



Minutes of the meeting of the Audit Committee held on Tuesday 28 November 2022 at  
4pm

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Present: Marie Lang (Chair & Governor)  
Carol Cooper-Smith (Governor)  
George Graham (Governor)  
Emma Dawson (Co-opted member)

In attendance: Heather Jackson (Clerk)  
David Akeroyd (Deputy Principal Development & Productivity)  
Gavin Batty (Vice Principal)  
Tony Johnson (Vice Principal Corporate Services)  
Laila Lawton (Vice Principal Finance)  
Liz Leek (Deputy Principal Culture, Place & Communities)  
Suki Rai (Vice Principal Funding, Performance & Technology)  
Aaron MacDonald (RSM)  
Rob Barnett (RSM)  
Abigail Smethurst (Grant Thornton)  
Axel Olingsberg (Grant Thornton)

*PART I – For Publication*

Minute	
PROCEDURAL MATTERS	
A22/074	Agenda Item No. 1: Quorum  The meeting was quorate.
A22/075	Agenda Item No. 2: Apologies for Absence  Apologies were received from Anastasia Mullen and Debbie Watson

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A22/076	<p>Agenda Item No. 3: Declarations of interest</p> <p>There were no declarations of interest.</p>
A22/077	<p>Agenda Item No. 4: Minutes of the meeting held on 11 October 2022</p> <p>The minutes of the meeting held on 11 October 2022 were approved.</p>
A22/078	<p>Agenda Item No. 5: Matters arising</p> <p>There were no matters arising.</p>
A22/079	<p>Agenda Item No. 6: Rolling Action List</p> <p>The Clerk noted that governors had been invited to attend the new governor induction sessions on the 31<sup>st</sup> of October. The apprenticeship audit had been shared with the governors undertaking the deep dive which had been presented to Board on the 22nd November.</p>
A22/080	<p>Agenda Item No. 7: Notification of items of any other business</p> <p>There were no other items of business</p>
A22/081	<p>Agenda Item No. 8.1: Progress Report</p> <p>Rob Barnett presented the Progress Report. It was noted that all work for 2021/22 has now been completed. The project management audit had been finalised along with the risk management deep dive. It was also noted that fieldwork and dates had been agreed for audits in the coming year.</p> <p>It was RESOLVED to note the Progress Report.</p>
A22/082	<p>Agenda Item No. 8.2: Project Management</p> <p>Aaron MacDonald presented the Project Management Report. Although areas of good control design were identified a number of issues had been identified and the board could take partial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied or effective. Action was needed to strengthen the control framework.</p>

	<p>The Deputy Principal Development and Productivity noted that the audit was a fair reflection <b>of the College's approach and processes</b> and improved documentation had been implemented since the audit and were in place for the IoT project. This was confirmed by Carol Cooper-Smith who sat on the IoT steering group.</p> <p>Governors asked if the methodology was used for all major projects across the College and it was noted that this was now being rolled out for any project over £500k.</p> <p>Governors noted that although only partial assurance was given by the audit this indicated that the audit plan was focusing on areas that needed investigation.</p> <p>It was RESOLVED to note the Project Management Report.</p>
A22/083	<p>Agenda Item No 8.3: Risk Management Deep Dive</p> <p>Aaron MacDonald presented the Risk Management Deep Dive. The audit had taken specific risks from the framework and checked that these risks were managed. No areas of weakness were identified and governors could take substantial assurance from the report.</p> <p>The committee noted that risk is a live subject that is well managed.</p> <p>It was RESOLVED to note the Risk Management Deep Dive.</p>
A22/084	<p>Agenda Item 8.4: Annual Internal Audit Report</p> <p>Rob Barnett presented the Annual Internal Audit Report.</p> <p>For the 12 months ended 31 July 2022, the Head of Internal Audit opinion for the College was that the organisation had an adequate and effective framework for risk management, governance and internal control. The work also identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.</p> <p>Governors discussed the approach and noted that there was a healthy level of debate in agreeing management actions recognising that the college understands the needs of the business and practicalities in implementing them.</p> <p>Governors agreed that the overall opinion reflected some significant audits and thanked the team for their work.</p> <p>It was RESOLVED to note the Annual Internal Audit opinion and recommend its approval to the Board.</p>

<p>A22/085</p>	<p>Agenda Item No. 9: Going Concern and Management Judgements</p> <p>The Vice Principal Finance presented the Going Concern and Management Judgements. The College group is assessed as a going concern. Income and expenditure projections for 2022/23 and 2023/24 and the cash flow forecast up to July 2024 have been thoroughly assessed. An assessment of the mitigations in place to prevent scenarios leading to a breach in bank covenants has been carried out. This concluded that the College has robust mitigations in place and is able to introduce more measures if needed. The headroom available on covenant compliance is considered to be acceptable.</p> <p>ITS and Smartstyle are not assessed as a going concern and require confirmation from the College of its financial support until at least July 2024. The College has assessed whether it has sufficient resources to cover this and concluded that it can financially support ITS and Smartstyle for the next 12 months.</p> <p>Governors noted that ITS and Smartstyle were not big enough to make a material difference to the overall College position. It was noted that a presentation on the performance and return on investment of ITS and SmartStyle had been made to the Board the week before.</p> <p>Governors discussed whether there had been a covenant waiver in the past. The Vice Principal Finance noted that during Covid the EBITDA had been revised down which would have potentially breached the covenant, the bank had agreed to this although it was noted that the college had, in the end, exceeded its targets and the covenant had not been breached.</p> <p>Governors noted the very comprehensive nature of the report and thanked the Vice Principal Finance for her work.</p> <p>It was RESOLVED to recommend to the Board, the College as a going concern.</p> <p>It was RESOLVED to recommend to the Board that the College issue letters of financial support to ITS and Smartstyle up to July 2024.</p>
<p>A22/086</p>	<p>Agenda Item No 10: Audit Findings</p> <p>Abigail Smethurst and Axel Olingsberg presented the audit findings.</p> <p>It was noted that a final version would be presented to the board as they were still awaiting a few pieces of information. The fixed asset process had been significantly improved this year as had reporting for ITS and Smartstyle.</p>

	<p>Governors discussed the energy contract and how this would be reflected in the report. It was noted that the College had already reported the issue to the ESFA and the FE Commissioner and the process had been discussed and approved by the Board and Audit Committee throughout.</p> <p>It was RESOLVED to note the annual report and financial statements and recommend their approval to the Board.</p>
A22/087	<p>Agenda Item No 11: Audit Committee Annual Report</p> <p>The Clerk presented the annual report of the audit committee. It was <b>noted the report summarises the Committee's activities relating to the financial year under review and contains a statement of the Audit Committee's opinion on the level of internal controls operating</b> within the College. It had been updated to reflect amendments to the Post 16 ACOP. The main change this year was reporting attendance of audit committee members.</p> <p>The Clerk noted that the report would be updated once the financial statements were completed and a final version would be presented to the Board.</p> <p>It was RESOLVED to approve the report and recommend its approval to the Board.</p>
A22/088	<p>Agenda Item No 12: Funding Clawback Update</p> <p>The Vice Principal Funding and Performance presented an update on the Clawback risk as agreed at the meeting on October.</p> <p>It was RESOLVED to note the Funding Clawback Update.</p>
A22/089	<p>Agenda Item No 13: New Risk</p> <p>The Deputy Principal Development and Productivity noted that energy costs and the potential for energy blackouts had been identified as a potential risk and the College was currently considering mitigations via the performance review system and the health and safety committee and ensuring that any impact was minimal for learners.</p> <p>Governors discussed the implications and how the College was budgeting for potential future increases. It was noted that this would become a bigger risk in future years if the prices continue to rise. It was noted that the College did not plan to reduce opening hours.</p> <p>It was RESOLVED to note the New Risks.</p>

A22/090	<p>Agenda Item No. 14: Clerks Monitoring of Audit Recommendations</p> <p>The Clerk presented the Monitoring of Audit Recommendations report.</p> <p>It was noted that there was one outstanding recommendation in the external audit which was in progress and all other recommendations had been implemented.</p> <p>It was RESOLVED to note the Clerks Monitoring of Audit Recommendations report.</p>
A22/091	<p>Agenda Item No. 15: Any other business</p> <p>There was no other business.</p>
A22/092	<p>Agenda Item No. 16: Date and time of next meeting</p> <p>Tuesday 7 March 2023</p>

The meeting ended at 17:10

Signed **(Chair):** ..... **Dated:** .....