

**SANDWELL COLLEGE**

**Minutes of the Audit Committee meeting held on**  
**Tuesday 21 November 2023, 8.00am**

Present: T Sharma Independent Governor (Chair)  
M Ashford Independent Governor  
J Tew Independent Governor

In attendance: K Gentles RSM (agenda items 1-8.3 only)  
D Holden Vice Principal, Curriculum  
R Pickup Exec Director, Finance and Resources  
S McKay MacIntyre Hudson  
E Scotford Clerk to the Corporation  
L Tweedie RSM (agenda items 1-7 and 8.4 only)

		<b>Action</b>
U23.30	<b><u>Apologies</u></b>	
	There were no apologies. The Vice Principal, Curriculum, was in attendance.  The Chair thanked the Clerk and the Co Vice Chair for all their hard work on behalf of the Corporation and the College at this time.	
U23.31	<b><u>Declarations of Interest</u></b>	
	There were no declarations of interest.	
U23.32	<b><u>Minutes of previous meeting held on 20 June 2023</u></b>	
	RESOLVED THAT: Governors approved the minutes of the previous meeting held on 20 June 2023 for signing by the Chair.	
U23.33	<b><u>Matters Arising</u></b>	
33.1	Minute No. U23.18.1 – process to manage pay costs – there was a robust process in place but the Exec Director, Finance & Resources, would pick up next term with the auditors to discuss if there were any other areas of best practice which might be incorporated - the Exec Director, Finance & Resources, confirmed that pay costs were looking healthy, if they were normalised, i.e. by taking out pay awards the position was just £15k different to last year, i.e. 0.03%. Given the increase in student numbers, the College’s focus was on recruitment rather than reduction in staff numbers to meet curriculum need. Any additional posts were considered on a case by case basis.  Governors were content there were adequate systems in place to ensure an appropriate staff balance across the College and that pay costs were managed well.	
33.2	Minute No. U23.18.2 – Health & Safety audit – confirmation sought that there was a system of signing off of weekly fire checks to provide assurance they were being completed – the Vice Principal, Curriculum confirmed they were and he, the Estates Manager and the Health & Safety Manager had conducted a fire inspection of each college site before October half term. Fire drills were also carried out at all sites. All were compliant.	

33.3	<p>Minute No. U23.18.4 – confirmation sought that the College was insured for purchase ledger and employee fraud – the Exec Director, Finance &amp; Resources had sought advice and explained that the insurers base cover was at low level for low level fraud. The College would not claim against its insurance if there were any cases as the subsequent increase in premiums would exceed the amounts claimed. Consideration was also given as to whether to take out additional insurance for higher level amounts. Again, this was not common amongst other colleges but it could be considered in future.</p> <p>Governors pointed out that with the number of significant capital projects in train there was an increased risk of a large payment being made to the wrong company but were satisfied that the College would review this cover when it next reviewed its insurance.</p>	
33.4	<p>Minute No. U23.18.6 – overall Risk Management, Business Continuity, Disaster Recovery Plan to be brought to the next meeting – deferred to the next meeting. Clerk to note for agenda. Decision taken that this meeting should focus on the year-end accounts and it would be sensible to defer this item to the next meeting.</p> <p>Governors asked if the Plan was complete and, if not, when would it be.</p> <p>The Exec Director, Finance &amp; Resources, advised that an overarching plan was complete. The IT team were reviewing individual plans with each curriculum area and updating their plans under the main IT plan. This was about two thirds complete with the remaining third being basic issues.</p>	RP Clerk
33.5	<p>Minute No. U23.18.7 - IT manager to be invited to next meeting to present the final version of the Disaster Recovery Plan – deferred to next meeting. Clerk to note for agenda. Decision taken that this meeting should focus on the year-end accounts and it would be sensible to defer this item to the next meeting.</p>	RP Clerk
33.6	<p>Minute No. U23.18.8 - Committee Chair to speak individually to the IAS and FSA as part of his induction as Committee Chair – outstanding, work in progress.</p>	
33.7	<p>Minute No. U23.19.3.3 – Business Continuity Process Internal Audit Report - RSM to include the responsible owner and date in the first action in the report – actioned.</p>	
33.8	<p>Minute No. U23.2 – Health &amp; Safety update – the College agreed to check the number of building defects reported as the 130 reported looked high – outstanding, the Exec Director, Finance &amp; Resources, to follow up. The Vice Principal, Curriculum, advised that work was in place to increase the number of classes at Bennetts Hill and he had conducted and signed off the defects check before half term.</p>	RP
U23.34	<b><u>Internal Audit Reports 2022/23</u></b>	
34.1	<b>Governance and Risk Management Arrangements 4.22.23</b>	
34.1.1	<p>There were 3 Medium and one Low management actions. There had been 2 additional Lows relating to job descriptions and DBSs which were now resolved and removed as evidence had been provided.</p>	

34.1.2	Remaining governance actions related to presentation of self-assessment against the AoC Code of Good Governance to the Board and adoption of the new version of the Code.	
34.1.3	<p>A Medium priority related to developing the College's Environmental Strategy.</p> <p>Discussion took place on the current position. A Sustainability Committee had been set up and was collating the existing environmental and sustainability activity in college. John Tew, as Chair of Search &amp; Governance Committee, would lead from a governance perspective and would liaise with the internal college team to help set in motion work to develop an overarching Environmental Strategy and Policy.</p> <p>Governors asked if the completion date of January 2024 was realistic.</p> <p>The College advised that the work to develop a whole college approach would take time but gave reassurance on the steps which were already in place. An update would be given to the next meeting.</p>	JT/RP
34.1.4	The management actions relating to risk management were discussed. The format of the Risk Register was being revised as a result.	
34.1.5	Overall, the audit resulted in a Reasonable Assurance, a positive assurance at Amber/Green.	
34.2	<b>Key Financial Controls Creditors 5.22.23</b>	
34.2.1	Key Financial Controls Creditors and accounts payable systems had been audited including follow up on the previous year's finance audit. The audit resulted in a positive Amber/Green rating with 4 Medium and 12 Low management actions. The Medium rated management actions were discussed in detail and related mainly to ensuring standardised controls and procedures were in place and followed consistently.	
34.2.2	<p>Governors asked if the volume of recommendations for this area was typical as it seemed high.</p> <p>The IAS agreed it was not typical and not typical for the College but they were mainly minor. A number related to purchasing, a common area for such issues, and were in connection with budget holders carefully following processes and procedures.</p> <p>Governors took assurance that the recommendations were generally low, minor issues.</p>	
34.2.3	<p>Governors asked if the Exec Director, Finance &amp; Resources, was satisfied with the suggested dates for improvement.</p> <p>The Exec Director, Finance &amp; Resources, confirmed that he had suggested the dates. The general view was that many of the issues had arisen before he took up his role and because of a number of recent staffing changes in the Finance team. There was a re-emphasis on the processes. Systems and processes were in place and the issues would be resolved as staff settled into and fully understood their roles.</p> <p>The Exec Director, Finance &amp; Resources, advised he did not agree with the recommendation that 2 staff members should take verification and explained how he believed this would increase the risk of fraud. This action was therefore removed from the final report.</p>	

	<p>Governors asked how recommended actions not agreed by management and not included in the final report could be captured and highlighted to the Committee.</p> <p>The IAS advised that this point was a difference of view. The action still included would provide a robust control framework.</p>	
34.3	<b>Follow Up 6.22.23</b>	
34.3.1	<p>Governors monitored the Follow Up report. The IAS had followed up 13 management actions: 4 had been implemented; implementation was ongoing for 4; 1 was not implemented; 1 was superseded; 5 were closed; 4 were work in progress with evidence provided; one was not implemented; evidence was not provided for 3 at the time of their work.</p> <p>The Exec Director, Finance &amp; Resources, pointed out that the actions relating to GDPR and Learner Numbers were now complete but had been affected by the absence of the responsible owner who had now returned to work. This had resulted in the slightly negative outcome this year. The final report would be updated to reflect that they were now complete.</p> <p>Governors noted that the actions relating to student inductions could not have been addressed any earlier than the first term of the academic year which was induction related.</p>	LT
34.3.2	<p>Governors were concerned that only 4 of 13 (40%) management actions had been implemented and asked if this was acceptable.</p> <p>The IAS stated that, with the recent completion of 3 more management actions, when the evidence was provided, it would take the total to 7 of 13, i.e. more than half were now addressed which would move the rating to Reasonable.</p>	
34.3.3	The College provided assurance about ongoing phishing training: annual staff training was currently taking place. Evidence of this mandatory training would be provided to the IAS.	
34.3.4	Updated report to be reissued via the Clerk.	LT/Clerk
34.4	<b>Progress Report</b>	
34.4.1	Verbal update provided.	
34.4.2	The Prevent internal audit had been deferred as the responsible officer was off sick. The rest of the work scheduled in the IT audit would take place as planned. The Learner Numbers Key Financial Controls Income and Debtors audit was proposed for March 2024 along with this year's follow up.	
34.4.3	<p>Governors asked if learner numbers differed to the ILR audit.</p> <p>The IAS explained it was part of it as they were different funding streams.</p>	
34.4.4	<p>Governors pointed out there was a final audit yet to be agreed.</p> <p>The IAS advised that, even without adding a further audit, there was enough included in the Plan for them to provide an annual opinion. The College explained that the suggestion of an apprenticeships or quality audit had been considered but it was believed to be too close to the Ofsted inspection to focus on those areas yet and they would benefit from</p>	

	being audited next year instead. The preference was to use the time for an audit of teacher training bursaries that was required as part of the funding. The College advised that it could buy more days' audit time if an issue arose during the remainder of the year which needed attention.	
34.4.5	In response to a Governor's suggestion that capital expenditure should be audited, the IAS explained that this had taken place relatively recently in 2021/22 and would be sensible to revisit in 2024/25.  Governors received additional assurance that the Finance & Strategy Committee's remit covered in depth monitoring of capital projects.	
34.4.6	Progress report to be sent to the Exec Director, Finance & Resources, for onward circulation to Governors via the Clerk.	RP Clerk
34.4.7	RESOLVED THAT: Governors received the internal audit reports.	
	LT left the meeting	
U23.35	<b><u>Value For Money</u></b>	
35.1	Areas reviewed for value for money assurance this year were considered, along with the plan for 2023/24. Treasury management was to be included but work on this had already started and the benefits were being realised.	
35.2	Governors received and acknowledged the value for money plan for 2023/24.	
35.3	RESOLVED THAT: Governors received the Value For Money report 2022/23.	
U23.36	<b><u>Health &amp; Safety update</u></b>	
36.1	Governors monitored the health and safety update. All checks had been completed and were up to date. All fire doors had been replaced. Fire drills had been carried out. There were no areas of significance to highlight.	
36.2	Governors asked for an update on the Phoenix Street site, noting that access to the main building was now prohibited.  The College explained that it was currently unsafe and highlighted the work needed: part of the floor had collapsed; some of the main areas had asbestos which was not a problem in its current state but if any work was needed it would be costly to remove. It was no longer a viable area or location so had been mothballed. Only the outside space was in use now.	
36.3	Governors asked how the Health & Safety team reviewed risk assessments with managers.  The College advised they were completed annually and when a new area came on stream. The Health & Safety Manager spent time at each campus.	
36.4	Governors thanked the College for the comprehensive report.	
36.5	RESOLVED THAT: Governors received the health and safety update.	

U23.37	<b><u>Financial Year-end 2022/23</u></b>	
37.1	<b>Regularity Audit Self-Assessment Questionnaire 2022/23</b>	
37.1.1	The additional questions included this year following the ONS reclassification were highlighted. The rest of the report remained similar to previous years as a result of limited changes to provide consistency and continuity.	
37.1.2	RESOLVED THAT: Governors considered the Regularity Audit Self-Assessment Questionnaire and would recommend it to the Board for approval.	
37.2	<b>Financial Statements and Regularity Audit</b>	
37.2.1	<b>Audit Findings Report 2022/23</b>	
37.2.1.1	Additional work had been necessary this year following the ONS reclassification. The audit had been affected by sickness absence in both the FSA and college teams as well as the handover from the Finance team which could have gone smoother - this had led to minor delays.	
37.2.1.2	Some issues had been resolved since the report was written but overall there was no change to matters arising from the audit and there were no major issues to highlight to Governors. The suspected frauds had been externally investigated and additional management controls put in place.	
37.2.1.3	A couple of points remained to be completed in the regularity audit but there were no points of concern. The Financial Handbook was due out for consultation but there might not be much movement and no new rules, just qualification around the old rules. Severance pay rules would need to be closely followed to ensure compliance as there was a difference between permission and disclosure levels.	
37.2.1.4	The Regularity Audit was acceptable for this year but next year it would be helpful to outline how the Managing Public Money (MPM) changes had been interwoven into policies and procedures.	
37.2.1.5	The FSA were satisfied that the College remained a going concern.	
37.2.1.6	The FSA pointed out they were content the College was following up with the Land Registry on updating the Engineering Centre purchase.	
37.2.1.7	Explanation given of the current status of the pension scheme and how the asset position of £5.624 million should be treated to meet accounting standards.	
37.2.1.8	The Audit status should result in an Unqualified opinion.	
37.2.1.9	The ILR had not been followed up due to the absence of the College's responsible officer so would be followed up next year.	
37.2.1.10	The FSA acknowledged there had been a number of changes in Finance personnel this year so appropriate handover procedures were important to minimise risk to the College.	
37.2.1.11	Sector updates were noted.	

37.2.1.12	<p>Governors referred to the Internal Audit Report's findings relating to finance procedures and asked if the FSA were happy with the College's data security.</p> <p>The Exec Director, Finance &amp; Resources, confirmed that this would be continually emphasised and highlighted in training to staff but there was a need to be mindful not to overload messages and restrict operation. The circumstances of a wrongly directed email were explained and the action taken which had ensured that the email was retrieved and not accessed.</p>	
37.2.1.13	Governors thanked the FSA for a thorough report.	
37.2.2	<b>Letter of representation</b>	
	The FSA confirmed this was their standard letter.	
37.2.3	<b>Regularity Engagement Letter</b>	
	The FSA confirmed this was their standard letter.	
37.2.4	<b>Letter of Engagement for Teachers Pension</b>	
	There were no changes and the 2022 letter stood.	
37.2.5	<b>Audit Engagement Letter</b>	
	The FSA confirmed this was their standard letter.	
37.2.6	RESOLVED THAT: Governors received and would recommend to the Board for approval the Audit Findings Report 2022/23, the Letter of Representation, the Regularity Engagement Letter, the Letter of Engagement for Teachers pension, and the Audit Engagement letter.	
37.3	<b>Going Concern</b>	
37.3.1	The College continued to be in a strong financial position, with a good surplus, and its plans for the next 2 years had been confirmed. The ESFA had confirmed the College's financial rating continued to be Outstanding.	
37.3.2	Revised report to be circulated to Governors via the Clerk including the corrected cashflow graph. The cash position was better than stated in the paper and the Exec Director, Finance & Resources, ran through an updated chart on screen. Cash would increase in March 2024 due to the £5.1 million due for FECTF.	RP Clerk
37.3.3	RESOLVED THAT: Governors noted that the College remained a going concern.	
37.4	<b>Internal Audit Annual Report 2022/23</b>	
37.4.1	The final report would be produced to include recent updates but it would receive an Amber/Green assurance opinion. This was the second of 4 levels of assurance which was consistent with around 75% of FE colleges. This was a positive outcome from the audit work and the overall result was positive.	

	In response to a Governor's question, the IAS advised that Green rated colleges tended to be sixth forms rather than FE colleges as they were smaller organisations, with simpler funding streams.	
37.4.2	RESOLVED THAT: Governors would recommend the Internal Audit Annual Report 2022/23 to the Board for approval.	
37.5	<b>ISA 240 self-assessment questionnaire – update</b>	
37.5.1	Governors asked why this was presented for their attention.  The FSA explained that the ISA 240 was a self-assessment requirement on which Governors should receive assurance.	
37.5.2	RESOLVED THAT: Governors noted the ISA 240 Self-Assessment Questionnaire.	
37.6	<b>ISA 540</b>	
37.6.1	Governors asked why this was presented for their attention.  The Exec Director, Finance & Resources, explained that the ISA 540 was to be clear on any changes that had been made to accounting treatment within the accounts.	
37.6.2	RESOLVED THAT: Governors noted the ISA 540.	
37.7	<b>Reconciliation of Period 12 management accounts (July 2023) to the financial statements 2022/23</b>	
	RESOLVED THAT: Governors received and noted the Reconciliation of Period 12 Management Accounts (July 2023) to the Financial Statements 2022/23 and noted the very limited movements there had been to the position.	
	KG left the meeting	
37.8	<b>Members Report and Financial Statements 2022/23</b>	
37.8.1	Further to the earlier discussions and explanations of key points, Governors noted the Members Report and Financial Statements 2022/23 which presented a positive picture of the organisation and its continued growth.	
37.8.2	RESOLVED THAT: Governors would recommend the Members Report and Financial Statements 2022/23 to the Board for approval.	
37.9	<b>Draft Annual Report of the Audit Committee to Board of Governors and the Accounting Officer 2022/23</b>	
	RESOLVED THAT: Governors approved the draft Annual Report of the Audit Committee.	
37.10	Governors thanked the FSA for their hard work.	
U23.38	<b><u>Risk Register</u></b>	
38.1	Verbal update given on the Risk Register, the format of which was in the process of being revised and updated, following recommendations from	



	the IAS audit, and now included target scores, next steps and committee/person responsible. The latest format of the Finance & Strategy Committee's areas of responsibilities had been trialled at its November meeting and had been well received, with Governors favouring the new format. Other committees' versions would be updated to ensure they were in a consistent format, with the full Risk Register being presented to the Board meeting.	
38.2	Governors were reminded that the Audit Committee had overarching responsibility for the risk management framework and advising the Board and therefore had oversight of the Risk Register process. Each committee included appropriate expertise to review their areas of risk in detail.	
38.3	RESOLVED THAT: Governors monitored and noted the verbal update on the Risk Register.	
	SM left the meeting	
	<b>CONFIDENTIAL SESSION</b>	
U23.39 NFP	<b><u>Performance of Internal Auditors and Financial Statements Auditors 2022/23</u></b>	
U23.40	<b><u>Any Other Business</u></b>	
23.40 NFP	<b><u>Reappointment of IAS</u></b>	
U23.41	<b><u>Determination of Confidential Items</u></b>	
	<b>Minute No. 23.40</b>	
U23.42	<b><u>Date and Time of Next Meeting</u></b> <b>Tuesday 20 February 2024, 8.00am</b>	
	Meeting attendees would be surveyed in due course to check if meeting times and venue (online) remained their preference.	

The meeting ended at 10.00am