**AUDIT COMMITTEE**

**Minutes of the meeting held on Monday 22 January 2024 at 4.00pm in the IT Suite**

**Present:** Lucille Knapp Governor Chair

Andy MacCaig Governor

Craig Ablett Governor

**In attendance:** Corrie Harris Principal/CEO

Alicia Bruce COO

Susan Brook Internal Auditor – Wylie & Bisset Via Teams

Graham Gillespie Internal Auditor – Wylie & Bisset Via Teams

Helen Knowles External Auditor

* Beever & Struthers

Catherine Duro Head of Governance (Clerk)

**SECTON A.1 – ROUTINE AND STANDING ITEMS:**

**24/01 Apologies for absence (Agenda item 1)**

Apologies were received from Helen King.

**24/02 Declarations of interest (Agenda item 2)**

There were no declarations of interest.

**24/03 Minutes of the last meeting (Agenda item 3, Paper A)**

The minutes of the meeting held on **18th September 2023** had been circulated previously and were **approved** as a true and accurate record.

**24/04 Actions outstanding (Agenda item 4, Paper B)**

The outstanding actions were reviewed.

The Committee firmly recommended that the college complete the recommended scope 1 and scope 2 returns to demonstrate its commitment to sustainability.

The Committee were confident that the ED for Skills and Business Development was able to fulfil the action to maximise opportunities without a 3rd party review. This action was closed.

The delays in the payroll audit actions were understood, the action remained open.

**24/05 Matters Arising**

There were no further actions arising.

**SECTION B – GOVERNANCE:**

**24/06 Audit Self-Assessment Questionnaire (Agenda Item 5a, Paper C)**

The Regularity Audit Self-Assessment Questionnaire was taken as read. Questions were invited. The completed questionnaire was received with thanks.

**Resolved;** that the regularity questionnaire be recommended to the board for approval.

**24/07 Audit Committee Annual Report (Agenda Item 5B, Paper C)**

The Audit Committee Annual Report was agreed to be accurate and received with thanks.

**Resolved,** that the Audit Committee Annual Report be **approved** for signing**.**

**24/08 Board Assurance Framework Report (Agenda Item 6, Paper D)**

The Board Assurance Framework Report was received with thanks as a comprehensive review.

**24/09 Conflict of Interest Review (Agenda Item 7, Paper E)**

The Committee were grateful for the thorough approach that had been taken in assessing the potential conflict of interest.

As had been reviewed by correspondence, to ensure a timely review, the committee were satisfied that there was no material conflict. Governors were pleased to hear of the positive outcomes and strong relationships being established with the employer, a specialist in sustainability and with the jobcentre and DWP, who collectively, through the SWAP programme had secured meaningful employment for people,

**SECTION C – CHIEF OPERATING OFFICER UPDATE:**

**24/10 Annual Risk Management Report (Agenda Item 8, Paper F)**

The Risk Management Report was received. It was explained to the Committee how the risks were being managed by the new senior leadership team structure, and with an improved process and document management through a SharePoint workflow system, which also gave live visibility to governors through the shared link.

It was understood that some risks would be closed after the refinancing had been completed. Details of the refinancing deal were shared with the committee.

There was unanimous agreement that an overhaul of the risk register was needed. It was asked that this be the focus of the next governor development day. All agreed an external facilitator was needed to facilitate this. The auditors would be approached to provide this. **(Action CD)**

**24/11 Internal Audit Action Tracker (Agenda Item 9, Paper G)**

The Internal Audit Tracker report was reviewed. An update was given on the actions not yet complete. The Committee supported the move to the IT improvement actions agreed with the independent IT Consultants review and development plan as a thorough response to the IT audit issues highlighted. As it replaces those, those actions have been removed.

**SECTION D – External Auditor Update**

**24/12 Audit Highlights Memorandum and Management Letter (Agenda Item 10, Paper H)**

The External Audit partner brought the committees attention to the key points contained within the Audit highlights report and management letter, which had been circulated.

The Committee was informed that work was substantially complete, and auditors were making good progress on outstanding items. The Auditors anticipated issuing an unqualified opinion.

Attention was brought to a couple of matters regarding work undertaken on audit issues which had been identified in the audit plan.

Going concern was reviewed deeply against future forecasts and refinancing, with an additional focus. Subject to the receipt of the bank letter the auditors confirmed they were satisfied to confirm the college as a going concern.

Attention was also brought to the working terms of the pensions, in particularly the LGPS, which was unusually in an asset position. It was explained to the governors that it must be accounted for under FS102 regulations so can only be recognised on the balance sheet if it is recoverable, therefore cannot be recognised on the balance sheet this year.

Just one adjustment had been corrected, which was brought to the committee’s attention. No unadjusted misstatements had arisen from the audit work.

Followed up on matters highlighted last year and assured there are no ongoing issues.

ESFA are comfortable with a draft letter.

**Resolved** that the Audit Highlights Memorandum and Letter of Representation be recommended to the Board for **approval.**

**SECTION E –INTERNAL AUDITOR UPDATE:**

**24/13 Internal Audit Update Report (Agenda Item 11)**

Th internal auditors advised that one audit had been postponed whilst the college awaited the results of an ESFA audit. A further update would be given at the next meeting in March, when it could be agreed if this audit should be revisited in more detail, or an alternative audit area proposed.

**SECTION F – HEALTH AND SAFETY**

**24/14 Health and Safety Report (Agenda Item 12, Paper I)**

The Health and Safety Report was received.

Governors congratulated the college team on 91% of students saying that they feel safe. They were reassured that the presence of security on site had been received so positively.

A governor asked what happened if students had drugs on site. It was explained this was managed on a case-by-case basis. There are processes in place, the head of school and Vice-Principal will undertake disciplinary action as appropriate. A number of staff were trained to do searches, a strong message of zero tolerance had been enforced early in the year by sniffer dogs and a knife arch.

A governor challenged the lack of a mention of FADIC, asking if this was not a high-risk area with ovens etc? Queried lack of comment is it underreported or actually very safe.

There was a discussion about the ratio of reporting and incidents in each area compared to student numbers. The reporting of this data would be considered. **(Action)**

**24/15 Health and Safety Link Governor update (Agenda Item 13)**

The Health and Safety Link governor shared feedback from meetings he had attended, and agreed with what was reported.

It was recommended that the college should be putting itself forward for H&S awards, as is a very safe college. Something for the new Head of Innovation and Growth to look for**. (Action)**

**SECTION G - POLICY**

**24/16 Anti-Fraud and Bribery Policy (Agenda Item 14a, Paper J)**

The Anti-Fraud and Bribery Policy was received. The Committee was informed that there were no major changes.

Confidence was given in the management of this through the introduction of training for all staff.

**Resolved** that the policy be **recommended** to the Board for approval.

**24/17 Freedom of Speech Policy (Agenda Item 14b, Paper K)**

The reviewed Freedom of Speech Policy was received. No changes had been needed since the last review.

**Resolved** that the policy be **approved.**

**SECTION E – Closing Items**

**24/18 Any other business (Agenda item 15)**

No other business was discussed.

**24/19 Impact of Governance (Agenda Item 16)**

Remained open and proactive regarding approach to risk.

Reassured by audit reports, confirmed what governors believe.

**24/20 Date of next meeting (Agenda item 17)**

Monday, 25th March 2024 at 4.00 pm.

**Moulton College Financial Statements 2022/23**

The Finance and Resources Committee joined the meeting for a shared receipt of the accounts.

The Finance Director began by explaining why the accounts were later than usual. The Committee received the draft accounts, which were complete and had been reviewed by the external auditors.

The highlights were shared, including the £0.3m surplus, better than forecast in the budget. A clawback on a grant was also explained. The use of the small surplus generated for investment in capital was shared.

The Finance Director explained that a challenge we have managed to overcome this year was regarding the finance costs, which have been £1.4m with the increasing interest rates. Government refinancing will be the same interest rate but with a repayment holiday, enabling greater investment in the college.

The changes in the two pension schemes, LGPS and TPS, were explained. Governors understood that every three years the actuaries valued the pension scheme and ours has gone into surplus, but due to accounting treatments this was not carried into the balance sheet.

The provided ESFA financial records forms part of the suite of reports. was explained to governors how the financial health score is calculated and what it means to the college.

It was shared with the governors that the college notice to improve said we only need one year of ‘RI’ to be out of intervention. This was debated at the last review meeting with the ESFA. It was expected that we would be moved to PIMS, Post Intervention Monitoring, so we should not be receiving another financial intervention letter. This was very positive news for the college.

The Management accounts will also track the ESFA rating. The accounts haven’t moved significantly from the period 12 accounts that were presented to the Finance and Resources Committee. This was **recognised** as important to uphold the integrity and reliability of the management accounts.

A query was raised around the narrative about the return to public sector. Clarification was provided, and confirmation that this was standard wording for all colleges this year.

A governor asked if we were expecting to be able to sign these off by the end of the month.

It was confirmed that the Board would be asked to sign off accounts on Thursday. The External Auditors were awaiting confirmation from the bank regarding the refinancing and would then be able to sign off the accounts. A draft had been seen and no issues were expected. If there was any change other than this after Thursday governors would be made aware immediately for consideration and approval.

**Resolved** that the accounts be recommended to the Board for **approval.**

Meeting closed at 5.25pm