes.

Traditionally there has been a Vice Chair for the committee. The committee discussed, given the size of the committee should the role be appointed? A *Governor suggested that with it being the only legal committee outside of Corporation a Vice Chair would be appropriate.* It was noted that PC would be willing to step in as Vice Chair if the need arose.

32.17 Committee Terms of Reference

The committee agreed to recommend the terms of reference, subject to a minor amendment to 7.3, after which the document could be recommended to Corporation for approval.

Clerk

32.18 Cycle of Business

The cycle of business was received. The Clerk advised that the agendas of the previous 2 years and the 2324 cycle of business had been reviewed as part of the preparation. The Committee agreed to recommend the cycle of business to the Corporation **for approval.**

Clerk

32.19 Committee Effectiveness

Feedback was that the Committee is 100% effective in its purpose.

It was noted that:

- Meetings have been quorate.
- There has been adequate and robust challenge.
- The culture has been supportive.
- At times, the challenge put to the leadership team has been rigorous.
- Difficult questions have been asked.
- There is a good range of skills across the board.
- It says a lot about our Governance structure when it allows us to be brave and bold.

32.20 Any Other Business

There were no items to be discussed.

The Auditors left the meeting.