

Minutes of the Audit Committee meeting held on Monday 3rd March 2025 at 5pm via Microsoft Teams

Members Present: Liam Butler (Chair)
 Wendy Davies
 Tsitsi Madzingira (co-opted member)
 Liz Sithole

In Attendance: Gill Darwood (Director of Corporate Governance) (DCG)
 Louise Jones (Chief Finance Officer) (CFO)
 Diana Martin (Chief Executive & Principal) (CEP)
 Louise Tweedie (RSM)

Committee administrative matters

1 **Confirmation of quorum**

- 1.1 The Director of Corporate Governance (DCG) confirmed that the meeting was quorate.

2 **Apologies for absence**

- 2.1 Apologies for absence were received from Matt Collins, and from Jane Grimshaw and Craig Sullivan of Bishop Fleming.

3 **Declarations of interest**

- 3.1 There were no declarations of interest.

4 **Minutes of previous meeting held 25th November 2024**

- 4.1 The minutes of the meeting held on 25th November 2024 were accepted as an accurate record by members.

5 **Matters arising**

- 5.1 There were no matters arising.

Internal Audit Matters

6 **Internal auditors sector update - board assurance**

- 6.1 L Tweedie provided a presentation on board assurance including a toolkit which had been created primarily for the education sector. The presentation included:
- *Assurance Importance*: Board's responsibility to manage risk; Board Assurance Framework (BAF) is crucial.
 - *Audit Committee Role*: To assess and provide an opinion on the adequacy and effectiveness of assurance arrangements and framework of governance.
 - *Assurance Mapping*: Visual representation of assurance processes, identifying gaps, including a ten step approach to mapping, highlighting importance of proportionality.
 - *Approach*: Steps to develop and implement an assurance framework and reporting.
 - *Summary*: Understand risk profile and link assurances to risks.

6.2 Following her presentation, L Tweedie answered questions from members on points of detail relating to board assurance. She explained that whilst the College's approach to risk management had been assessed as strong practice, this represented an opportunity to further extend assurance mapping. She confirmed that it was not currently a mandated approach. The CFO noted that it may be an appropriate tool to use to provide a deeper assessment in relation to the College's three highest strategic risks and it was agreed that the CFO and CEP would bring back a proposal to the next meeting on how, and against which risks, this might be implemented.

6.3 **It was resolved** to note the presentation on board assurance.

7 **Internal Audit Update report**

7.1 L Tweedie introduced the Internal Audit Progress Report which included the report on Student experience – 16-18 bursaries. As this was a compliance audit against ESFA funding rules, no level of assurance was provided. Two recommendations were made: one low priority action to include the agreed level of required attendance within the financial support policy and the availability of free meals to supported internships, and one high priority action to include the requirement to request/retain evidence of the use of funds, within the policy. Management had agreed with both recommendations and had actioned the points raised.

7.2 L Tweedie and the CFO provided further clarification in relation to questions from members, explaining that any bursary funding could be carried forward for a maximum of one year but could then be reclaimed by ESFA, therefore the College made every effort to ensure that funds were utilised appropriately. Funding utilisation was looked at each year as part of the external audit process.

7.3 The reports following the capital project controls and learner number systems were currently being finalised and would be presented to the next audit committee. The remaining three internal audits for the year were scheduled for March and April so that they would be finalised prior to the summer meeting.

7.4 **It was resolved** to note the internal audit progress report.

8 **Rolling schedule of audit recommendations**

8.1 The CFO presented the report which provided details of the progress made in implementing the recommendations agreed in the audit reports submitted by internal audit. The report identified those recommendations that were completed, remained in progress or were subject to delay.

8.2 Progress had been made since the last report with one recommendation implemented and two recommendations added from the Student Experience Framework: 16 to 18 Bursaries audit. There were 12 recommendations being implemented or not yet due.

8.3 Four actions were now showing as subject to delay and further discussion took place on these to ascertain the reasons for delays, current progress and likely completion timescales. All four overdue actions were receiving regular scrutiny to ensure good progress was made for the next report to Audit Committee.

- 8.4 In response to a question from W Davies relating to RSM's view of the delays in implementing these actions, L Tweedie advised that it was important to ensure that actions remained relevant and applicable, and advised that outstanding actions were reviewed by the follow up audit each year.
- 8.5 The CEP advised that, in relation to actions on work experience, the College's focus had been on T Level placements and other areas had consequently taken a lower priority but those where work experience was an essential component had strong processes in place for monitoring.
- 8.6 **It was resolved** to note the rolling schedule of audit recommendations.
- 9 **Internal auditors' annual benchmarking report 2023/24**
- 9.1 L Tweedie presented a report providing benchmarking data on the work done by RSM in 2023/24 with the College compared to other education clients. The key points were noted as:
- In 2023/24 RSM issued one substantial assurance report and three reasonable assurance reports. This ratio of 25:75 changed from 60:40 in the prior year. There were no reports with partial or minimal assurance. This compared to the general FE sector mix of 40:42:15:3 (substantial, reasonable, partial, minimal).
 - The average number of management actions agreed at each internal audit assignment remained at a similar level except low priority actions which increased from 1 to 2. This profile was very much in line with the profile of average number of management actions across the general FE sector.
 - An overview of high priority management actions agreed across RSM's client base summarised by key themes.
 - A trend towards amber/green ratings for the College, but this was based on a smaller number of reviews than previous years.
 - The College had had the same annual audit opinion over the last three years, in line with 70% of further education clients, in that the College had an adequate and effective framework for risk management, governance and internal control, however further enhancements could be made to ensure that it remained adequate and effective.
- 9.2 L Tweedie noted that the aim of internal audit was not necessarily to always achieve green ratings, but to provide the College with constructive feedback and identify meaningful areas for improvement.
- 9.3 **It was resolved** to note the internal auditors' annual benchmarking report for 2023/24.

Risk Management Matters

- 10 **Risk Management Spring Term Report**
- 10.1 The CFO presented the risk management report, advising that the risk register had been thoroughly reviewed by the Senior Leadership Group (SLG) who had taken the opportunity to allocate risks and actions to the newly appointed senior roles, where appropriate. There had been no changes to risk appetite, gross risk or net risk scores as a result of the review.

- 10.2 Since the last report a number of actions had been completed however members were asked to note that some were now subject to delay. There were some risks where external influences were impacting on how the College was mitigating these risks, and a number of changes had occurred since the publication of the report.
- The plan for Alternative Provision was improving as schools and the local authority were now commissioning more places – this risk remained under review to minimise any financial impact.
 - The College continued to work with partners on the delivery of Health Innovation Dudley. A detailed report would be presented to the forthcoming Finance and Estates Committee which showed positive progress and some reduction in the risk score. Agreement between the three parties had now been achieved and the risk continued to be carefully managed.
 - Level 2 and 3 qualification reform continued to cause uncertainty. The College had received some communication from DfE regarding the continuation of Level 3 qualifications in the medium term, but was putting in place its own framework to ensure students were able to progress effectively to their desired career options. This model has been picked up by other colleges as it ensured that students were well informed of their level of study and progression route. The CEP reminded members that the model had been shared at the Corporation development day last year. She confirmed that all students, parents, schools and careers leaders had been very positive about the new progression pathway approach.
 - The delivery of the work experience strategy was multi-faceted in that actions were being delivered by different teams. As discussed at item 8, some of these were subject to delay and this risk continued to be a key focus of the team. The CEP suggested that this might be an area for trialling the board assurance framework as discussed under item 6.
 - There was some delay in training for budget holders. Curriculum managers had attended training in the autumn term and as staffing in the finance team stabilised in March this would be rolled out to all managers alongside training on the new procurement policy.

10.3 **It was resolved** to recommend the risk register update to the Corporation.

11 **Any Other Business**

11.1 There were no matters of other business.

12 **Date of next meeting**

12.1 The next meeting of the committee was scheduled to take place on 9th June 2025.

L Tweedie left the meeting.

13 **Confidential - External Auditors' Performance**

This matter is the subject of a separate confidential minute.

The meeting closed at 17.53 hours.

Approved by committee members at the meeting held on 9th June 2025.