

# Audit Committee

Wed 08 November 2023, 17:00 - 19:00

MS Teams



## Attendees

**Present:** Kath Causey (Independent Governor and Chair), Susan Snape (Independent Governor), Hayley Mercer (Independent Governor), Jo Toner (Co-Opted Governor), Sarah Smith (Co-Opted Governor)

**In attendance:** Joanne Platt (Director of Governance), Steve Scott (Finance Director), Louise Brown (VP Corporate Services), Dave Harrison (VP Data and Funding), Jane Butterfield (TIAA), Scott Gillon (Wylie & Bisset).

The Director of Governance confirmed that the meeting was quorate.

## Meeting minutes

### 1. CONSULTATION WITH AUDITORS

AC-23-11-01

The Chair welcomed the two new Co-opted Governors to the meeting and introductions were made.

The Committee held a private discussion with the Auditors and was pleased to note that both Auditors were happy with the level of co-operation of management and staff of the College during their audits and that there were no concerns.

**Steven Scott, Louise Brown and Dave Harrison joined the meeting at 5.08pm**

### 2. Apologies for absence

AC-23-11-02

There were no apologies for absence.

### 3. Declarations of Interests

AC-23-11-03

Scott Gillon declared an interest in Item 14 and left the meeting after Item 13.

### 4. Minutes of previous meetings and matters arising

AC-23-11-04

The Committee reviewed the minutes of the meetings held on 24 May and 2 October 2023 and agreed that they are an accurate record of the meetings. There were no actions outstanding and no matters arising.

**Resolved:** The Committee approved the minutes of the meeting held on 24 May 2024

**Resolved:** The Committee approved the minutes of the meeting held on 2 October

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64

The Committee reviewed the Risk Register, which had been updated to reflect the current year's strategic outlook.

The Risk Register includes an update on the current assessment of the impact and likelihood of each risk and shows comparisons against the assessment of risk against the final report for 2022-23 which was reported to the Governing Board.

The Committee noted that since the last report, a new risk has been added and positioned at number 1. This relates to College resilience, business continuity and the College's ability to meet Borough need which could be negatively affected by rapid growth in activity across most / all funding streams.

In addition to the one new risk, risk scores have increased on 12 risks (Risks two, three, four, five, seven, eight, 10, 11, 12, 14, 16 and 17), risk scores on four have remained the same (Risks six, nine, 13 and 15) and no risk scores have been reduced.

Risk will continue to be assessed throughout the year and is managed proactively in the College. However, the Committee recognised that the Governing Board and the College Executive Team are not always able to 100% determine the level of risk they face as risks may relate to external forces, for example, government policy decisions, global conflict or pandemics.

The Committee noted the new risk and agreed to consider this again when it reviews the Internal Audit Plan under Item 6.1 below.

The Committee thanked the Finance Director for a very clear and helpful report and agreed that reporting risk on a rolling basis was a sensible development from the previous approach.

The Committee noted the latest Risk Register position.

---

## 6. Internal Audit Reports

### 6.1. Internal Audit Plan for 2023-24

AC-23-11-06

The Committee reviewed the Internal Audit Plan for 2023-24, noting that the Board had approved the audit activity for the autumn term and had asked the Committee to review the remainder of the Plan again when it considered the latest Risk Register.

The Committee agreed that a review of Apprentices should be put back to 2024-25, when the outcome of the external review of Apprenticeship finance would be concluded and known. It also agreed that a review of sub-contracting should be done on alternate years, as there is no longer a requirement for this to be done annually, and as this had just been done in 2022-23, agreed that this should next be done in 2024-25.

The Committee asked the Auditors to undertake a review of the College's plans in relation to capacity planning and the new risk added to the Risk Register in relation to this, to provide assurance that the activities being undertaken were adequate and proportionate to address the risk. The Committee discussed the timing of this review and it was agreed that this could be done at the end of March 2024, to enable the outcome to be reported to the Committee at its last meeting in May 2024.

**Resolved:** Subject to the changes agreed above, the Committee agreed to recommend the 2023-24 Internal Audit Plan to the Governing Board for approval

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64

The Committee considered the Annual Report of the College's Internal Auditors, which outlined the internal audit work carried out for the year ending 31 July 2023. The report provides an opinion on the overall adequacy and effectiveness of the College's framework of governance, risk management and systems of internal control, achieved through a risk based plan of work, agreed with management and approved by the Audit Committee.

The Internal Auditor reported that the design and effectiveness of controls had been found to provide 'substantial' overall assurance for six of the seven reported audits (excluding advisory audits) and had reported to the Committee that the Follow-Up Audit (the seventh audit) concluded that all of the recommendations identified in the previous year's audit cycle had been addressed and fully implemented.

The Internal Audit Annual Report for 2022-23 states that, for the areas reviewed during the year, the College has reasonable and effective risk management, control and governance processes in place.

There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance', and there were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

The Committee noted that all six audits undertaken during the year had resulted in substantial assurance ratings, and the auditor commented that she had never seen this before.

The Chair thanked the auditors and management and staff for their work in ensuring the College's systems are robust and thus providing a high-level of assurance to the Committee and the Governing Board.

**Resolved:** The Committee agreed to report the Internal Audit Annual Report for 2022-23 to the Governing Board

**6.3. ESFA Mock Funding Review / Learner Numbers****AC-23-11-08**

The Committee considered the Internal Audit report in relation to Mock Funding and Learner Numbers, noting that the auditors had given a Substantial Assurance rating and had confirmed that the areas of the control environment tested during the audit are designed and operating effectively with no significant weaknesses.

It was noted that there are no recommendations arising from the Audit work carried out. Processes and guidance were comprehensive, and staff were skilled, aware and well trained.

The Committee noted the report.

**6.4. Key Financial Controls including Payroll****AC-23-11-09**

TIAA

The Committee considered the Internal Audit report in relation to Financial Controls, including Payroll, noting that the auditors had given a Substantial Assurance rating and had confirmed that the areas of the control environment tested during the audit are designed and operating effectively with no significant weaknesses.

Testing showed that all procedures are followed, and the majority of creditor payments are made on time, and those that weren't were made within a week of their due date.

The Committee was pleased to see such a positive report, especially as the financial system was relatively new.

The Committee noted the report.

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64

## 6.5. Internal Auditors follow up report on recommendations

AC-23-11-10

The Committee noted that the year-end follow up report had not been done, as all recommendations had already been completed when the interim follow up report had been undertaken and there were no additional recommendations to follow up.

## 6.6. Sub-Contractor Controls

AC-23-11-11

The Committee considered the Internal Audit report in relation to Sub-Contractor controls, noting that the auditors had given a Substantial Assurance rating and had confirmed that the areas of the control environment tested during the audit are designed and operating effectively with no significant weaknesses.

It was noted that the report was in a different format to previous reports, being based on a self-assessment.

The Committee noted the report.

---

## 7. Audit Implementation Tracker

AC-23-11-12

The Committee noted that there were no actions to review.

The Committee noted the report.

---

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64

The Committee considered the Financial Statements Auditor's Report for 2022-23, noting that the Auditor anticipates issuing an unmodified audit opinion subject to authorisation of the financial statements by the Governing Board and confirmation of no funding clawback in relation to the devolved AEB.

The Regularity Audit Report states that there are no anticipated qualifications in the regularity assurance opinion for the year ended 31 July 2023.

The Financial Statements Auditor's report also states that there are no anticipated qualifications in the audit opinion on the College's accounts for the year ended 31 July 2023, and in his opinion, the financial statements give a true and fair view of the College's financial position and the income and expenditure and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the requirements of the Further and Higher Education Act 1992 and directions made thereunder by the Education and Skills Funding Agency. The auditors are satisfied that funds received have been applied for their intended purpose.

The report also states that the College's forecasts and financial projections indicate that the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements. The Auditors are satisfied, following review of the forecasts and financial projections, that the Board of Governor's assessment of the going concern basis of preparation is appropriate.

It was also confirmed that following an overall review of the governance arrangements and process of internal control in place at the College, the Auditor is of the opinion that the College has strong systems in place to comply with governance requirements.

The Auditor has made no recommendations in relation to the year ended 31 July 2023 and thanked the Finance Team for the quality of working papers and the responsiveness to the provision of evidence.

In response to a question from a Governor, it was confirmed that unspent income would be spent in the current year, and was usually due to grant income being awarded towards the end of the College's financial year, which couldn't be spent before College year-end.

Governors noted an increase in investment income, noting that this was largely due to an increase in interest rates.

In response to a question from a Governor, it was confirmed that Notes 4 and 5 to the accounts provide more detail in relation to the decrease in other income, but that additional narrative would be added to the accounts to clarify this.

The Committee was pleased to see such a positive report once again, and thanked the Auditors and the Finance Team for all the work they had done to prepare the accounts and for the audit work, which provides independent assurance to the Committee and the Governing Board.

**Resolved:** The Committee agreed to report the Financial Statements Auditor Report to the Governing Board

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64



The Committee considered its Annual Report to the Governing Board, which outlines its key activities in 2022-23 and provides assurance in relation to the monitoring of risk and systems of control at the College. It was noted that the Audit Committee's Annual Report is also shared with the Education & Skills Funding Agency as part of its monitoring arrangements.

The report concludes that the Governing Board has an adequate and effective assurance framework and that the Governing Board has fulfilled its statutory and regulatory responsibilities. These governance, risk management and control processes support the effective and efficient use of resources, the solvency of the College and the safeguarding of its assets. On this basis, it was noted that the Committee is able to conclude that this framework is adequate to permit the Chair of the Governing Board and Accounting Officer to sign the Statement of Corporate Governance and Internal Control, the Statement of Regularity, Propriety and Compliance and the Statement of Responsibility of the Members of the Corporation within the Financial Statements as required.

The Committee is satisfied that the College's Executive Team has provided appropriate reports to its committees and the Governing Board, including sufficient detail to enable effective governance. The Committee is also satisfied that effective arrangements are in place for the management and quality assurance of data and that the Executive Team has provided accurate and high-quality data to enable the Governing Board and its committees to effectively challenge performance. In addition, the Committee has received a summary of assurance mechanisms available to provide assurance to the Governing Board in relation to its key data controls.

The Committee is also satisfied that both the Internal Auditors (TIAA) and the Financial Statements Auditors (Wylie & Bisset) have shown to be effective in their respective roles during 2022-23 and that the Committee itself has operated in an effective manner, has the requisite skills amongst its membership and has met the requirements of its Terms of Reference and the College's Instrument and Articles of Government. The Committee has also satisfied the procedural requirements set out in the Post-16 Audit Code of Practice and the Financial Memorandum.

**Resolved:** The Committee approved its Annual Report for 2022-23 for signature by the Chair.

---

## 10. Regulatory Audit Questionnaire

The Committee reviewed the Regulatory Audit Questionnaire, which is a key piece of evidence used by the Financial Statements Auditors in undertaking its audit work. It was noted that the form had been updated this year, with additional questions added to reflect College re-classification.

It was noted that the Auditors were satisfied that the responses and evidence provided by the College were an accurate reflection of the College's position.

**Resolved:** The Committee agreed to report the Regulatory Audit Questionnaire to the Governing Board.

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64

## 11. Annual Report and Accounts 2022-23

AC-23-11-16

Finance Director

The Committee reviewed the draft Financial Statements for the year ending 31 July 2023, noting that this had also been considered by the Resources Committee at its meeting on 7 November.

The Committee noted that the draft report of the external auditors, Wylie & Bisset, shows that the audit opinions, for both financial statements and regularity, are expected to be unqualified. The report of the auditors also includes drafts of the letters of representation for external audit and regularity, which the Board is required to approve and which must be signed by the Chair and the Accounting Officer, alongside the financial statements.

The financial statements show a surplus of £1.148 and a total comprehensive income of £1.345M after pension adjustments. The overall balance sheet position at the year-end shows net assets of £43.598M following this £1.345M gain. There was an increase in fixed asset carrying values of £2.459M to £58.286M with in year additions of £4.116M in the year, which were offset by a depreciation charge of £1.657M.

The pension scheme obligation has not changed. The year-end actuarial valuation showed a pension asset of £20.068M, however this has been restricted to £nil as the College is of the opinion that no asset legally exists and therefore no pension asset has been recognised in the balance sheet as at 31 July 2023.

The overall cash position has improved by £2M due to improved cash flows from operating activities less depreciation and working capital movements.

The Committee noted that the Financial Statements require approval by the Governing Board at the meeting on 5 December 2023 prior to submission to the ESFA by 31 December 2023. They will then be published on the College website by 31 January 2024.

Feedback on proposed changes suggested by the Resources Committee was provided to the Committee. The Committee appreciated the feedback on changes proposed by the Resources Committee and agreed that some of the changes proposed would be made to the report.

In response to a question from a Governor about the inclusion of benchmarking data on finance KPIs in the report, it was agreed that the management accounts are a better place for benchmarking data to be included.

**Resolved:** The Committee agreed to recommend the Annual Report and Accounts for 2022-23 to the Governing Board for approval.

---

## 12. Data Assurance Report

AC-23-11-17

The Committee considered a report on Data Assurance, noting the College's commitment to maintaining high standards in its management of data, and that it works in accordance with best practice across the sector to provide appropriate assurance on data quality. The report set out the various key data systems within the College and the mechanisms by which assurance is gained, including through routine reporting to committees Governing Board and internal and external audit reports.

**Resolved:** The Committee agreed to recommend the Data Assurance Report to the Governing Board for approval.

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64

## 13. Review of the Skills of the Audit Committee

AC-23-11-18

The Committee considered a report on the Skills of the Audit Committee, noting that the Committee's Terms of Reference states that Members of the Audit Committee collectively should have a range of skills and recent experience relevant to risk management, governance, finance, audit and assurance and that it is the role of the Committee to consider the development of members and to put in place appropriate training to ensure their skills and knowledge are up to date. Where the Committee identifies a gap in its existing skills set, it should commission training and development to address this.

The most recent Board Skills Audit provided to the Committee showed the overall skills mix of the Board and this was broken down in the report to show the skills mix of members of the Audit Committee. It was noted that the Committee has an appropriate range of skills and recent and relevant experience, which had been further strengthened by the recent appointments of two new Co-Opted members.

Although regular updating through attendance by members of the Committee at relevant networking events is encouraged, it was not proposed that any development of members of the Committee is necessary at this time.

The Committee noted the report.

**Scott Gillon left the meeting at 6.30pm.**

---

## 14. Timeline and process for the tendering of the Financial Statements Auditor Contract

AC-23-11-19

The Committee considered a report on the proposed timeline and process for the re-tendering of the Financial Statements Auditor contract, noting that the existing contract is due to be re-tendered in 2023. The Committee noted that the market for this type of contract is challenging as many audit firms have withdrawn from the FE sector market. Accordingly, the College was proposing to engage the support of Tenet to undertake the tendering exercise and it was proposed to start this process early, in order that auditors can be appointed at the March meeting of the Board, allowing sufficient time to go back out to the market, in the event that no bids are received.

The Committee noted that the existing auditors can submit a tender and may be re-appointed if they are deemed to be the most appropriate bidder.

It was noted that the outcome of the tendering exercise will be discussed with the Chair of the Committee, following which, a report will be brought to the Committee at its meeting in February 2024, when the Committee will be asked to recommend an appointment to the Governing Board.

**Resolved:** The Committee approved the process and timings for the tendering and appointment of the Financial Statements Auditors.

---

## 15. Items for inclusion in the Committee Chair's Report to the Governing Board

AC-23-11-20

The Committee agreed the items to be included in the Committee Chair's report to the Governing Board.

---

## 16. Any other business

AC-23-11-21

There were no items of other business. The Chairs thanked members of the Committee, the auditors and management for their reports and input to the meeting.

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64



17. Date of next meeting: 14 February 2023 at 5pm

AC-23-11-22

The meeting ended at 6.42pm.

Platt, Joanne  
10/06/2024 10:09:08



This file is sealed with a digital signature.  
The seal is a guarantee for the authenticity  
of the document.

Document ID:  
1F179380252B466E9B4021AB56B74D64