



**Minutes of the Audit Committee Meeting
held on 9 March 2022 at 5.30pm via video conference**

Present:	Kevin Moss Andrew Thomas Janet Dean John Ennis	Chair External Governor External Governor Co-opted Governor
In Attendance	Lee Probert David Hawkins Danny Brett Rob Holmes Carolyn Barker Louise Jones Andrew McCullough Jim Flowers Ann Lees	Chief Executive and Principal Vice Principal, Finance and Professional Services Deputy Chief Executive and Principal (Curriculum and Quality) Director of Curriculum: STEM (Apprenticeship Lead) Director of Governance Director of Information Services Director of Audit, TIAA (in part) Senior Associate, PWC External Governor (in part)
1	Apologies for Absence / Declarations of Interest	
	Apologies received from Anna Entwistle. There were no declarations of interest.	
2.	Minutes of Previous Meeting – 1 December 2021	
	The minutes of the meeting held on 1 December 2021 were reviewed. There was a minor error identified in the first sentence on section 5 of the minutes. <i>The Committee resolved to approve the minutes following the rectification of the error.</i>	
3.	Matters Arising	
	3.1 Action Summary One action remains outstanding on the summary relating to a review of the Data Asset Register. The Director of Governance advised that a review of the register is in progress across teams and will be completed by the end of the month. A summary update is to be circulated to the committee to close off this action. 3.2 Any other matters There were no other matters arising.	
		CB

4.	Strategic Plan Implementation	
	<p>4.1 Deep dive - Quality of Education with focus on T-Levels</p> <p>Chair requested that the committee members are provided with a brief on what T-Levels are ahead of running through the presentation.</p> <p>The Deputy Chief Executive and Principal outlined the government's plans to remove funding from qualifications not covered by an A-Level or T-Level and that the college has risk management strategies to future-proof provision for learners. The committee were advised of the structure and content of T-Levels including the approach to industry placements. The main purpose of the T-level reform is to make that distinction between academic and technical qualifications and ensure students have direct line of sight to progress into higher education or employment. The delivery of T-levels at the college started in 2021 academic year on a single occupational route. However, due to Covid-19 hitting in the March this put the brakes on some aspects of delivery. There are 57 students on T-levels and as we look to scale in 2022-23 bringing on digital design and other occupational routes, we will see it increase to approximately 226 next academic year. Beyond 2023 it is the intention to roll out other routes, anticipating a growth of 334 students for 2023 and beyond.</p> <p>The committee received an update on the risk management strategies deployed by the team.</p> <p>The committee challenged whether the rest of the college (students/staff) understand T-Levels. The committee were informed that there is a T-Level leadership group (task and finish) that is in place to ensure there is consistency in delivery and is very much outcomes focused. Regular and consistent messaging and engagement with staff and students continues. Positive feedback from staff to date and the recent internal review in construction highlighted delivery is good and students work is of a very high standard.</p> <p>It was asked whether the point made in the background paper that referred to recent negative publicity around T-Levels and universities acceptance of the qualifications, was warranted. The committee were advised that not all HEIs are accepting students now however T-Levels have cross party support, and it is believed they are here to stay. Teams are working to promote our HEI offer and to engage with them to design progression routes where we cannot support students.</p> <p>It was noted that the committee found the paper interesting and appreciated having it in advance to provide a good understanding of the risks. The committee asked about recruitment levels and whether it was understood where students are progressing from i.e., from those qualifications that are being dropped or will they be</p>	

	<p>potential A-Level students that move across to T-Levels. In addition, the committee asked whether it was thought that we will just experience movement of students rather than a growth? Other risks around employment and industry placements were noted and if there would be competition where we might see students being poached. The committee were advised that in some sectors there is a risk that it might be quite difficult for some employers to support on placements. We are working to engage with employers to strengthen relationships and highlight gaps before we onboard them. In terms of recruitment there will be a natural influx of students from existing quals. At key stage 4, parents are the predominant decision makers, and we may see an increase in student numbers.</p> <p>A governor asked how we plan to ensure an increase in students can be accommodated with industry placements. The committee was advised that plans are to continue to be proactive and to target in advance of the academic year to ensure we can support the employers and provide guidance on the benefits.</p> <p>Louise Jones and Jim Flowers joined the meeting.</p> <p>The committee were assured that the team have appropriate risk management strategies in place.</p> <p>The chair thanked the team for the all-inclusive and very thorough presentation and discussion.</p> <p>Danny Brett, Rob Holmes, and Ann Lees left the meeting.</p>	
5.	Audit Reports	
	<p>5.1 Funding Audit Report</p> <p>The College was chosen for an ESFA Funding Audit that was conducted in December 2021. The Vice Principal of Finance and Professional Services introduced Jim Flowers from PWC (senior associate) and Louise Jones, the college's Director of Information Services. The committee were advised that we held back signing off the financial statement to allow PWC to provide feedback. PWC outlined the findings of the report and audit recommendations.</p> <p>The college has been selected a couple of times for audit and testing commenced across three funding streams. The report has 9 findings, 8 that do not affect funding, such as dates being out of date. Overall, it has been a good audit and in terms of collating evidence remotely with the team, the auditor confirmed the team have worked hard to pull the evidence efficiently, compared to other colleges. There were some management points noted about timeliness of reports and although there was a £7k funding clawback there are some positive improvements noted.</p> <p>The committee asked about the number of points identified and addressed and whether being selected for audit a couple of times is just random. The committee was advised that 50% of those selected</p>	

	<p>is completely random but the other 50% are due to risk but the auditors are never advised why.</p> <p>Louise Jones and Jim Flowers left the meeting.</p> <p>A governor challenged that this is the third time errors have been identified on apprenticeship funding data and that the committee had been previously advised that the leadership team were to oversee the improvement plan. It was also asked whether the information was submitted to the F&GP committee. The Chief Executive and Principal advised that the financials are presented to F&GP and the rolling action plan is reviewed at SLT and at Q&C committee. Matters are relatively minor. It was advised that there may be consequences in future years because the errors may come to light after the point at which the apprentice has completed (end of apprenticeship in 3 years' time). The committee asked whether progress to plan was checked by SLT bi-weekly and whether it was on track. This was confirmed.</p> <p>The committee asked whether they should be worried about the audit issues or not. The committee were assured by the Vice Principal of Finance and Professional Services that through the internal audit process within college the checks will be completed with the Director of Information Services taking the lead to ensure any admin errors are identified. The committee were advised that if apprentices go over their end date it results in a data anomaly but overall, it was thought there are no systemic issues.</p> <p><i>The committee resolved to note the report.</i></p>	
6.	External Assurance – Internal Audit	
	<p>6.1 2020-21 Internal Audit Recommendations Implementation</p> <p>6.2 2021-2022 Internal Audit Recommendations Implementation</p> <p><i>The committee resolved to note the reports.</i></p> <p>6.3 Internal Audit Report – Finance Sales Ledger</p> <p>The Vice Principal of Finance and Professional Services advised that many of the audits that took place last year had been completed with a couple planned over the coming weeks. Overall, they had progressed well.</p> <p>Andrew McCullough (TIAA) advised the committee on the sales ledger audit. Key findings were that the operation of the processes did not reflect the written procedural notes and had not been updated as the processes had evolved over time. An issue with bad debts being written off by a manager rather than the Vice Principal of Finance & Professional Services (a breach of the financial regulations) had been picked up with a recommendation outlined in the action plan to cover this. Good evidence provided on raising invoices and reconciliation of accounts.</p>	

	<p>The committee asked about the breach level of recommendation 2. The Vice Principal of Finance & Professional Services advised that it was regarding write-offs of more than £500 that were required to be signed off at the time and could have been done verbally. There was a discussion with the auditor as to whether it was substantial or reasonable assurance. Settled on reasonable.</p> <p><i>The committee resolved to note the report.</i></p>	
7.	Internal Assurance – College Assurances	
	<p>7.1 Strategic Risk Monitoring</p> <p>The Vice Principal for Finance and Professional Services advised that the standard risk report had been through all committees and will be submitted to the board in the coming weeks. The movement indicator on financial performance risk has moved to an increasing risk so that it can be highlighted to committees.</p> <p>The committee advised that the narrative on Risk 1 felt a little out of date now. It was advised that it will be refreshed prior to Board submission.</p> <p>The committee asked whether there is a risk regarding diversity of workforce, staff recruitment over time and do we consider that it is part of the risk of not retaining/developing or investing in staff? It was advised that this is possible, and it is subject to how we articulate it in the strategic plans and the publication of data that might highlight the disparity in the local area data.</p> <p>The committee challenged whether all emerging risks were identified on the register including those related to energy costs and whether at the recent sustainability seminar, there were any issues that arose regarding the impact on financial performance and how we manage the effects of climate change. Similar points were raised by the committee regarding the broader situation regarding the Ukraine conflict and the government response to it, possible contracts with suppliers, political turbulence, refugees, and cyber security. There was further discussion, and it was advised that these risks are to be included on the register.</p> <p><i>The committee resolved to note the register.</i></p>	<p>DH</p> <p>DH</p>
8.	Policy and other matters	
	<p>8.1 Policy Reviews – Financial Reserves Policy</p> <p>The Financial Reserves Policy was presented to Audit Committee for approval. It is reviewed every 3 years and has been recommended for approval via the F&GP committee. The only change is in section 6 removing financial objectives.</p> <p><i>The committee resolved to approve the Financial Reserves Policy.</i></p>	

9.	Other matters	
	<p>9.1 Additional services from audit providers</p> <p>The Vice Principal of Finance and Professional Services advised that the audit providers came in to complete half a day's work for the college.</p> <p>9.2 Suspected Revenue Fraud/Theft</p> <p>The committee were advised that an email was circulated prior to the meeting providing the background on the matter.</p> <p>The Vice Principal of Finance and Professional Services advised that in discussion with the transport coordinator an issue was picked up that some students had not been paying for bus travel. Evidence was also uncovered of students creating their own tickets that hadn't been picked up by the bus drivers.</p> <p>Letters have been issued and individuals identified who are potentially not paying. Staff have also been allocated to check students on and off the buses.</p> <p>There are only two bus companies that are used, and regular meetings have taken place where discussions on checking tickets is covered.</p> <p>Two governors advised that they unfortunately hadn't seen the email circulated earlier. The email was forwarded while the meeting continued.</p> <p>It was thought that it will be difficult to recover monies this year because of the different buying options available but next year there will be a proactive approach for annual passes. Potential income loss estimated to be between £25-35k. The committee were advised that the college's internal and external auditors and ESFA have been advised to ensure openness and transparency about what has been uncovered.</p> <p>The committee noted the difficulty in recovering the monies and advised that we should assure ourselves that there are no other processes where there is potential to lose income.</p> <p>The committee thanked the team for uncovering the issue and bringing it to their attention.</p> <p><i>The committee resolved to note the potential income loss, recovery actions and future mitigating measures.</i></p>	
10.	Key meeting outcomes and/or actions	
	<p>10.1 Matters for report to the Governing Body (if any)</p> <ul style="list-style-type: none"> Funding Audit Report 	

	<ul style="list-style-type: none"> Potential theft/fraud matter – to be appended to the CE & Principal's report. 	
11.	Any Other Business	
	None recorded.	
12.	Date of Next Meeting The date of the next meeting is to be confirmed. The committee members will be approached to seek availability their availability for June.	
Signed		
Name:	Kevin Moss (Chair)	
Date:		