

**Minutes of the Meeting of the Corporation’s Audit Committee  
held on Thursday 20 June 2024 at 4.00pm by Virtual Attendance**

Committee Members	Appointed as	Chair/Vice	Apologies
Emma Milson	External Governor		
Angela Moran	External Governor	<b>Chair</b>	
Peter Phythian	External Governor		
Ian Watson	External Governor		Apologies Received
Clare Walters	Co-Opted Governor		

In Attendance			
Steve Kelly	Chief Financial Officer	(until: 6.23pm)	<b>(CFO)</b>
Richard Lewis	External Auditors (RSM)		<b>(RSM)</b>
Bill Meredith	CEO and Principal		<b>(CEO)</b>
Sallyanne Pearson	Director of Governance		<b>(DG)</b>
Stephen Pringle	Internal Auditors (Wylie & Bissett)	(until: 5.21pm)	<b>(W&amp;B)</b>
Ron Matthews	External Board Reviewer	(until 4:35pm)	<b>(RM)</b>

<b>23.32</b>	<b>Welcome and Apologies for Absence</b>												
	Apologies for absence were received, with consent, from Ian Watson.												
<b>23.33</b>	<b>Declarations of Interest</b>												
	<i>Reference was made to the Register of Corporation Members &amp; Clerk Interests which was included for information in the Agenda Pack.</i>												
(a)	To <b>consider</b> and <b>declare</b> , as required, amendments to the Register of Interest												
	No amendments were raised.												
(b)	Items to be raised as part of the evening’s business												
	Internal Auditors: Agenda Item 4(c)(i) and (ii) <i>(To consider and advise the Corporation on the performance of the Internal Auditors and appointment of the Internal Auditors for the 2024 to 2025 financial year)</i>												
<b>23.34</b>	<b>Minutes of the Previous Meeting</b>												
	<i>Reference was made to the draft Minutes circulated as part of the Agenda Pack.</i>												
(a)	To <b>receive</b> and <b>approve</b> the Minutes of the Meeting held on 21 February 2024												
	The CFO referred to the following action which was noted in Minute 23.28: “Annual Report on Audit, Governance and Regulatory Activity to be provided to the Audit Committee for oversight”. The CFO explained that there was no “Annual Report” and this was inaccurate in the Minutes. The Committee reflected on the discussions undertaken at the Meeting held on 21 February 2024, from which, the action arose. The Committee agreed that an action, of this nature, had arose to enable the Committee to have oversight and assurance that all audit, governance and regulatory activity was provided, promptly, to the Committee. The Committee acknowledged however that if no report existed – this was factually incorrect. The Committee <b>RESOLVED</b> that the Minutes dated 21 February 2024 be amended appropriately and a record of this discussion recorded as part of the evening’s business. <b>ACTION: DG to amend the Minutes of the Audit Committee Meeting held on 21 February 2024, as appropriate</b>		<b>DG</b>										
(b)	To <b>note</b> the Action Summary and any Matters Arising												
	<i>Reference was made to the document entitled: “Audit Committee Action Summary: 20 June 2024” which was included in the Agenda Pack.</i> The Committee reviewed the Action Summary and its updates and <b>RESOLVED</b> as follows:												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Min Ref</th> <th style="width: 20%;">Title</th> <th style="width: 30%;">Action Point</th> <th style="width: 10%;">Persons Resp</th> <th style="width: 30%;">Action Taken</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Min Ref	Title	Action Point	Persons Resp	Action Taken							
Min Ref	Title	Action Point	Persons Resp	Action Taken									

Wednesday 21 February 2024				
23.25(a)	<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>• DG to circulate the External Board Review and its Action Plan to all Members of the Committee.</li> <li>• DG to book in the six-month review with the External Board Reviewer</li> <li>• Six-Month review to be undertaken by the External Board Reviewer with subsequent report provided to the Internal Auditors for their consideration and to the next Committee Meeting's business</li> <li>• Updated and revised Assignment Plan to be provided to the Corporation at its March Meeting</li> <li>• Internal Auditors and CFO to draft the scope of the newly introduced audits in readiness for approval by the Corporation at its March meeting</li> <li>• DG and CFO to ensure the internal audit assignment/timetable aligns to the Audit Committee's Meeting schedule</li> </ul>	<p><b>DG</b></p> <p><b>DG</b></p> <p><b>DG</b></p> <p><b>Internal Auditor / CFO</b></p> <p><b>Internal Auditor / CFO</b></p> <p><b>CFO / DG</b></p>	<p>Complete</p> <p>Noted as Complete/ On Agenda</p> <p>Noted as Complete/ On Agenda</p> <p>Noted as Complete/ On Agenda</p> <p>Carried Forward</p>
23.28	<b>ESFA: Outcome of Apprenticeship Compliance Testing</b>	<ul style="list-style-type: none"> <li>• CFO to review whether the recommendations and actions arising from the ESFA's Outcome Letter relating to Apprenticeship Compliance Testing were/are included as part of the Outstanding Audit Recommendations</li> <li>• Annual Report on Audit, Governance and Regulatory Activity to be provided to the Audit Committee for oversight</li> <li>• CFO and DG to review reporting provided to the Finance and Resources Committee and determine whether any need to be realigned to the Audit Committee's Cycle of Business</li> </ul>	<p><b>CFO</b></p> <p><b>CFO</b></p> <p><b>CFO</b></p>	<p>Complete</p> <p>On Agenda</p> <p>Carried Forward</p>
<b>23.35 Internal Audit</b>				
(a)	To <b>consider</b> and <b>advise</b> the Corporation on the:			
(i)	<p>Six Month Report and Review from the External Board Reviewer (Ron Matthews)</p> <p>The Chair introduced Ron Matthews (<b>RM</b>) to the Meeting and explained to the Committee that RM had undertaken the Corporation's External Board Review (<b>EBR</b>). RM reported that he had met with the DG during the day to discuss the EBR's Action Plan and review what steps had been put in place before discussing the same with Stephen Pringle of Wylie &amp; Bisset.</p> <p>RM summarised discussions undertaken and provided a summary update on what actions, from the EBR Action Plan, had been put in place. Key points noted, included:</p> <ul style="list-style-type: none"> <li>• the diversity of the Corporation has increased;</li> <li>• the quoracy of meetings has been amended;</li> <li>• the Corporation's Instrument and Articles of Government, Standing Orders and Terms of Reference have been amended to bring consistency in drafting,</li> </ul>			

RM noted his understanding that a second review of these constitutional documents was to be undertaken by the DG, over the summer, to increase each Committee’s delegated authority and reduce the burden on the Corporation. RM noted the value of this,

- the importance and value of maintaining a “together mentality” and cohesion between Governors to ensure they are cognisant each other’s strengths and weaknesses. The adverse impact which virtual meetings could have on such dynamics was noted;
- the importance of Link Governor responsibilities reporting into the most appropriate Committee. Particular reference was made to Safeguarding Link Governors linking into the Curriculum and Quality Enhancement Committee;
- Finance and Resource Committee Meetings are now undertaken on a separate day to the Corporation Meetings – this was noted positively;
- Committees now receive, as part of their Agenda Pack, extracts from the College’s Risk Register which details the most pertinent risks to the Committee alongside the Corporation’s strategic priorities;
- Student Governors are now appointed to the Curriculum and Quality Enhancement Committee;
- Corporation and Committee Minutes are now being uploaded to the College website (as appropriate);
- the commencement of annual conversations between the Chair and Governors;
- that more frequent discussions and meeting opportunities are timetabled between the Executive Team and Chairs of the Committees;
- that there is now more clarity on agenda items as to whether they are confidential items or not;
- the introduction of a training day around the drafting of the Self-Assessment Report.

RM drew the Committees attention to the recommendation that detailed Key Performance Indicators (**KPIs**) should be provided to all Committees to enable them to triangulate information across the Corporation/College as a whole. RM noted this was an action directed to the Executive - noting the importance that these were provided at the outset of each Agenda to enable discussions to be directed to the critical areas of business.

RM then referenced the tension which had been apparent between Governors and the Executive at the time the EBR was undertaken and commented that he understood this had “eased”.

RM summarised that with the exception of producing the KPI’s all recommendations had been actioned or where in the process of being actioned.

RM confirmed that he had liaised with W&B and it had been agreed that a Corporate Governance Audit should be introduced in circa twelve months to test the implementation of the works arising from the action points.

The Chair thanked RM for his informative summary and questions were invited.

**A member of the Committee opened discussion around the introduction of KPIs as part of reporting to the Governors; noting this would be a positive move. The Chair requested that the drafting and introduction of rag rated KPI’s be actioned.**

**ACTION: DG and Principal and Chief Executive to develop a KPI document in the format advised by the External Board Reviewer**

**ACTION: Corporate Governance Audit to be included in the Internal Audit Plan for 2024/25 or 2025/26 and to incorporate a review of the actions implemented from the EBR.**

*RM commended the works of the Corporation and the College and left the Meeting at 4:35pm.*

DG /  
Danny  
Metters  
CFO

(ii) revised Internal Audit Plan 2023-24 (updated February 2024)

Reference was made to the document entitled: “Internal Audit Plan 2023/24” which was included in the Agenda Pack.

W&B confirmed the Internal Audit Plan had been updated to reflect the adjusted Assignment Plans. The Committee received the same.

(iii)

Internal Audit Reports undertaken

**Overall Financial Controls**

*Reference was made to the document entitled: "Overall Financial Control Internal Audit" included in the Agenda Pack.*

W&B provided a summary overview of the audit's scope and their works undertaken.

The following key points were noted:

- Overall Conclusion: Strong
- Recommendations: One Low Grade
- Observations: Two for Consideration
- Good Practice Points: Five

It was confirmed that the audit had been measured against the requirements of Managing Public Money (MPM) as well as the new College Financial Handbook (Handbook) which comes into effect from August 2024.

**A Governor challenged whether the audit works had focused solely on income derived from the Education and Skills Funding Agency (ESFA) or whether it included commercial income.**

W&B reported that it had tried to look at other areas of income, such as commercial income, but confirmed that because the primary source of income was from the ESFA – this had been its focus.

**A Governor challenged for the transaction sample size.** W&B confirmed it was circa fifty transactions.

**A Governor referred to the Handbook and challenged how the College's practices had been reviewed against this framework if it was not yet in force.** W&B confirmed it had used a testing schedule which had been developed for the Handbook in advance of it being released.

**Staff Morale**

*Reference was made to the document entitled: "Staff Moral Audit" which was included in the Agenda Pack.*

W&B provided a summary overview of the audit's scope and their works undertaken.

The following key points were noted:

- Overall Conclusion: Strong
- Recommendations: None
- Observations: One for Improvement
- Good Practice Points: Nine

**A Governor referred to the Investor in People Report and ancillary Action Plan and challenged whether there was any evidence of impact from the initiatives/strategies implemented. A separate Governor noted the nominal uplift of overall staff satisfaction from 73.24% in 2022 to 74.39% in 2023.** It was reported that it was believed that there had been some positive impact.

**A Governor explained that they understood internal audits tested whether policy and processes were in place but challenged that the only member of staff liaised with, as part of the audit, was the Deputy Principal Human Resources and Organisation Services (DPHROS) and the CFO. It was challenged whether the audit had included sampling from randomly selected, anonymous, staff members.** W&B confirmed that the CFO had not been involved in the audit and all liaisons had been with the DPHROS. W&B put forward an understanding that they had sampled staff satisfaction as part of the audit. A discussion was undertaken and the Committee requested that W&B provide clarity on whether a sample of the staff voice was obtained as part of the audit.

**ACTION: W&B to confirm whether a sample of the staff voice was obtained as part of the Staff Morale Audit**

W&B

**Budget Setting & Monitoring**

*Reference was made to the document entitled: "Budget Setting & Monitoring Audit included in the Agenda Pack" included in the Agenda Pack.*

W&B provided a summary overview of the audit's scope and their works undertaken.

The following key points were noted:

- Overall Conclusion: Strong
- Recommendations: One Low Grade
- Observations: One for Improvement
- Good Practice Points: Eight

RSM queried whether the audit had looked at the College's loan covenants and W&B confirmed that it had not and that it would not be something they would do. RSM put forward that it would be a good area to review.

**A Governor referred to the Budget and Forecast set out in the Executive Summary section of the Audit and noted that "Farm income" was included in the Income column but the Equine Department was not and challenged why that was.** The CFO explained that the Equine Department would be categorised as commercial income and would not be included in the budget and forecast noted.

Reference was then made to the Budget Holder Survey and its results included in the Executive Summary. **Challenges were raised in respect of the following questions:**

- ***"How strongly do you agree with the following statement", "I have a clear understanding of my role as budget holder"*** and ***"Did you have involvement with the budget setting process for the period 2023/24?"***

**A Governor commented that a quarter of respondents had noted they were not involved in the budget setting process and one member of staff had noted that they "strongly disagreed" that they had a clear understanding of their role as a budget holder. A Governor challenged for an explanation as to why this was.** The CFO confirmed that training had been provided and further support and training would be put in place for those members of staff who had responded this way.

- ***"How often do you receive Budget Reports from Finance?"*** and ***"Do you utilise the College Finance System to monitor your budget live?"***

**A Governor reflected that some budget holders only received quarterly budget reports and that 17 members of staff (out of 21 respondents) did not use the College's finance system to monitor their budget live. A Governor challenged that all budget holders should have a live engagement with their budget.** The CFO explained that some of the responses were inaccurate explaining that each budget holder was provided with a hard copy of their budget monthly. The CFO also added that a number of budget holders were now being put on to the live system.

**Discussion continued and the CFO reported that every budget holder was involved in their budget setting noting that budget setting and monitoring was a high-risk area in light of financial pressures. The CFO explained that the budget holders who had responded in such a way would need to be identified from the survey to ensure support and training could be put in place.** The Chair of the Committee acknowledged the point around training - noting the importance of implementing this in an appropriate manner.

#### Student Recruitment and Achievement

*Reference was made to the document entitled: "Student Recruitment and Achievement Audit" which was included in the Agenda Pack.*

W&B provided a summary overview of the audit's scope and their works undertaken.

The following key points were noted:

- Overall Conclusion: Strong
- Recommendations: None
- Observations: Two for Consideration
- Good Practice Points: Eight

W&B confirmed that the audit had focused on land-based subjects and did not include General Further Education (GFE) subjects.

**A Governor referred to the Entry and Induction Student Satisfaction Survey noted in the findings and challenged whether the satisfaction of experienced students was tested as well.** W&B confirmed that the survey referenced was undertaken by the College and the Principal confirmed that it was one of three that was taken at various points across the year.

**A Governor challenged whether any benchmarking/comparison of process and policy had been undertaken against another College which had a higher recruitment intake.** W&B confirmed that it had not because the client base of land-based Colleges, for W&B, was too small.

**A Governor noted that the College was experiencing a downward trend in recruitment which was a juxtaposition to receiving no recommendations on its recruitment processes. It was challenged what steps could be put in place to raise recruitment.** The Principal explained that a number of initiatives had been introduced operationally with a view to increasing growth and recruitment. It was put forward that early, indicative, signs were positive and that these would impact in the 2024/25 recruitment data.

**Discussion continued and the Committee reflected on the value of the information obtained from the direct engagement of W&B with staff as part of the Budget Setting & Monitoring audit undertaken. The Chair further reflected that questions of the Committee were often around how effective a policy or process was - as opposed to its existence. It was put forward that assurance was provided on the existence of policy and/or process but it was not measuring its effectiveness in practice.**

W&B acknowledged the points raised and put forward that the scope of works for each audit could be more focused to ensure it targeted specific areas as opposed to a generic approach across a wider area of focus. The Principal acknowledged the point; putting forward that the same policies and processes could be in place at two different settings but the impact felt more positively at one than the other. It was added, further, that the scope of works were so broad that although assurance was confirmed a second step, around the impact and its effectiveness, needed to be developed.

The points raised were noted and acknowledged by the Committee and it was **RESOLVED** that the Committee would require greater input into determining the audits undertaken and the scope of the works for each one going forward.

(iv) Internal Audit (2023/24) Follow Up Review

*Reference was made to the document entitled: "Internal Audit 2023/24 Follow Up" included in the Agenda Pack.*

W&B noted a rebranding to "wbg" but confirmed no other changes to structure.

W&B provided a high-level summary noting an Overall Conclusion of "Strong" for the College. It was explained that all of the audit recommendations (2022/23 and earlier years) had been implemented. RSM noted the positive outcome of the Report.

(v) Internal Audit Annual Report 2023/24

*Reference was made to the document entitled: "Internal Audit 2023/24 Annual Report (June 2024)" included in the Agenda Pack.*

W&B provided a high-level summary noting its opinion as follows: "Bishop Burton College did have adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives at the time of our audit work. In our opinion, the College has proper arrangements to promote and secure value for money". RSM noted the positive outcome of the report.

(b) To **undertake** the Annual Discussion with the Internal Auditors (*Executive to be absent*)

*Bill Meredith and Steve Kelly left the Meeting at 5.10.pm*

The Chair invited W&B's reflections.

W&B noted a lot of positives with the internal audit works and with personnel at the College. The following key points were also noted:

- the internal audit programme was always directed and weighted towards the latter part of the academic year including the Follow Up Review which was not necessary from W&B's perspective; and
- management responses had, on occasion, been received outside of the 15 working day turnaround period.

W&B put forward that audit works could be plotted evenly across the academic year. It was highlighted that if any audit report had a number of issues/queries arising then it would be difficult to turn an audit around within the overall timescale/academic year.

The Chair noted the points raised and thanked W&B for the time spent with RM during the day. RSM commented that they worked closed with W&B regarding the business of the College.

A discussion was then undertaken with RSM around the Committee's involvement in the scoping of internal audit works and ensuring there was clarity in exactly what the Committee wanted to achieve and test as part of an internal audit including the effectiveness of a policy/process in application, where possible. RSM commented that that involvement of the Committee, in these discussions at the start of the academic year, was positive.

*W&B left the Meeting: 5:21pm*

*Bill Meredith and Steve Kelly re-entered the Meeting: 5:22pm*

(c) To **consider** and **advise** the Corporation on:

(i) the performance of the Internal Auditors

*Reference was made to the document entitled: "General Qualitative Performance Indicator Questions Applicable to all Audit Providers" which was included in the Agenda Pack.*

Discussion continued around the level of assurance the Committee felt it received from W&B acknowledging, again, that policies/processes/compliance were addressed but a level of assurance around effective implementation and positive impact was not.

The Chair summarised discussions undertaken with W&B to the Executive Team.

The Principal explained that the remit of the Staff Morale and Student Recruitment and Achievement audits had meant the value of the audits, in terms of effectiveness in implementation, was limited. The CFO added that these audits had not been in the original internal audit plan noting there needed to be a pragmatic approach in deciding what assurance and focus the Committee were requiring and how practical it was to achieve that.

**A Governor referred the Executive to the Staff Morale audit noting that only one member of staff had been engaged with noting that the Committee had expected a wider engagement with the staff body.**

**The Committee noted that it required greater involvement in scoping the works of the internal audits (including reviewing risk alongside existing controls) to identify focus areas and testing and to determine what assurance the Committee was seeking and how it was sought.** It was noted that a more in-depth level of information had been anticipated and discussion was undertaken around whether compliance and control testing would ultimately provide better value for money if the level of detail and the assurance the Committee required could not be obtained through the current process.

The Chair referred directly to the General Qualitative Performance Indicator Questions and asked the Committee to note any concerns. Time was taken for this but no specific areas of concern were raised over and above discussions already noted.

The Chair relayed W&B's comments to the Executive around the spacing out of audits across the academic year. The CFO explained that they were undertaken where possible to feed into Audit Committee Meetings noting that no audit works took place at the start of the academic year to allow a whole college focus to student recruitment and preparation of year end accounts. The CFO acknowledged the 86% management response rate and explained that this had been a misunderstanding on whether a response had been provided.

(ii) appointment of the Internal Auditors for the 2024 to 2025 financial year

It was confirmed that W&B had undertaken three years of internal audit works and the Committee had an option to engage them for a further two years (should they wish to do so) before retendering.

	<p>Reference was made to the appointment of the new Principal and Chief Executive as of August 2024 and the decision taken by the Committee to retender for External Auditors also and the increased workload this would bring.</p> <p>In light of discussions undertaken, and on the understanding that the Committee would have greater involvement in the determining of and the scoping out of internal audit works, it was <b>RESOLVED</b> that W&amp;B be appointed for the 2024/25 period as opposed to undertaking retendering works on this occasion.</p> <p>Discussion was undertaken as to when, in the academic year, the retendering for internal auditors needed to be undertaken to ensure it was completed (with the internal auditors in place) in readiness for the start of the new academic year.</p> <p><b>ACTION: DG to review when tendering for the internal and external auditors was last undertaken, the length of time served and when retendering works need to be undertaken</b></p>	<b>DG</b>
<b>23.36</b>	<b>Financial Statements Auditors</b>	
(a)	<p><b>To consider and advise</b> the Corporation on the Audit Plan for 2023 to 2024 and Fees</p> <p><i>Reference was made to the RSM Audit Plan (31 July 2024) dated 20 June 2024 included in the Agenda Pack.</i></p> <p>RSM provided a high-level summary overview of the Audit Plan noting that a new Manager had been assigned to the College and the Audit Plan had been developed through discussion with the CFO and Head of Finance.</p> <p>RSM talked the Committee through each risk area: making particular reference to the following:</p> <ul style="list-style-type: none"> <li>• “Regularity – Reclassification to Public Sector”: it was explained that the College’s regularity conclusion would be modified for 2023/24 owing to the special payment made by the College in October 2023; and</li> <li>• “Going Concern”: RSM referenced the financial pressures to the College including its bank loan covenants.</li> </ul> <p>It was noted that works relating to the production of the Teachers’ Pension Annual Report of Factual Findings was included in the scope of works and the Committees attention was drawn to the fee estimate of £63,325.</p> <p>The Committee <b>RESOLVED</b> to advise the Corporation to <b>accept</b> and <b>approve</b> the Audit Plan for 2023/24 and the Fees.</p>	
(b)	<p><b>To receive and note</b> the RSM Further Education Emerging Issues Summer 2024 Report</p> <p><i>Reference was made to the document entitled: “Further Education Emerging Issues Summer 2024” included in the Agenda Pack.</i></p> <p>RSM provided a summary overview of the document. Key points noted, included:</p> <p>(i) amendments to the FRS 102 (The Financial Reporting Standard) are likely to impact the Charities Statement of Recommended Practice (SORP) and the treatment of leases in particular;</p> <p>(ii) the first tranche of changes from the Economic Crime and Corporate Transparency Act are now in force. The importance of “not turning a blind eye” was noted;</p> <p>(iii) continuing consideration/implications following reclassification including the introduction of the Handbook and ensuring all omissions from MPM requirements are disclosed in full. RSM noted the College disclosed omissions as part of the 2022/23 financial period;</p> <p>(iv) the Procurement Act 2023 (in force from October 2024) will require numerous changes to governance, processes and systems currently used;</p> <p>(v) reference was also made to the following:</p> <ul style="list-style-type: none"> <li>• amendments made to the College Accounts Direction (CAD) 2023/24 and the Post-16 Audit Code Of Practice 2023 to 2024;</li> <li>• changes to ESFA funding rules and the requirement to amend internal process and procedures accordingly;</li> <li>• the responsibility of the College to enhance Environmental, Social and Governance (ESG) and sustainability;</li> <li>• the impact of Artificial Intelligence (AI) on systems and processes as well as how it is used to interface with employers and stakeholders;</li> </ul>	

	<ul style="list-style-type: none"> <li>• VAT treatment for building works funded by “Towns Funds” as well as zero VAT rating solar panels;</li> <li>• amendments made to the Association of College’s Mental Health Charter;</li> <li>• the strengthening of the PREVENT Duty Guidance and its requirements.</li> </ul>																														
(vi)	<p>Key emerging risks were highlighted as:</p> <ul style="list-style-type: none"> <li>• political and government change/instability;</li> <li>• the shortage of academic staff with required skills and experience as well as recruiting and retaining the same;</li> <li>• the increase in cyber-attacks;</li> <li>• negative impact of AI;</li> <li>• uncertainties in financial forecasting and planning as a result of inflation, interest rates, salary pressures and energy costs;</li> <li>• underinvestment in public sector infrastructure including estates.</li> </ul> <p>The Committee <b>noted</b> the same. The DG is to circulate the paper to the Corporation. <b>ACTION: DG to circulate Emerging Risks Report to the Corporation</b></p>	<b>DG</b>																													
(c)	To <b>receive</b> and <b>note</b> the Teachers’ Pensions’ End of Year Certificate for the year ended 31 March 2024																														
	<p><i>Reference was made to the correspondence received from RSM relating to the Teachers’ Pensions’ End Of Year Certificate For The Year Ended 31 March 2024, which was included in the Agenda Pack.</i></p> <p>RM confirmed that the College had received a clean opinion. The Committee <b>noted</b> the same.</p>																														
<b>23.37</b>	<b>Outstanding Audit Recommendations</b>																														
	<p><i>Reference was made to the document entitled: “Outstanding Audit Recommendations – June 2024” included in the Agenda Pack.</i></p> <p>To <b>review</b> and <b>consider</b> the Outstanding Audit Recommendations</p> <p>Verbal updates to the Outstanding Audit Recommendations were noted as follows: <b>Note: extracts from the Outstanding Audit Recommendations are included below for reference purposes but extracts included in the “Recommendation” and “Management Response” column may not be complete. Reference should be made to the Outstanding Audit Recommendations – June 2024 document for completeness. Verbal updates are included in full.</b></p>																														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #f2f2f2;"> <th style="width: 10%;">Year Undertaken</th> <th style="width: 10%;">Report</th> <th style="width: 20%;">Recommendation</th> <th style="width: 10%;">Categorisation</th> <th style="width: 15%;">Management Response</th> <th style="width: 10%;">Responsible Person/ Implementation Date</th> <th style="width: 15%;">Comments</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2022-23</td> <td>Apprentices</td> <td>We recommend that the College works with the software provider to ensure that Smart Assessor is fully embedded across the College, with all modules being fully operational..[cont.]</td> <td style="text-align: center;">Medium</td> <td>The College will continue to work with Smart Assessor and ProSolution to overcome the functionality issues which have been evident. [cont.]</td> <td style="text-align: center;">APBD March 2024</td> <td>Done – The College is utilising Smart Assessor across the board.</td> </tr> <tr> <td colspan="7"> <p><b>Verbal Update:</b> the CFO confirmed that “Smart Assessor” was only being used “across the board” at Bishop Burton and not at Riseholme. The CFO confirmed it would be rolled out, in full, across the Riseholme campus in due course.</p> </td> </tr> <tr> <td style="text-align: center;">2022-23</td> <td>Financial Statements Audit</td> <td>College PDSAT Reports Review - The College will regularly review learners on the ILR who have passed their planned end date to ensure they are still active on programme...[cont.]</td> <td style="text-align: center;">Housekeeping</td> <td>This was a result of an administrative error. ..[cont.]</td> <td style="text-align: center;">APBD</td> <td>Work Ongoing</td> </tr> </tbody> </table>			Year Undertaken	Report	Recommendation	Categorisation	Management Response	Responsible Person/ Implementation Date	Comments	2022-23	Apprentices	We recommend that the College works with the software provider to ensure that Smart Assessor is fully embedded across the College, with all modules being fully operational..[cont.]	Medium	The College will continue to work with Smart Assessor and ProSolution to overcome the functionality issues which have been evident. [cont.]	APBD March 2024	Done – The College is utilising Smart Assessor across the board.	<p><b>Verbal Update:</b> the CFO confirmed that “Smart Assessor” was only being used “across the board” at Bishop Burton and not at Riseholme. The CFO confirmed it would be rolled out, in full, across the Riseholme campus in due course.</p>							2022-23	Financial Statements Audit	College PDSAT Reports Review - The College will regularly review learners on the ILR who have passed their planned end date to ensure they are still active on programme...[cont.]	Housekeeping	This was a result of an administrative error. ..[cont.]	APBD	Work Ongoing
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**Verbal Update:** The CFO confirmed that this had also been addressed as part of External Audit Works but would remain on the Outstanding Audit Recommendations until after the summer 2024 period.

<b>2022-23 Accounts</b>	Financial Statements Audit	Industry Placements - The College will ensure that placement logs contain sufficient information to support the required hours...[cont.]	Housekeeping	As per the current process, any students who have not logged sufficient hours to complete their industry placements were withdrawn from the ILR before the R14 was submitted...[cont.]	MIS Director	Work Ongoing
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**Verbal Update:** The CFO confirmed this would remain on the Outstanding Audit Recommendations until after the summer 2024 period.

<b>2022-23 Accounts</b>	Financial Statements Audit	Work Experience - The College will ensure that placement logs are completed in an accurate manner. ...[cont.]	Housekeeping	All students doing external work experience should be logging their completed hours on the college's work experience system (AT3). ...[cont.]	MIS Director	Work Ongoing
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**Verbal Update:** The CFO confirmed this would remain on the Outstanding Audit Recommendations until after the summer 2024 period.

<b>2023-24</b>	Overall Financial Controls	We recommend that the Financial Regulations clearly define the circumstances where petty cash can be utilised in excess of the threshold as well as the corresponding approval for this type of transaction ...[cont.]	Low	Management will review the petty cash allowance to ensure the value still meets the needs of the College. ...[cont.]	Chief Financial Officer July 2024	
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**Verbal Update:** The CFO confirmed that this had been included as part of the Financial Regulations provided for approval as part of the evening's business.

<b>2023-24</b>	Budget Setting & Monitoring	We recommend that the Finance Director conducts a training needs assessment for all budget holders and provides appropriate training accordingly	Low	Prior to the next budget training session, all budget holders will be asked to raise any specific areas of concern to ensure these are covered in the training.	Chief Financial Officer October 2024	
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**Verbal Update:** Noted as part of Minute 23.35(a)(iii).

The Committee **noted** the updates provided.

**23.38 Risk Management**

(a) To **consider** and **advise** the Corporation on updates/changes to the:

(i) Risk Register

*Reference was made to the document entitled: "High Level Risk Register 2023/24" which was included in the Agenda Pack.*

The following amendments were noted:

- the likelihood of clawback from the Adult Education Budget has been reduced with more of the funding now being utilised. This risk has been lowered;

	<ul style="list-style-type: none"> <li>the likelihood and risk of the College operating on a budget deficit for 2024/25 and breaching further bank loans has increased;</li> <li>additional wording and clarity has been added into the risk concerning failure to follow the Office for Students / HESA guidance regulations;</li> <li>a risk relating to whether or not a commercial leasing arrangement would continue has been removed. A contractual agreement has been reached;</li> <li>the restructuring works to the Senior Management Team has been added to reflect the possibility of disruption to operations.</li> </ul> <p>The Committee <b>noted</b> the same and is to <b>advise</b> the Corporation accordingly.</p>	
(ii)	<p><b>Risk Management Action Plan</b></p> <p><i>Reference was made to the document entitled: “High Level Risk Management Action Plan 2023/24” included in the Agenda Pack.</i></p> <p>The Committee noted the number of amendments to the Action Plan and that actions were being carried forward. It was acknowledged however that the incoming Principal and Chief Executive would need to review the Risk Register and Action Plan as a whole and incorporate risks identified by the new senior and executive team following the restructure.</p> <p>The Committee <b>RESOLVED</b> that the Risk Register and Action Plan be reviewed in full by the Principal and Chief Executive, once in post, in readiness for discussion at the first Audit Committee Meeting of the 2024/25 period.</p> <p><b>ACTION: Principal and Chief Executive to review the Risk Register and Risk Management Action Plan, in full, in readiness for the first Audit Meeting of the 2024/25 academic term</b></p> <p><i>Items taken out of order</i></p>	<b>DM</b>
<b>23.39</b>	<b>Financial Regulations</b>	
	<p><i>Reference was made to the Executive Summary Report and the document entitled: “Financial Regulations” included in the Agenda Pack.</i></p>	
(a)	<p>To <b>consider</b> and <b>advise</b> the Corporation on revisions/amendments to the College’s Financial Regulations</p> <p>The CFO reported that he had reviewed and amended the College’s Financial Regulations putting forward that it was likely that a standardised form would be provided from the Department for Education (<b>DfE</b>) or ESFA in due course.</p> <p>The CFO walked the Committee through the amendments made. Key points included:</p> <ul style="list-style-type: none"> <li>Paragraph 18.3 “Procurement”: this has been updated to include reference to the Procurement Act 2023 which will come into force in October 2024 (as noted in Minute 23.36(b)(iv));</li> <li>Paragraph 18.13 “Petty Cash”: this has been amended to increase the level from £25 to £50 in line with an audit recommendation arising from the Overall Financial Controls audit. The CFO confirmed that the College operated on a cash less basis except for payment of referees;</li> <li>Paragraph 20.7 “Asset Disposal”: this has been substantially amended by the insertion of the relevant section of the Handbook.</li> </ul> <p><b>A Governor challenged whether all other policies, processes and procedures which cross-referred to the Financial Regulations had been amended to incorporate the changes proposed.</b> The CFO confirmed all procedures had been reviewed to accord to the ESFA Bitesize Guides noting many amendments were “high level”. The CFO explained that the College already had strict controls in place around Asset Disposal but that it incorporated a broad range of “assets” with much of the College’s asset disposal relating to smaller items.</p> <p>The Committee <b>noted</b> the same and is to <b>advise</b> the Corporation accordingly.</p>	
<b>23.40</b>	<b>College Financial Handbook 2024</b>	
	<p><i>Reference was made to the Executive Summary Report and the College Financial Handbook 2024 which had been included in the Agenda Pack.</i></p> <p>To <b>receive</b> and <b>note</b> the College Financial Handbook effective from 1 August 2024</p>	

	<p>The CFO summarised that the Handbook had been introduced following the reclassification of Colleges into the public sector and adherence to MPM requirements. It was explained that the ESFA had release “Bite size Guides” following the reclassification and the Handbook now sought to consolidate guidance. The CFO noted, therefore the importance that the College’s Financial Regulations were reflective of, and incorporated, requirements of the Handbook.</p> <p><b>The Committee noted the same and a Governor challenged whether a self-assessment had been undertaken to understand how effectively the College was adhering to each of the requirements.</b> The CFO reported that it had, explaining that they were now incorporated into the College’s Financial Regulations and would be considered as part of external auditing works. The Committee <b>RESOLVED</b> that a review of the Handbook should be included in the annual governance cycle, going forward.</p> <p><b>ACTION: DG to include a requirement to review the College Financial Handbook in the annual governance cycle going forward</b></p>	DG
<b>23.41</b>	<b>ESFA Report on the College’s Financial Statements</b>	
	<p><i>Reference was made to the letter from the ESFA in respect of the College’s Financial Statements Review 2022 to 2023 which was included in the Agenda Pack.</i></p> <p><b>To note</b> the ESFA Report on the College’s Financial Statements 2022/23</p> <p>The CFO talked the Committee through the correspondence noting that the ESFA had confirmed the College’s financial health rating as “Good” for 2022/23 based on the outturn but drew the Committee’s attention to the following:</p> <p><b>Bank Loan Covenants</b></p> <p>The ESFA had identified the following issue from reviewing the External Auditor’s Management Letter and Annual Report of the Audit Committee:</p> <p><i>“The financial statements indicate that there is material uncertainty relating to going concern with regards to forecasting loan covenant breaches for the years ending 31 July 2024 and 31 July 2025, for which the College’s bankers have not issued waiver letters in advance.</i></p> <p><i>We kindly request that the college confirm in writing what actions are being taken to address this issue no later than 17 May 2024 to the colleague named in the final paragraph of this letter.”</i></p> <p>The CFO reported that the College had responded by 17 May 2024 and confirmed that DfE had now approved changes to the bank covenants.</p> <p><b>MPM Compliance – Matters Raised</b></p> <p>The “ESFA” had also noted the following:</p> <p><i>“During our review of the college’s financial statements, it was noted that two payments were made in excess of delegated authority for which prior approval from the DfE should have been obtained.</i></p> <p><i>We kindly request that the college confirm in writing whether appropriate systems and controls are now in place to identify and handle transactions for which DfE approval is required no later than 17 May 2024 to the colleague named in the final paragraph of this letter.”</i></p> <p>The CFO confirmed that the College had responded by 17 May 2024 but that it had not received any feedback, on these points, to date.</p> <p>The CFO then drew the Committee’s attention to the Financial Dashboard Information compiled by the ESFA for the College.</p> <p>The Committee <b>noted</b> the same.</p>	
<b>23.42</b>	<b>Critical Incident Testing</b>	
	<p><i>Reference was made to the report entitled: “Critical Incident Plan Testing Schedule” which was included in the Agenda Pack.</i></p> <p><b>To receive and note</b> the Critical Incident Plan Testing Schedule</p> <p>The CFO explained that the Critical Incident Team had undertaken a desktop exercise at both campuses which had been a positive experience with constructive improvements being identified and now implemented as appropriate. The CFO commented that Critical Incident Planning had previously been an area of audit focus; noting the positive impact the audit had on the College’s processes. The Committee <b>noted</b> the same.</p>	
<b>23.43</b>	<b>Appointment of Committee Chair</b>	

	To <b>consider</b> and <b>discuss</b> the appointment of the Committee Chair following recommendation from the Governance and Search Committee (Verbal)	
	<p>The Chair of the Committee explained that the Governance and Search Committee had considered the appointment of a Chair to the Committee. The Chair explained that she had put herself forward to continue.</p> <p>The DG explained that it was within the remit of the Governance and Search Committee to consider the appointment of chairs but added that this had resulted in existing chairs considering themselves for re-appointment. The DG reported that the practice would be revised but the Governance and Search Committee had <b>RESOLVED</b> to continue with existing practice, at this point in time, provided that each Committee had an opportunity to discuss the recommended appointment in advance of the Corporation Meeting on 9 July 2024. The DG added, further, that ultimate approval of all chairs to committees remained with the Corporation. The Committee noted the same and raised no objection to the current Chair remaining in role for the 2024/25 academic term pending Corporation approval.</p> <p>The Chair of the Committee took the opportunity to thank both Bill Meredith and Clare Walters for their works and dedication to the Committee and the College.</p> <p>The Principal noted that he wished to raise a matter of urgent confidential business. The Chair noted this was to be included.</p> <p><i>Steve Kelly left the Meeting: 6:23pm</i></p>	
<b>23.44</b>	<b>Any other Urgent Business</b>	
	<i>This item was taken as restricted confidential</i>	

There being no further business the Meeting closed at 6:52pm

Signed by

Chair \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_