

## Annual Audit & Risk Committee Meeting (and Joint Corporation)

Minutes of the meeting held on Tuesday 28<sup>th</sup> November 2023  
5.00pm - 8.15pm Woodlands Campus.

### Present

Lucy Lee – Chair of A&R committee  
Barbara Hughes – Chair of Corporation  
Tony Lucas – Joint Vice Chair of Corporation  
Christine Abbott  
Paul Assinder – Joint Vice Chair of Corporation  
Mehak Farooque – FE Student Governor  
Rebecca Gater – Principal and Chief Executive  
Ravi Kumar  
Mehreen Mirza  
Amirun Nehar  
Cheryl Pidler  
Donna Poole – Staff Governor  
Harrison Thompson  
Sally Tomlinson

### In Attendance

Heather Hunt – Deputy Principal and CFO, Pete Haynes – Vice Principal HR & Student Services, Lee Jamieson – Vice Principal Quality & Curriculum, Nancy Buckley - Vice Principal Business Growth, Skills & Partnerships, Sam Bromwich – Director of Corporate Governance, Risk & Compliance. Tina Taylor – Senior Governance Officer (minute taker)  
Jonathan Brown – KPMG, Bethany Wheatcroft - KPMG

### Apologies

Tasleem Chaudary, Michael Burnett, Tony Worth, Geraldine Swanton, Sarah Horton-Walsh, Jo Moorcroft, Louise Tweedie - RSM

### Pre-Meeting with External Auditors

A brief meeting took place with members of the A&R committee and KPMG External Auditors prior to the meeting taking place. Apologies were received and accepted from Louise Tweedie – RSM who was unable to attend the meeting.

This meeting was not recorded, notes were taken and shared with the Director of Corporate Governance, Risk and Compliance.

### 1. Welcome and Apologies

The Chair of the A&R committee meeting welcomed everyone to the meeting. Apologies were received and accepted from Tasleem Chaudary, Michael Burnett, Tony Worth, Geraldine Swanton, Sarah Horton-Walsh, Jo Moorcroft and Louise Tweedie – RSM

### 2. Declarations of Interest

There were no items declared.

### **3. Minutes of the previous Audit & Risk committee meeting and Actions Report of 17<sup>th</sup> October 2023**

The previous minutes of the A&R committee meeting held on 17<sup>th</sup> October 2023 were circulated and **APPROVED**.

The actions were reviewed, and an update was provided.

### **4. Board Assurance Presentation**

The Director of Corporate Governance, Risk and Compliance presented the Board Assurance Presentation which highlighted the current top key risks, mitigation, board assurance, actions required and progress.

**Following a question**, the Deputy Principal and CFO confirmed turnstiles in the reception were something that the College was considering, and if agreed, it would require Corporation approval.

**A governor commented** that the presentation was positive and gave the committee assurance particularly in relation to the H&S staff/student forums which were in place.

**A governors sought clarification** of the risks detailed on the action plan regarding review of risks taking place prior to the risk audit taking place, and further clarification was required whether the risk audit should be reviewed at the Corporation in April 2024. The Director of Corporate Governance, Risk and Compliance explained the KPMG risk examples are presented to the A&R committee and the RSM example of emerging risks were being reviewed at the next Risk Management Group in January before being presented at the next A&R committee. If applicable, a recommendation would be submitted to the next available Corporation meeting.

### **5. Verbal Feedback from Financial Oversight Group (FoG) 16.11.2023**

In a change to the order of the agenda, this item was moved and discussed as item 5.

The Vice-Chair of the FoG confirmed that management accounts were reviewed at length and effective discussions took place. It was confirmed there were no concerns to be noted. A copy of the minutes will be circulated at the next meeting. **ACTION**

The Chair of the Corporation praised the team for their quick and effective response to queries which were raised prior to the meeting. The Vice-Chair of the Group thanked the team for their hard work.

### **6. Audit & Risk Committee Year End Audit Matters**

#### Letter of Representation

The representative from KPMG explained the letter outlined discussions which followed the audit of the financial statements for the year ending 31 July 2023. The letter of representation was **approved** by the Corporation members and should be signed by the Chair of the Corporation.

The following items were received by A&R committee for assurance and Corporation members were present.

#### Report to the Audit Committee

The representative from KPMG provided a detailed overview regarding the results of the audit of the financial statements as at and for the year ended 31 July 2023. He advised that the audit was not yet complete, and the report is provided on the basis that it is only information for the A&R committee, and that the going concern is an audit focus however it was not a concern.

**Following a governor question**, discussions took place regarding the volatility of pension accounting and the need to confirm assumptions. It was highlighted that when looking across other sectors it is even more volatile, and that pensions accounting is volatile and is something to be accepted.

**Following a governor's comment**, it was noted that the Corporation recognised the need for the recent change in pay percentage and encouraged the College to take steps to reduce the percentage to a maximum of 65% as soon as practicable. The Deputy Principal and CFO confirmed an activity was underway to achieve this.

The Chair commented she was pleased there were no great concerns within the report and gave thanks to the team for their hard work whilst maintaining a positive working relationship.

### Finance Update 2022-2023

The Deputy Principal and CFO presented the Finance presentation which detailed the key points:

- 2022/23 outturn against budget
- Income
- Pay Expenditure
- Non-pay Expenditure
- Movement in deficit compared to July PMR
- Financial KPI's
- Underlying Operating Position
- Income 2023/23 and 2024/25
- Going Concern

Governors were advised the College's going concern will maintain a category of "Good" financial health.

### Financial Statements and Members Report 2022/2023

The Financial Statements and Members Report 2022/2023 was received and **approved** by the Corporation members who were present at the A&R committee meeting.

### Confirmation of Going Concern Report

The report was received prior to the meeting and provided governors with an assessment of going concern.

The Director of Finance confirmed a loss of income or circa £850k was needed to require improvement. She advised that when doing the going concern they reviewed what the outcome would be if the college did not grow the number of apprentices in FE and how it would impact the outcome. **Following a question from a governor**, the Director of Finance gave clarification regarding the financial category which would require improvement and how the college would take action to mitigate it.

**Following a governor question** regarding how the change in ONS reclassification could affect the going concern status, the Director of Finance explained that it was raised particularly regarding the risk category in pensions, however it hasn't been considered.

With there being no further comments or questions, the Going Concern report was **approved** by the Corporation members during the A&R committee meeting.

### HE Data Assurance Report

The Deputy Principal and CFO summarised the report which provided assurance on the quality of data.

**A governor commented** on the efficiency income of staff costs and asked to clarify whether costs related to student numbers to previous year for the 16-18 student grant, which it did as the funding is lagged.

With there being no further comments or questions, the report was **noted**.

#### Key Performance Indicators and Value for Money – Annual Report

The Deputy Principal and CFO summarised the report which provided the Corporation with the outturn of the Key Performance Indicators and the Value for Money Report.

With there being no comments or questions, the Annual Value for Money Report was **approved** by the Corporation members during the A&R committee meeting.

#### Contributions Analysis 22/23

The confidential report provided an update to the Corporation on the actual contributions by faculty and school for 2022/2023. For the purpose of confidentiality, the report was not shared with the Staff and Student Governors.

The report was taken as read and **noted**.

#### Annual Report of the A&R committee 2022-2023

The Annual Report of the A&R committee 2022-23 was shared and provided a summary of the work undertaken by the committee during the year. This report included the Annual Risk Management Report 2022-23, Internal Auditors Annual Report 2022-23 and the final regularity audit questionnaire which forms the evidence base for the Regulatory Audit to Audit and Risk Committee.

The following items were **approved** and will be signed by the Chair of the A&R committee and the Principal and CEO:

1. Annual Report of the A&R committee for 2022/23
2. Risk Management Annual Report 2022-2023
3. Internal Auditors Annual Report 2022-2023
4. Regularity Audit Questionnaire

It was confirmed that item 7.2 within the Annual Report of the A&R committee 2022/23 had been resolved.

#### Internal Audit Progress report

The Internal Audit Progress Report November 2023 was circulated for information and **noted**.

### **7. Termly Health and Safety Reports**

The Health and Safety report was circulated for information, and provided a termly report covering accident statistics, activities that have taken place during the year to date and the outcome how the College has carried out its duty of care regarding Health and Safety.

The Deputy Principal and CFO advised that since the report was submitted there was an additional accident to be reported regarding a ceiling falling on a member of staff in the cubical toilet at Blossomfield campus. An update was given to the events which lead up to it and how the matter was being resolved.

With there being no comments or questions, the report was **noted**.

### **8. Confidential**

*KPMG left the meeting for this item.*

#### Additional Audit work

The report was shared for information and provided an update on additional work completed by the College's internal and external auditors and any ad hoc audits that have taken place at the College.

**A governor queried** how did the A&R committee review the deadlines and recommendations within the audit report. The Director of Corporate Governance, Risk and Compliance confirmed the report was tracked and followed up at the audit meeting at the end of the year.

**Following a governor question**, the Director of Corporate Governance, Risk and Compliance gave an explanation to how the internal audit findings related to the risk register, noting that one of the assurances is to present it to the A&R committee who are owners of it.

#### Internal Audit Performance Review

The Director of Corporate Governance, Risk and Compliance provided the background linked to the internal audit and why some audit scores were low. She drew the governor's attention to the paper which provided a summary review of the performance of the Internal Auditors for 2022/2023.

**A governor commented** on how much work the findings generated for staff and whether a reduced auditors fee should be considered. In-depth conversions took place regarding the value added by the auditors and the tender process the College followed for internal and external auditors.

#### **9. Any Other Business**

There were no items to be discussed.

#### **10. Future Dates**

A pre meeting with RSM to be arranged to include discussions linked to item 8 (fees). **ACTION**

*The Chair thanked everyone for their time and the meeting ended at 6.30pm.*



**Signed:**

**| Dated: 05.03.2024**