

## Minutes of the Audit Committee Meeting Held at 4.30pm on 17 June 2025

Present: Ashley Cullen (Microsoft Teams), Shirley Nellthorpe and Pauline Tiller (chair)

Apologies: Prue Amner

In Attendance:	Mike Cheetham	RSM (internal auditors)
	Chris Mantel	Alliotts (external auditors)
	Matt Phelps	Deputy Principal Curriculum & Quality (Min. 243)
	Paola Schweitzer	Director of Governance
	Maria Vetrone	COO

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### Minutes

#### 238 Attendance and Participation

Prue Amner sent her apologies.

#### 239 Declarations of Interest

There were no declarations of interest.

#### 240 Minutes

The minutes and confidential minutes from the meeting on 25 February 2025 were **Agreed** as correct records.

#### 241 Matters Arising

Governors **Noted** that all matters arising had been completed. Pauline asked that the date was added to the first confidential matters arising.

#### 242 Training: Regularity, Alliotts

Chris gave a presentation on regularity including governors' and reporting accountant's responsibilities, use of funds, propriety and reporting. The reporting accountant was required to review and report on the statement of regularity, propriety and compliance and to give a limited assurance conclusion. Pauline asked how governors would know if the College had undertaken any novel, contentious and repercussive transactions. Maria responded that only expenditure agreed in the budget was authorised and gave the recent example of collaborating with Bath College, which was outside the budget and had therefore been brought to Corporation for consideration. Chris noted that often these matters were signed off at the last minute and that there was a new responsibility to not set precedents for the sector. Paola stated that S&G Committee would consider compliance

against recommendations following Weston College's intervention and that the report would be brought to Corporation.

#### **243 FE Advisor Active Support Visit: Apprenticeships (paper 790/25/A)**

In November 2024 Ofsted judged the majority of College provision as *Good*, with Apprenticeship provision *Requires Improvement*. Inspectors noted that remedial actions were in place but the pace of improvement was too slow. The College had engaged apprenticeship specialists to make recommendations to support the quickening of the pace of improvement. They concluded that actions had resulted in improvements but there were still several areas for improvement relating to leadership and management and the effectiveness and efficiency of the curriculum.

Matt confirmed that L&Q Committee would consider the recommendations in greater depth but as apprenticeships represented one of the College's biggest risks, it was important Audit Committee had sight of the report. Pauline asked that the recommendations were integrated into outstanding audit recommendations follow up. Matt confirmed that a Curriculum Efficiency & Financial Sustainability Support (CEFFS) review would be undertaken by FEC in the near future (as per the recommendation) and that the advisors would return shortly to assess progress made. Shirley noted that the report didn't refer to employers/stakeholders or how provision aligned to the LSIP. Matt responded that this was not an area of focus but Ofsted had acknowledged that provision aligned to regional priorities. There was a discussion about out of funding apprentices (OOFs), with Shirley referring to the recent AoC Governors Summit where colleges with successful apprenticeship provision shared good practice. Further information would be circulated to all governors.

Having scrutinised the report, governors **Noted** the action being taken by the College in response to the FE advisor active support visit.

#### **244 Internal Audit Report: Recruitment Processes & Systems (paper 784/25/A)**

The advisory audit sought to determine whether arrangements for staff recruitment and systems were effective, in particular how well processes were integrated with the new Talos Applicant Tracking System. The audit identified three areas for improvement, noting that the turnover of HR staff had impacted on productivity and outputs:

- Improving recruitment processes including the full roll out of Talos to managers
- Fully using Talos to automate the recruitment approval process and produce reports, management information etc to inform the organisation
- Providing recruitment and onboarding training to hiring managers to ensure self-sufficiency and compliance with legislation and best practice.

The internal auditor raised 12 recommendations, seven of which were medium priority and five low priority, all of which were agreed by management for implementation. Governors **Noted** the internal audit recruitment processes and systems report.

**245 Internal Audit Report: Key financial controls (paper 785/25/A)**

The audit sought to determine whether the arrangements for payroll were efficient and effective and focused on key aspects of the process including starters, leavers, exception reports, final payment calculations and payroll sign off. The internal auditor gave *reasonable assurance* that effective controls were in place to manage and review the payroll so that staff were paid for work done. The internal auditor raised four recommendations, three of which were low priority (exception reports, starter information & contracts and simplifying the documentation of final pay calculations) and one medium priority (checking all new starter information with the employee's contract), all of which were by agreed by management for implementation. Governors **Noted** the internal audit key financial controls report.

**246 Internal Audit: Follow Up Report (paper 787/25/A)**

The Internal Audit Plan 2024/25 included a review to follow up progress made by management in implementing previously agreed management actions. Of the 16 actions in the review, 2 were medium priority and 14 low priority. The report found that the College had made *good progress* in implementing the actions, with all medium priority actions and 75% of low priority actions implemented. Of the remaining 25%, two had not been implemented or were in the process of being implemented (these related to the staff utilisation review) and one was not due for implementation at the time of the review. Governors **Noted** progress made in the follow up report.

**247 Internal Audit: Progress Report (paper 788/25/A)**

This report provided progress against the 2024/25 internal audit plan. Governors noted that the final two 2024/25 reports would be considered in the autumn term (learner number systems and apprenticeships). Mike confirmed that the timeline did not signal any issues. Governors **Noted** the internal audit progress report and thanked RSM for the *Emerging Issues* report which they suggested was circulated to all governors.

Governors noted that weaknesses in HR were a theme in internal audit reports (both the reports considered at this meeting and at previous meetings) and that this was negatively impacting the College, in particular staff utilisation (which depended on accurate data in the HR system). Governors **Agreed** that the internal auditors undertake an audit of the SCR before the end of the summer term and noted that an audit assessing wider HR issues could be added to the 2025/26 internal audit plan.

**248 Outstanding Audit Recommendations Follow Up (paper 789/25/A)**

Governors **Noted** the outstanding audit recommendations follow up report.

**249 Strategic Risk Register (paper 792/25/A)**

The College maintained a risk management framework to ensure that key strategic risks to the achievement of the College's strategic objectives and priorities were identified, prioritised and managed. Audit Committee and Corporation considered the strategic risk

register at each of their meetings. The strategic risk register was last reviewed and updated by the internal Strategic Risk Management Board on 03 June 2025 (observed by Pauline and Prue).

There were 29 strategic risks (down from 30). Key points were:

- Two risks were significant/business critical: *failure to maintain sufficient executive and senior management capacity* and *failure to properly manage Apprenticeship curriculum planning, budgeting and financial performance*.
- *Failure to recruit and/or retain suitably qualified professional and teaching staff* had reduced in risk from significant/business critical to high
- A new strategic risk concerning brand positioning, reputation management and emerging competitors had been added, with a new category of acceptable.
- Two strategic risks had been deleted (*full cost recovery income* and *organisational restructure*).

Maria underlined the challenges of recruiting senior leaders in some business support areas, in particularly IT Services, H&S, data and funding. Governors were assured that digital, GDPR and HR were appropriately captured in the register and, having scrutinised the report with attention to changes in risk definitions, risk assessments, movement of net risks and the associated commentary and actions, **Agreed** to recommend the strategic risk register to Corporation.

#### **250 External Audit Plan 2024/25 (paper 793/25/A)**

The external auditors, Alliotts, would undertake their third external audit for the College for 2024/25. The external audit plan summarised their approach and materiality levels, highlighted significant audit risks and areas of key judgements, confirmed audit deliverables and timelines and provided details of the external audit team assigned to the College. It was a fundamental requirement that the auditor was, and was seen to be, independent of its clients, and so the plan summarised the external auditor's considerations and conclusions on independence as auditors. The plan had been provisionally agreed with the COO. Audit fees were £42,155 excluding VAT and disbursements (£40,150 in 2024). Chris believed that the risks were the same as last year and that they weren't expecting anything with regards to regularity. The audit would include the College's dormant subsidiary company. As in previous years, Chris would lead the team. Having scrutinised the plan, in particular the audit risks and risk mitigation work proposed, key deliverables and timings and audit fees, governors **Agreed** to recommend the external audit plan 2024/25 to Corporation.

#### **251 Strategic Internal Audit Plan & Annual Internal Audit Plan (paper 794/25/A)**

The College's internal audit service provided Corporation and the Principal & CEO as accounting officer with assurance on the College's framework for internal control. The internal audit plan for the year ending 31 July 2026 included corporate governance, FE funding compliance, estates management, Additional Learning Support (ALS), Health & Safety and follow up.

ALS had been included in response to DfE concerns, but there was scope to change. After some discussion, it was agreed to include review of HR systems including Zellis and SCR

follow up. Corporate governance would be defined nearer the time. Chris shared practice at other colleges whereby the Committee had discretion over a number of days to commission audits. Pauline noted that issues were captured at meetings during the year and then discussed as a Committee, but discretionary days would be built into the 2026/27 plan. Having scrutinised the plans and noted their alignment with the College's strategic risks, governors **Agreed** to recommend the strategic internal audit plan and annual audit plan 2025/26 to Corporation.

## **252 Regulatory Framework (paper 795/25/A)**

This paper outlined changes to the regulatory framework namely the College Accounts Direction and Regularity Self-Assessment Questionnaire, framework and guide for external auditors and reporting accountants of colleges and good practice guidance for colleges on novel, contentious and repercussive transactions. Governors discussed the merit of the Chair of Corporation no longer being required to sign the statement of regularity, propriety and compliance. Governors **Noted** the regulatory framework.

## **253 Terms of Reference & Business Plan (paper 796/25/A)**

This paper carried out the annual review of the Committee's terms of reference to reflect on performance in 2024/25 and to ensure they continued to be fit for purpose. The Committee had fulfilled its terms of reference and only minor changes to align with the regulatory framework were proposed. Governors agreed that an additional Committee member would be useful and discussed the FEC recommendation that there was an accountant on the Committee. Governors then turned their attention to the 2025/26 business plan, noting the breadth of business to be discussed and how this might be better managed. The following was agreed:

- Important agenda items to be considered first
- Extend meetings to three hours (3.30-6.30pm) on a trial basis
- Training sessions at the October & February meetings only
- No internal audit reports at the December meeting

Given the changes to the signing requirements, governors asked that the Principal & CEO present the Regularity Self-Assessment Questionnaire on 21 October 2025. Governors **Noted** Committee performance in 2024/25 and **Agreed** to recommend the terms of reference, with the minor amendments proposed, to Corporation for approval. Governors also **Noted** the Committee's 2025/26 business plan

## **254 Data Protection Breaches**

There were no data protection breaches.

## **255 Anti-Fraud, Bribery & Corruption Breaches**

There were no fraud, bribery or corruption breaches or whistleblowing allegations.

**256 GDPR (UK Data Protection Act) Policy (paper 797/25/A)**

The policy had been brought up to date with some minor amendments. Governors **Agreed** to recommend the GDPR (UK Data Protection Act) to Corporation.

**Minute 257 was confidential**

**258 Whistleblowing Policy (paper 798/25/A)**

The whistleblowing policy had been comprehensively reviewed as requested by the Committee and comprised the Eversheds Sutherland policy template for FE colleges with the supporting procedures clarified and supported by a flow chart diagram.

Governors **Agreed** to recommend the whistleblowing policy to Corporation and that RSM would review and amend the procedures (eg stage 2 and the requirement to advise Audit Committee when an allegation had been made). Pauline asked that the blue background in the flow chart be amended for ease of reading.

Maria left the meeting.

**259 Meeting with Internal & External Auditors without Staff Present**

Pauline invited the internal and external auditors to raise any issues or concerns regarding College management, but both stated there was nothing they wished to raise. Governors thanked Mike and Chris for attending the meeting in person and particularly welcomed hearing good practice from other colleges.

The meeting ended at 7pm