

**Minutes of the Meeting of the Corporation's Audit Committee
held on 20 February 2025 at 4.00pm by Virtual Attendance**

Committee Members	Appointed as	Chair/Vice	Apologies
Ian Watson	External Governor	Chair	
David Richardson	External Governor		
Emma Milson	External Governor		
Kate Harding	Co-Opted Governor		(from 4:30pm)

In Attendance			
Chirs Henson	External Governor		
Sallyanne Pearson	Director of Governance		(DG)
Steve Kelly	Chief Financial Officer		(CFO)
Richard Lewis	External Auditors (RSM)		(RSM)
Stephen Pringle	Internal Auditors (wbg)	(until 4:30pm)	(wbg)

(Minutes: 2425.3)

1 Welcome and Apologies for Absence

Ian Watson, the new Chair of the Audit Committee, welcomed everyone to the Meeting. Apologies were noted from Danny Metters (Principal & Chief Executive) (**Principal**) and Kate Calvert (Chief People Officer) (**CPO**). Chris Henson was confirmed to be observing the Meeting in anticipation of the Corporation approving his appointment to the Audit Committee.

2 Declarations of Interest

(a) Consider and declare, as required, amendments to the Register of Interest

(the Register of Interest: Corporation Members, Executive & Director of Governance was included in the Agenda Pack)

Nothing raised.

(b) Consider and declare conflicts of interest to items arising as part of the evening's business

- Stephen Kelly (CFO): Item 6.1 (Annual Discussion with the Financial Statement Auditors)
- Richard Lewis (RSM): Item 6.3 (Performance and Appointment/Renewal)

3 Minutes of the Previous Meeting

3.1 Receive and approve the Non-Confidential Minutes from the Meeting held on 28 November 2024

(the Minutes of the Audit Committee held on Thursday 28 November 2024 were included in the Agenda Pack)

Taken as read. The Minutes were **APPROVED** as a true and accurate record of the Meeting.

3.2 CONFIDENTIAL: Receive and approve the Restricted Confidential Minutes from the Meeting held on 28 November 2024

(the Restricted Confidential Minutes of the Audit Committee held on Thursday 28 November 2024 were included in the Agenda Pack)

Taken as read. The Minutes were **APPROVED** as a true and accurate record of the Meeting.

3.3 Action Summary and Matters Arising

(the Action Summary for 20 February 2025 and an Update on actions/recommendations relating to the Whistleblowing Event were included in the Agenda Pack)

The Corporation reviewed the Action Summary and its updates. Actions were **RESOLVED** and are detailed in Appendix 1 to these Minutes.

Matters arising were noted as follows:

Action Points (2425.2) 9.1 and 2425.2) 9.2 & 3: reference was made to the update provided. Governors noted that these actions had arisen following discussions of the Committee on what improvements could be made to the proposed format of the relating to the Risk Register and the Risk Management Action Plan. It was **RESOLVED** that these points would be picked up again as part of Item 8.

4 Health and Safety

4.1 Termly Health and Safety Report

(the Health & Safety Report 1st Quarter Update was included in the Agenda Pack)

The Chair explained that Health and Safety was now part of the Audit Committee's remit. The Chair proposed and requested that a more detailed breakdown of the slip, trip and fall incidents be provided at the next Meeting to enable the Committee to identify whether there were any recurring issues within this area. The CFO confirmed this would be provided in the next update.

Upon reviewing the Report, the Committee **RESOLVED** to identify an area of focus (such as a particular type of accident) from each Report it received and request further information on that area to test the College's control measures in place for that area.

ACTION: CPO to provide breakdown on slip, trip and fall data as part of the next Health and Safety Report

4.2 Critical Incident Update

(the Critical Incident Update was included in the Agenda Pack)

The Committee reviewed the Critical Incident Testing Schedule. The CFO highlighted the effectiveness of recent simulated incidents. **The Chair queried whether any negative/adverse impact to students (who were involved in critical incident testing) had been observed.** The CFO confirmed there was not. The Committee **noted** both Reports.

5 Internal Audit

5.1 Internal Audit Reports

(a) Corporate Governance

(the Corporate Governance December 2024 Internal Audit Report was included in the Agenda Pack)

Wbg presented the Internal Audit Report. A Strong Overall Conclusion was reported, with 22 out of 31 recommendations fully implemented, seven on track and two behind schedule. **The Committee queried when the two outstanding recommendations would be implemented.** It was confirmed that discussion had been undertaken with the Vice Principal Quality of Education and Skills and these would be included as part of the next 2024/25 Self-Assessment process.

(b) Marketing

(the Marketing November 2024 Internal Audit Report was included in the Agenda Pack)

Wbg presented the Internal Audit Report. A Substantial Overall Conclusion was noted and three recommendations for improvement signposted. **A Governor queried how the College apportioned resources towards the marketing campaigns for each of the further and higher education provision. The Committee undertook discussion around being able to identify and benchmark the effectiveness and impact of marketing campaigns ran.** The CFO confirmed that separate marketing campaigns were ran for each provision; adding it was difficult to measure impact of the campaigns although one of the recommendations from the Audit was to determine Key Performance Indicators. **The Committee noted the same and requested further detail and breakdown of costs attributed to each campaign and an analysis of their impact.**

ACTION: CFO to ensure a breakdown of costs attributed to the further education and higher education marketing campaigns is provided to the Committee along with an analysis of impact

The Committee **noted** the Internal Audit Reports received and is to **advise** the Corporation of the assurance reported.

5.2 Update on Internal Audit Programme

(the Progress Report February 2025 was included in the Agenda Pack)

The Committee reviewed the Internal Audit Programme update; noting the upcoming audits scheduled for the year.

The Committee asked the CFO how much of his time was taken up on the Internal Audit process. The CFO confirmed that he oversaw and managed internal audit (coordinated and administered by Kay Magurn) but appropriate operational leads / managers of each audit area would provide the required details and liaise as required.

4:30pm: Stephen Pringle (wbg) left the Meeting

4:30pm: Kate Harding joined the Meeting

6 Financial Statements Auditors

6.1 Annual Discussion with the Financial Statement Auditors

4:31pm: the CFO left the Meeting

RSM provided an overview of its role in auditing the Financial Statements (including the Regularity Audit) and the Teachers' Pension Return. The importance of engagement from both the Committee and the Executive Team to ensure a smooth audit process was emphasised. RSM concluded that the 2023/24 audit process had been going well until updated financial forecasts indicated that banking covenant(s) would be breached in 2024/25 which impacted whether the College could be determined as a "going concern". RSM confirmed that it had been required to reopen auditing works (including getting an independent second opinion) and amend the accounts.

Part of this item was taken as Restricted Confidential

The CFO re-entered the Meeting: 4:47pm

6.2 Fees for Re-Auditing

(the Fees for Re-Auditing Paper was included in the Agenda Pack)

RSM confirmed that upon receipt of the updated financial position from the CFO; a quick and efficient response had been required by the RSM Team to reaudit and amend the College's Financial Statements (including Regularity Report). It was reported that last-minute work had led to an additional fee of £7,500 for re-auditing works and £2,000 for updating the accounts (£9,500 in total plus VAT). RSM noted the urgency of the situation and the quality of work provided by himself and his colleagues in justifying the costs proposed. **The Committee acknowledged the necessity of the extra work and its associated fee but a Governor expressed concern about the level of the cost.** The CFO confirmed the need for the work undertaken and agreed that the fee, whilst high, was justified and the quality of work was to a high standard.

Discussion was undertaken by the Committee. The Committee **RESOLVED** that it would advise the Corporation to approve the additional fees invoiced by RSM.

RSM left the Meeting

6.3 Performance and Appointment/Renewal

(the General Qualitative Performance Indicator Questions applicable to all Audit Providers was included in the Agenda Pack)

The Committee reviewed the performance of the Financial Statement Auditors using the Indicator Questions as a guide for discussion. Discussion was undertaken around the recent audit process and the additional fees incurred owing to the re-auditing work. The CFO highlighted that RSM were the sector's leading Auditors but noted and acknowledged the cost. It was noted that the Corporation intended to retender for External Auditors and work to do this would commence in November 2025. A Governor queried what the annual cost of the External Auditors was. The CFO is to provide this information as quickly as possible.

ACTION: CFO to circulate the cost of the RSM's professional fees as soon as possible

A Governor noted insights from a recent tender process which they had been involved in and is to provide guidance and help identify strong candidates. The CFO explained that it would be an open tender process with all expressions of interest welcomed but noted the value of identifying strong contenders. Following discussion, the Committee RESOLVED to advise the Corporation to continue with the professional services of RSM and appoint them for one further year with retendering to be undertaken in November 2025.

7 Outstanding Audit Recommendations

(the Outstanding Audit Recommendations paper was included in the Agenda Pack)

The CFO provided an update on the outstanding Audit. It was confirmed that the Budget Setting and Monitoring recommendation had been completed and would be removed. The CFO explained that Audit recommendations arising from the 2023/24 Financial Statement Audit would remain until the subsequent audit to ensure they were addressed in full. RSM confirmed that recommendations would be followed up - with a final review taking place in October 2025.

The Committee reviewed the recommendations and noted the same.

8 Risk Management

(the High-Level Risk Register and the High-Level Risk Management Action Plan 2024/25 were included in the Agenda Pack)

The CFO summarised the High-Level Risk Register and the Risk Management Action Plan.

The CFO explained the “likelihood score” aligned to the breaching of bank covenants (owing to a budget deficit) had increased owing to the increased forecasted deficit. The CFO expressed confidence that a Waiver Letter would be provided from the Bank(s); noting a positive meeting had been undertaken between representatives of the Bank(s) and members of the Executive Team. **A Governor questioned the scoring, suggesting that the business impact could be substantial - which would warrant a higher score.** The CFO assured the Committee that receipt of the Waiver Letter significantly reduced the risk and any impact to the College.

The Committee discussed the Risk Management Action Plan. A Governor noted the length, complexity and number of Existing Controls and Actions to Manage contained on the document, suggesting areas needed to be assigned to specific owners for better accountability. Particular reference was made to the Key Meetings and Dates column and it was put forward that it was ambiguous in its interpretation. Discussion continued between Governors and the Committee supported the idea that a member of the Senior Leadership Team and/or Executive Team should be identified and responsible for each risk.

The CFO is to speak to the Principal with a view of aligning a member of staff with the oversight and responsibility of each risk. The CFO noted that the documents were very much an active tool / mechanism in managing risk.

ACTION: CFO to liaise with the Principal to discuss aligning a member of the Senior Leadership Team and/or Executive Team to each item on the Risk Management Action Plan

9 Credit/Purchasing Card

(the Staff Purchasing Card Policy was included in the Agenda Pack)

The Committee revisited the proposal to increase the number of credit/purchasing cards issued at the College. The policy provided for consideration was referred to. **It was noted by a Governor that the Committee was expecting to receive a detailed proposal which should precede the consideration of a policy.** The CFO reported that a policy had been developed in response to the Corporation approving the proposal to increase the number of credit/purchase cards at the College. The DG referred to the Minutes of the Corporation Meeting held on 17 December 2024 which detailed the Corporation had consented to the exploration of increasing the number of credit/purchasing cards at the College and that a detailed proposal would be provided to the Audit Committee.

Discussion was undertaken and the Committee **RESOLVED** that the Chair of the Audit Committee would liaise with the Chair of the Corporation before any commitment to move the proposal or the policy forward, was made.

Discussion continued and it was **FURTHER RESOLVED** that the detail and accuracy of the policy needed to be reviewed (following the identification of typographical errors) and should include a particular focus to ensuring controls were in place around the issuing of cards.

Discussion was also undertaken around the value of increasing the number of credit/purchasing cards and whether there were more cost-effective mechanisms in place to increase value for money and efficiency such as membership of “buying groups”.

ACTION: Chair of Audit Committee to discuss the credit/purchase card proposal with the Chair of Corporation to determine what approval had been provided at the Corporation Meeting and the next steps required to move the initiative forward

10 Financial Regulations

(the amendments to the Financial Regulations were included in the Agenda Pack)

The CFO introduced the proposed changes to the Financial Regulations noting, in particular, the amendments required as a result of the introduction of the Procurement Act and the proposal to increase the number of purchasing/credit cards in use at the College. The CFO noted that only the sections which had been amended had been included in the paper to the Committee.

A Governor questioned whether the Financial Regulations identified spending thresholds for members of staff. The CFO confirmed the document, in its entirety, contained the detail but explained that the Principal approved expenditure over £50,000 and the CFO expenditure over £10,000. **A Governor sought clarification whether or not there was a cap on the upper limit of Principal’s expenditure.** The CFO confirmed anything over and above £100,000 would require the approval of Corporation but noted a difference process was in place for capital expenditure.

RSM noted that extracts provided referred to the CFO as the “Finance Director” and advised it should be amended. The CFO acknowledged the point; noting it was an extensive change but would be done as part of the next annual review.

The Committee discussed the necessity of reviewing the Financial Regulations in completeness (as opposed to the extracts provided) to ensure a comprehensive, contextual, understanding and to provide newer Governors an opportunity to review it in full. The Committee **RESOLVED** that the DG would circulate the Financial Regulations in completeness, via email, and request they note their approval (or not) to the amendments proposed by close of play on Tuesday 25 February 2025.

The CFO reminded the Committee that changes needed to be approved by the end of February, at the latest, due to new Procurement Act coming into effect.

ACTION: DG to circulate the Financial Regulations to all Committee Members. Committee Members are to review the Financial Regulations in completion and inform the DG whether or not they are happy with the proposed amendments by no later than Tuesday 25 February 2025

11 Policies

None raised.

12 Any other Urgent Business

There was no urgent business raised or discussed.

13 Closing Discussion between the Principal and Committee Members

In the absence of the Principal no discussion took place.

There being no further business the Meeting closed at : 5:45pm

Chair _____

Name _____

Date _____

Appendix 1

Min Ref	Title	Action Point	Person/s Responsible	Action Taken
28 November 2024				
(2425.2) 3.1	Minutes of the Previous Meeting	DG to make requirement amendment to the Minutes	DG	Complete
(2425.2) 3.2	Matters and Actions Arising	Principal to circulate the KPI Document to the Committee	Principal	Complete
(2425.2) 10.2	Annual Report: Health and Safety	CPO to develop and provide a termly Health and Safety Report to the Committee which is to include: ratio / totality metrics for accidents of staff and student at both campuses, “close-out” rates of Near Misses, specialist training provided by the College and outcomes from Critical Incident training exercises. Metrics for the ratio/totality of accidents involving contractors/visitors is also to be explored.	CPO	Complete
(2425.2)6	Annual Report of the Audit Committee	• DG to update the Audit Committee’s Annual Report and circulate it to the Committee for its consideration	DG	Complete
		• Chair of Committee to review the Annual Report, in completeness, following feedback and approve the final form to be provided to the Corporation for its consideration	Chair	Complete
		• Kate Harding’s initial be amended from a “C” to a “K” in the Annual Report	DG	Complete
(2425.2) 7.1	Draft Regularity Audit Self-Assessment Questionnaire	CFO to review the Regularity Audit Self-Assessment Questionnaire and consider the including information relating to the retirement of the Chief Executive and Principal / Accounting Officer and the appointment of the current Principal and Chief Executive / Accounting Officer	CFO	Complete
(2425.2) 7.2	Draft Members' Report and Financial Statements including the Regularity Audit Report	RSM to update the wording on page 34 (regarding signatories and completion of dates)		Complete
(2425.2) 7.5	RSM's Emerging Risks Update	DG to circulate the RSM Emerging Risks Update to the Corporation	DG	Complete
(2425.2) 9.1	Risk Management: Risk Management Strategy	CFO to consider whether levels of assurance could be incorporated into the Risk Register which identified controls in place	CFO	ELT are still considering this.
(2425.2) 9.2 & 3	Risk Management: Risk Register / Risk Action Management Plan	CFO to consider the value of aligning each individual risk to one lead member of staff	CFO	ELT are still considering this.
(2425.2)(B)	Whistleblowing	Committee to receive updates on action/recommendations arising out of Whistleblowing event	Principal	Complete