



# Minutes of the Audit Committee Meeting held on Tuesday 28 November 2023 at 8.20am via Teams

- Present:** Mark Dawson (*Parent Governor*)  
Sue Jarvis (*Co-opted Governor*)  
Andrew Jones – Chair (*Co-opted Governor*)  
Graeme Slater (*Foundation Governor*)
- In attendance:** Scott McCready (*Wylie Bisset – Internal Auditor*)  
Mike Benson (*Murray Smith – External Auditor*)  
Nicola Tucker (*Murray Smith – External Auditor*)  
Michelle Williams (*Vice Principal, Finance, Resources & Systems*)  
Kev Burke (*IT Manager*)  
Ruth Potter (*Clerk*)

*The Chair welcomed all attendees and the meeting was opened in prayer at 8.20am.*

*Prior to the commencement of business, Committee members took the opportunity to have a closed session with the External and Internal Auditors. Following this session, the Vice Principal and IT Manager joined the meeting.*

## **PART 1**

### **1. ROUTINE AND STANDING ITEMS**

#### **1.1 Declarations of interest**

Members were invited to declare whether they had any direct or indirect personal, prejudicial or pecuniary interest or conflict of interest in any matter that formed part of the agenda for this meeting or was likely to be discussed at this meeting.

The Internal and External Auditors declared an interest in item 6.2 for which it was agreed that they would withdraw from the meeting.

#### **1.2 Apologies for absence**

All members were present and the meeting was declared quorate.

#### **1.3 Items to be included under any other business**

There were no items submitted for inclusion under any other business.

#### **1.4 Minutes of the Audit Committee meeting held on 26 September 2023 (previously circulated)**

The minutes were approved as a correct record and would be signed by the Chair in accordance with Article 12 (3) of the Articles of Government. The publication of the minutes was authorised in accordance with Article 13.

- 1.5 **Matters arising from the minutes** (*previously circulated*)  
Committee members considered the action log prepared by the Clerk. The Vice Principal provided an update on one item as follows:

Action 1 – JISC Cyber Security Assessment: follow up review

This would be scheduled once the interim review had been completed by JISC.

**2. RISK MANAGEMENT**

2.1 **Risk Management Register and Action Plan** (*previously circulated*)

The Vice Principal presented the College's risk register and action plan and explained that this was based on the approved Strategic Plan and had been fully updated to take account of the strategic priorities identified for 2023-24.

The Vice Principal confirmed that the Senior Leadership Team (SLT) had carefully considered the size, nature and potential impact on the College of all risks. One significant risk had been identified in relation to progress against the ILT strategy and tracking of applications data. It was reported that the implementation of Cedar and MIS staffing shortages had impacted this. Mitigating actions were highlighted.

In addition, contingent risks had been identified as follows:

- implementation of Cedar and development of reporting capabilities
- financial health
- academisation
- leadership and governance under revised SLT structure
- curriculum implementation and development of College VLE.

A number of other low-level, housekeeping risks had been identified.

Governors' comments and questions were invited.

**Q** – Any further contingency in place should Cedar reporting functionality continue to be impacted?

**A** – Mitigation measures highlighted including regular schedule of support from external consultant until new MIS staff in place.

The Committee **recommended approval** of the risk register and action plan to the full Governing Body.

**ACTION – FGB agenda item**

2.2 **Risk Management Policy** (*previously circulated*)

The Vice Principal presented the Risk Management Policy for annual review. No significant amendments had been proposed.

The Committee **recommended approval** of the Risk Management Policy to the Full Governing Body.

**ACTION – FGB agenda item**

### 2.3 **JISC Cyber Security Action Plan – update report** *(previously circulated)*

The IT Manager presented this report and updated governors on progress made against the action plan. It was noted that overall progress stood at 85%. Updates were provided on specific actions, including third party penetration testing, firewall replacement, off site back up, IT ticketing system, and planned training. In addition, an update was provided on actions related to management of the Microsoft 365 estate for which all priority 1 actions had been completed and priority 2 actions stood at 78% complete.

With regard to the costs attributed to certain actions, the Vice Principal reported that these were all due to be met from within the existing budget.

The Chair thanked the IT Manager for his update report and the positive progress that had been made.

The Committee **noted** the JISC Cyber Security Action Plan update report.

## 3. **EXTERNAL AUDIT**

### 3.1 **Audit Completion Report arising from the audit of the Financial Statements for the year ended 31 July 2023** *(previously circulated)*

Nicola Tucker, Murray Smith LLP, guided the Committee through the Audit Completion Report arising from the audit of the financial statements.

She highlighted the following points:

- Section 1 – Executive Summary – unqualified audit opinion, without modification, on the financial statements.
- Section 2 – Audit findings – key risks reviewed during the audit; no significant issues were identified.
- Section 3 – Financial highlights:
  - income had increased to over £13m due to increase in student numbers and funding rate
  - staff costs represented 72% of income
  - other operating expenses increased slightly due to roof refurbishment costs and increased utility charges
  - deficit of £(277)k after depreciation and pension adjustment
  - Balance sheet – net current assets of £1.1m; pension asset this year of £771k on Local Government Pension Scheme (LGPS).
- Section 5 – Internal controls – no significant issues identified.
- Section 6 – Unadjusted misstatements – no unadjusted misstatements identified above triviality.
- Section 7 – Regularity – Work undertaken to support the regularity audit in accordance with the regularity assurance framework set out in the Post 16 Audit Code of Practice had resulted in no significant findings.
- Audit opinion – It was the auditor’s intention to issue an unqualified opinion on the financial statements and regularity.

Governors’ comments and questions were invited.

The Vice Principal reported that the financial statements had also been considered in detail by the Finance and Resources Committee at its recent meeting.

The Chair acknowledged the strong assurance provided by the External Auditor and thanked Nicola Tucker for her comprehensive and detailed report, the findings from which would be presented to the full Governing Body at its meeting on 5 December 2023.

The Committee **recommended approval** of the Financial Statements for the year ended 31 July 2023 to the Full Governing Body.

### **ACTION – FGB agenda item**

#### **3.2 Regularity report 2022-23 (previously circulated)**

The Vice Principal referred the Committee to its consideration of the draft completed Regularity Self-Assessment Questionnaire at the last meeting and advised that no further amendments had been made. The document had subsequently been signed and shared with the External Auditor.

The regularity assurance framework was set out in the Post-16 Audit Code of Practice and was designed to provide assurance over the regularity and propriety of all College expenditure. It was confirmed that the External Auditor had not identified any significant findings from their assurance work and expected to issue an unqualified regularity opinion within the financial statements.

The Committee **noted** the Regularity Report for the year ended 31 July 2023.

### **4. INTERNAL AUDIT**

#### **4.1 College management update report on previous recommendations and actions taken (previously circulated)**

The Vice Principal provided a report on the recommendations made by the Internal Auditors in respect of the Business Continuity and Mental Health and Wellbeing audits that had been brought forward from previous reporting periods.

##### Business continuity

Members were reminded that this report had been completed just before the cyber-attack in May 2022 which had adversely impacted the speed with which certain recommendations had been implemented. The Vice Principal reported that staff training had been delivered in July 2023 and since then all departments had been tasked to consider certain scenarios. Key amongst these was a lockdown scenario and systems had been developed to support effective implementation across College. The first lockdown practice event had recently taken place with staff only and a further practice was scheduled in the new year that would be undertaken when students were also in College.

##### Mental Health and Wellbeing

It was reported that the Mental Health and Wellbeing Policy had been approved by the Quality and Standards Committee at its recent meeting.

##### Upcoming audits

The Vice Principal reported that Internal Audits on Payroll and Climate Change would be reported to the Committee at its next meeting. Discussion ensued on whether these audits had been undertaken on site and the Internal Auditor confirmed that they were conducted remotely. Governors reiterated their preference for on-site audits to be resumed where practicable and the Internal

Auditor confirmed that the next audits scheduled for Spring Term would be conducted on-site.

The Committee **noted** the contents of the report.

## **5. ANNUAL REPORTS**

### **5.1 Value for Money Annual Report 2022-23** *(previously circulated)*

The Vice Principal presented this annual report which had been prepared by the Finance Manager. She highlighted the following points:

- Hire of College facilities – this continued to generate more income and was being closely monitored with reference to the threshold for VAT registration.
- Government approved procurement frameworks – these were used whenever possible in order to secure value for money within a compliant tender process.
- Education and Skills Funding Agency (ESFA) benchmarking – the College's performance had been compared against the non-pay benchmarking outcomes drawn from college finance record submissions for 2021-22. Non-pay related costs were below the total average spend, however premises costs had risen above the average spend and this would be kept under review.

Governors' comments and questions were invited.

**Q** – Were renewable energy sources utilised?

**A** – Used government procurement framework for utilities in education and specifications were set out under this.

**Q** – Any grant funding available to support with utilities costs?

**A** – Sustainability grant received last year which led to the installation of LED lighting across College. Carbon reduction survey undertaken which led to a series of recommendations set out within an action plan for implementation.

The Committee **noted** the contents of the report.

## **6. OTHER MATTERS**

### **6.1 Sector Update**

The External Auditor provided a sector update briefing to the Committee, highlighting the following areas:

#### Academisation

Increasing number of Catholic colleges were considering this following the change in legislation last year. Also, many non-Catholic sixth form colleges were converting. Multi-academy trust structure and autonomy within that structure was highlighted as a key consideration for governors.

#### Teachers' pension scheme

Recent valuation had added approximately 5% to contributions which had risen to 28%. Expectation within the state education sector was that these costs would be funded by government. However, within the private education sector, these additional costs may prove unsustainable and could lead to private schools opting to move out of the teachers' pension scheme, making it harder to attract and retain professionals. Potential for impact on state sector recruitment.

### Market for learners

Should a change of government policy lead to the application of VAT on private school fees, this may result in a number of learners exiting the private sector and looking for places in state education, particularly sixth-form.

### Public sector spending

The Office for Budget Responsibility (OBR) had forecast that public spending would decrease, therefore potential impact on capital spending in education sector.

### Managing Public Money requirements

Awareness of requirements relating to severance payments to senior staff was highlighted. Should such a scenario arise, sector best practice was for executives to prepare a paper for presentation to Remuneration Committee for consideration before prior consent request submitted to the ESFA.

The Chair thanked Mike Benson for his update and invited any further comments or questions from Committee members.

*Mike Benson, Nicola Tucker, and Scott McCready left the meeting at this point.*

## 6.2 **Tender for Internal and External Audit Services** *(previously circulated)*

The Vice Principal presented this paper and reported that the contracts with the Internal and External Auditors were due to expire in July 2024. In accordance with the requirements of the Post-16 Audit Code of Practice, the College would normally be preparing to go out to tender for new five-year contracts. However, given the potential for academisation to change the legal entity, there was a degree of uncertainty around the length of service required. Given these extenuating circumstances, the Vice Principal proposed that a one-year extension to the existing contracts be explored.

Discussion ensued and governors considered the potential timeline for academisation alongside the current market conditions for the provision of audit services. A number of questions were raised, including:

**Q** – Did the current scope of services meet College needs or were any changes required?

**A** – External Auditor scope of services was set in accordance with Post-16 Audit Code of Practice requirements. Internal Auditor services were not a requirement, however in the absence of an Internal Audit Service an alternative board assurance framework would be required.

Following further discussion, the Committee **recommended approval** to the full Governing Body that a one-year extension be explored to determine value for money prior to the initiation of a full tender process.

### **ACTION – FGB agenda item**

## 6.3 **Future Agenda Items**

To follow the Committee's current cycle of business.

6.4 **Governor Training**  
No training was reported.

6.5 **Any Other Business**  
None

6.6 **Date of Next Meeting**  
Tuesday 12 March 2024 at 8.20am via Microsoft Teams.

The Chair thanked all members for their attendance and contribution.

The meeting was brought to a close at 9.25am.

Signed by the Chair: \_\_\_\_\_  
\_\_\_\_\_

On this day: \_\_\_\_\_ 12 March 2024 \_\_\_\_\_