

**Part A Non-Confidential Minutes of the Audit Committee meeting
Held on 20th May 2025 at 4.00pm
In the 4H01, University Centre Grimsby, and via Teams**

Governors Present: Robin Atkinson (RA), Guy Lonsdale (Chair - GLon), and Mark Riley (MR)
Apologies: Tracey Gyte (TG) and George Lee (GLee)
In Attendance: David Hoose (DH - Forvis Mazars – part), Tausif Taj (TT – TIAA - part), David Mullaney (DM), Katie Wheeldon (KW) and Antonia Praud (AP – Director of Governance)
Apologies: Maria Turnbull-Kemp (MTK – Chief Finance Officer) and Martin Ritchie (MR – TIAA)

1	<p>Welcome, Apologies for absence, Declarations of Interest and Confidential items Members were welcomed to the meeting and a warm welcome was extended to Tausif Taj, representing Martin Ritchie, and the new Interim Chief Infrastructure Officer, David Mullaney. Apologies were received from Tracey Gyte (TG) and George Lee (GLee), in addition to Maria Turnbull-Kemp and Martin Ritchie, which were accepted with consent. There were no declarations of interest.</p>	
2 a	<p>Update from the pre-meet The External Auditors had provided a summary of changes in the sector and the implications for the group. This covered:</p> <ul style="list-style-type: none"> • Phraseology changes – ESFA to the DfE. • The retirement of the Post 16 Code of Practice. • Forthcoming SORP changes, underpinned by a three-year review in England. The first year this will impact will be the year ending July 2027. • The change in accounting practice for leases. • Balance sheet and financial health scores will impact the EBITDA. • The impact of bank covenants for colleges with debt. • Recognition of certain income streams. • The potential change to the sector year end, as a result of reclassification – this is a risk to the sector. • The need to include an audit opinion with the college financial return. <p>DH confirmed he would provide an update to the corporation, if relevant, after the consultation period.</p> <p>Governors requested that the Chief Finance Officer provide a report to the committee on the impact of the changes to the group and how we are preparing for the SORP changes later in the year. As there is a consultation period, it was noted that this would likely be later in the autumn term. Governors also asked that this include a report on resource requirements, if relevant.</p>	1 2
2 b	<p>External Audit</p> <p>Audit Planning Document It was confirmed that the plan was to follow the same format as last year, and the same team members would be involved as the previous year. Forvis Mazars confirmed they were delighted to be re-awarded the external audit contract, and thanked the committee for their support. MTK and DH had met in the last week to approve the timetable and deliverables. No new audit risks have been identified and there is nothing fundamentally changing in the college accounts.</p>	

	<p>The new changes will be accounted for and the focus within the audit will adapt to note changing priorities. An example given was concern in the sector for the due of bursary funding. Unused pots of funding can be reclaimed and the amounts can be considerable. Auditors will be asked to make a disclosure in the accounts this year.</p> <p>Governors asked if this would require more testing this year? It was confirmed that this might be the case in some colleges. However, as the group had participated in Project S, and would be informed from audits completed by others – for example the ESFA, TIAA this year, it was not anticipated that this would be demanding.</p> <p>The group noted the latest guidance and exemplars for novel transactions, and questioned if the external auditors had more experience of what was relevant that they could share, since the bite size guidance was introduced last year. It was confirmed that experience is still limited, and after discussion agreed that if in doubt, the team could continue with their plan considered last year, to use the external auditors as a sounding board.</p> <p>SH confirmed there will be no change in terms of the materiality or regularity work that is required this year.</p> <p>The committee thanked DH for his feedback and attendance. DH then left the meeting.</p>	
<p>2 c</p>	<p>Internal Audit Update</p> <p>Internal Audit report on Staff Training and Development</p> <p>The audit confirmed an assessment of “Reasonable Assurance”. There were two recommendations, of which one was classed as “important”, and the other “routine”.</p> <ol style="list-style-type: none"> 1. All staff be reminded of the requirements regarding mandatory training and non-completion be escalated following reminders. 2. The Partnership recognise the risk of ‘staff not completing mandatory training in a timely manner’ and document the controls to mitigate against the risk. <p>Governors also noted the Management response, being that a new process has been implemented, and this process consists of three reminders being sent to line managers with requirement for formal action to be taken if they fail to complete the training. Governors then questioned how many staff had exhausted this line of escalation, and took assurance that none had reached this stage to their knowledge. Governors also noted that the Partnership is including non-compliance of statutory training in the risk register.</p> <p>Governors challenged if the auditors had any insight into why there was non-compliance with the process? TT confirmed he would speak to the auditor who had conducted the review. Governors confirmed they would appreciate some assurances there are no weaknesses in the group’s follow up processes.</p> <p>Governors questioned TIAA on the sample size, as it appeared relatively small for a group of our size and complexity. Governors questioned further to understand if there was a minimum sample size per organization (e.g. percentage). Governors reiterated that a sample of ten felt small and how representative this might be for their assurance purposes.</p> <p>TT confirmed the sampling conducted was dependent on the paid days assigned to any relevant audit, rather than size of organization. He confirmed that initial activity would have been in a larger data set and then findings would lead the team to focus on a smaller sample. Governors questioned the numbers involved in the specific case, and it was confirmed TT would speak to the auditor for the exercise and confirm.</p>	<p>3</p> <p>3</p>

	<p>Governors noted that the management team had confirmed a new process was in place and questioned if the follow up for mandatory training was being enforced? How different would it be to the previous process? It was confirmed that line managers are notified and then after a period of time it would progress to the next stage. For assurance, it was confirmed that there had been a GLT meeting this week, where it was confirmed there are no open cases of non-compliance.</p> <p>Internal Audit report on Apprenticeships Delivery</p> <p>The audit confirmed an assessment of “Reasonable Assurance”. There were two recommendations, of which one was classed as “important”, and the other “routine”.</p> <ol style="list-style-type: none"> 1. The Admissions Policy to be reviewed to include references to the apprenticeship stream available to learners. 2. Periodic review of apprentices should be completed to time as much as possible to ensure that performance is adequately monitored and areas needing improvement can be identified promptly where necessary. <p>The Management team accepted both recommendations. The policy will be completed by 1st August. Governors confirmed this is largely positive given all the challenges of the apprenticeship agenda, and the significant improvements with the provision. Ofsted had confirmed the improvements in their visit, and the committee were keen to understand that the recommendations are being monitored and implemented successfully. The inspection feedback had been reinforced and strengthened by the monitoring visit. Governors were informed the Quality team are setting ambitious targets for next year.</p> <p>Scoping Documents</p> <p>Safeguarding Audit: Governors questioned if there was any touchpoint within the audit to record contact with the LADO and external specialists? It was confirmed that TT would relay this back to the auditor leading the audit and add this in. Governors agreed they would be comfortable for the auditor and management team to agree the wording for the scoping document together in the opening meeting.</p> <p>Staff recruitment and retention: Governors noted support for the scoping document.</p> <p>TT was thanked for his support and left the meeting.</p> <p>Governors noted the frustration that had been raised by the leadership team. They questioned the level of challenge at the feedback session. It was suggested that it may benefit some managers to have support of the ELT Lead at the feedback session in the future.</p>	4
3	<p>Audit Update from the Chief Finance Officer</p> <p>Financial Health Score: The committee noted the score of “Outstanding”, and offered congratulations to the team.</p> <p>Simplification Project Audit: The committee noted the group had just received a three-day audit and the update in the pack. Governors confirmed they would like to see the report, once received.</p>	

	<p>Funding update: Governors received the funding update. Governors questioned the latest monitoring report and it was confirmed the Executive Leadership Team had met to consider a revised forecast in their meeting earlier in the week.</p> <p>KW confirmed confidence in the ability to achieve the results by the end of the year, as after a slow start, and challenging period of recruitment, they now have a strong team in place. There are notoriously slower periods in the year, and activities are ramping up and will continue into the summer. KW highlighted risks in achievement to the committee, primarily in staff absence, which would impact the ability to deliver the challenging targets set.</p> <p>KW also explained that her team would be working with the MIS team to work on reporting, as the group and ELT need confidence in reporting of accurate figures. There is currently a lag between work completed, and when it is logged and confirmed from a financial perspective. Enrolments are now going to the MIS team on a weekly basis (£160k last week, £500k the week before) and KW’s team can see the work booked in against the latest forecast- £1.9 million)</p> <p>The Audit Committee noted other sources of assurance they received and confirmed that during the external audit process reviewing the financial report and accounts, David Hoose had been very open and shared challenge points and areas of improvement. The CEFSS Audit by the DfE had also provided substantial assurance.</p> <p>After reflection, the committee confirmed the assurance they needed could be provided in a narrative alongside the numbers. This committee would benefit from a high level narrative, with the confidence the Finance and Resources Committee would conduct a more detailed review of the accounts.</p> <p>Internal Audit Provision: RSM had confirmed they were appreciative of the offer to become the Internal Auditors for the group, but following consideration were not accepting the agreement at this time. They would prefer to tender for external audit services in the next tender process.</p> <p>WBG had originally tendered to provide the group with internal audit services and are on the framework register. Our current external auditors (Forvis Mazars) and RSM both independently recommended WBG (previously known as Wylie and Bisset). They are a known and respected audit provider.</p> <p>The Committee agreed to recommend the engagement of WBG as Internal Auditors on a three-year contract.</p> <p>RSM have offered to invite our members to participate in training with them. The committee confirmed to accept but only on the understanding that this would be offered to other college groups/ to the sector and there is no contractual obligation for the future. It is imperative that there is transparency, and any future contractual negotiations are fair, transparent and of best value.</p>	<p>5</p> <p>6</p> <p>7</p>
4	<p>Compliance Updates</p> <p>Audit into our estates compliance processes</p> <p>The tender process to review our estates compliance processes has been completed and Oakleaf were engaged to conduct the audit. This will be completed in four parts, and reported back to the committee in timely intervals.</p>	

	<p>The initial meeting took place yesterday (19th May) to receive an update of progress in Part One, and to review a timetable for the other three parts of the activity. A full report will be prepared for the next Audit meeting.</p> <p>The Estates team will also report on how the feedback is being incorporated in a group central directory.</p> <p>Audit into capital delivery processes The group reviewed companies on the register and followed up recommendations from governors. After a review of the cost of an exercise, against the value of the activity, an alternative is proposed to the committee. Ian Sackree had already reviewed our processes. It was recommended the TIAA conduct an audit, to compliment but not duplicate the work already completed by Ian. Following the report, Mark Riley and Andrew Bennett, who have significant experience in their professional careers, will conduct a follow up deep dive. Governors questioned if the chair had been consulted to the change, and it was confirmed he supported the proposal. The Audit Committee considered and approved the recommendation.</p> <p>Apprenticeships and Skills Bootcamps Audit with Mersk The Committee noted there will be an additional external audit next term (October/ November) and the report will be shared with the committee.</p> <p>Management Changes within the Estates team Following the departure of our Director of Estates, it is proposed to make a change to the Estates Directorate. A paper will be presented to the ELT team next month. Details in private business. Governors challenged if there was a shortlist of critical areas the committee should highlight from assurance processes. It was confirmed that the current audit should be informative, but DM had already identified that there is a lot of good work within the department, but it has not been brought together or reported to the ELT, so the good work completed is not being recognised. DM is establishing a process of due diligence that will ensure there are central records, systems and will develop the culture and team accountability. This will be supported by robust reporting.</p> <p>It was acknowledged that there had been a number of subcontractors working across our sites, who were managed by different members of staff. This had led to some of the challenge the team had faced.</p>	<p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>(9)</p>				
5	<p>Approval of the Minutes of 11th February 2025 The committee confirmed the minutes were accurate records of the meeting, and gave their approval.</p> <p>Matters Arising:</p> <table border="1" data-bbox="114 1870 1385 2072"> <tr> <td data-bbox="114 1870 178 2072">1</td> <td data-bbox="178 1870 933 2072">(From pre meet) External Auditors to share sector update with the Audit Committee and detail relevant changes to the audit code of practice that is currently being rewritten and the update to SORP, at the next appropriate meeting.</td> <td data-bbox="933 1870 1101 2072">D Hoose</td> <td data-bbox="1101 1870 1385 2072">Attending meeting</td> </tr> </table>	1	(From pre meet) External Auditors to share sector update with the Audit Committee and detail relevant changes to the audit code of practice that is currently being rewritten and the update to SORP, at the next appropriate meeting.	D Hoose	Attending meeting	
1	(From pre meet) External Auditors to share sector update with the Audit Committee and detail relevant changes to the audit code of practice that is currently being rewritten and the update to SORP, at the next appropriate meeting.	D Hoose	Attending meeting			

2	<p>Internal Auditors to update scoping documents as follows:</p> <ul style="list-style-type: none"> Review the self-assessment response questions to make sure they are relevant to the topic. Apprenticeships audit – please cross reference with the comments in the last full Ofsted inspection. Safeguarding audit – please again cross reference with the comments in the last full Ofsted inspection. Please add in Prevent agenda into the Safeguarding audit Please also add in Prevent into the staff recruitment, retention and development audit (e.g. terrorism, Martyn’s law) Auditors to provide assurance that the processes and controls are not just in place but comment on their effectiveness <p>Safeguarding Audit – add in reference to Smoothwall protection under a new point of “incident management”</p>	Martin Ritchie (TIAA) via Tausif Taj	Completed and in pack		
3	Confirm support to the Deep Dive into Capital Delivery Processes by a specialist company, with oversight by the Finance and Resources Committee	GLon	Developed and request now to TIAA - with deep dive visit by ABe and MR		
4	<p>Mark Riley offered to support the scope and tender process for the audit into Capital Delivery Processes – taking it from the “review of current processes and practice” a specialist has completed, and build on this to add value and make recommendations for future projects.</p> <p>This should include a “capacity” and review of “expertise” for any future project.</p> <p>Guy Lonsdale to speak to the Chair to confirm remit, so the group can benefit from MR’s experience of capital management, whilst ensuring it does not stray into an operational role. (ie advising on scope for an external specialist)</p>	MTK MR	<p>To consider in scoping of work</p> <p>Completed</p>		
5	Complete tender for Internal Audit – including Guy Lonsdale on the review panel	MTK GLons	Completed		
6	Complete tender for External Audit – including Guy Lonsdale on the review panel	MTK GLons	Completed		
7	Cyber security – share update with the corporation, and note support for the recommendation that training for staff should move and become mandatory.	GLons	Completed		
8	Cyber security – Develop the teaching and learning policy and acceptable IT use policy to include a generative AI policy	J Troop	Ongoing		

	Work with Staff Development – and raise having a mandatory element of staff training in cyber security Consider a critical incident session			12	
9	Risk Register Share update on the new system that will replace Excel and make the process less manual in due course.	MTK	Future meeting	13	
10	Sustainability – provide update(s) from the working group, after the “new” OLT group re-establish this. It will include a review of the group approach and will develop the group’s policy to sustainability. (Deadline of 12 months)	MTK	Future meeting		
11	Policies Recommend to the corporation for approval: The Financial regulations The Delegation of contracts and signature approval policy The Modern Slavery Statement The GDPR Policy, Privacy Policy and Subject Access Request Guidance And To readopt the Health and Safety Policy	GLons	Completed		
12	Invite Jon Troop and Robert Morton to a meeting each 6 months	MTK, AP	Will be invited to Autumn term meeting		
6	<p>Risk Update</p> <p>Strategic Risk Register: The committee received the report on the strategic risk register and confirmed assurance from the report on the fire registers and improved practice. Governors questioned and confirmed that this had satisfied the group insurers.</p> <p>Major builds projects update</p> <p>Skegness The group have encountered issues from the start of the project. More recently the highways works had put pressure on deadlines, and to accelerate works, it was confirmed there would be an additional cost of approx. £46k. (required as team will be working extended hours 6 days a week to complete the works before the summer traffic to Skegness begins).</p> <p>Our Project Manager has also highlighted potential concerns that could extend the potential delivery by up to 4 weeks. The contractors have not raised this at present, but the team would like to highlight this potential risk to the board.</p> <p>DM has negotiated with the contractors to be allowed access to the building for internal fit out (IT etc) 4 weeks before completion. The team have established business ready groups to ensure we are ready for the start of the year.</p> <p>Governors tested if we have contingency plans – for example if the building is not ready for the start of term. It was confirmed that we have the option to remain in the current site, and may also be able to move in in phases.</p>				

	<p>The committee questioned the financial risk associated with the build and internal fit, taking into account the worst-case scenario. It was confirmed there could be an overspend of up to £200k.</p> <p>Governors asked if a financial penalty had been built into the contract, if the project over ran and DM confirmed he could investigate this. DM will report to Finance and Resources Committee.</p> <p>Animal Care Practical completion was achieved on 16th May. A business ready group is ensuring the project is completed to the client’s satisfaction to be open for deadline. The project, with VAT saving, has come in under budget by c. £386k at £6,206,528.</p> <p>Baker Street Works are progressing well and an anticipated practical completion date is anticipated to be 31st July 2025. Again, a business ready group will be working to ensure we are business ready. The project is expected to come in in line with the budget, at just under £200k. Again, the contractors have confirmed we can have access before the completion date. A dilapidation update will be shared, once confirmed.</p> <p>DfE Conditions Grant The committee noted the works that had been completed, using the budget this year. Following the £1.9m awarded last year, the group have been awarded £2.9m this year. Governors noted some of the proposed planned works which are for conditions works, nut improvements. However the board have also confirmed support for improvements using self-funded capital. Some parts of our estate are in more urgent need of works than others, and the wider ELT team are working together, and Campus Principals are part of the decision-making process, to ensure staff communication understands the works recommended for the year ahead.</p>	<p>14</p> <p>15</p>
7	<p>Funds Fraudulently obtained report – verbal It was confirmed there was nothing to report.</p>	
8	<p>Policies Health and Safety Policy The policy has been reviewed by the internal committees and is awaiting sign off by ELT. The committee confirmed support to delegate the policy approval to the Finance and Resources Committee.</p> <p>Financial regulations. The committee confirmed they would recommend the financial regulations to the corporation.</p>	
9	<p>Committee Self-assessment The Committee reviewed the report to date and confirmed the use of the risk register to inform areas of deep dives, and general oversight of risk and assurance on behalf of the board, had been impactful this year.</p> <p>Governors also noted that it was good to invite Senior members to the meeting to present on key areas of business, as it gave strong assurance.</p> <p>It was agreed governors would send individual feedback to AP.</p>	

	<p>Terms of reference</p> <p>The following amendments were approved and will be shared with the Search and Governance Committee:</p> <ul style="list-style-type: none"> • To change from the Audit Code of Practice to the Framework for auditors and reporting accountants of colleges. • To add reference to the OfS terms of funding too • To amend to the new titles of ELT members • To add the committee have oversight for deep dive activities. 	
1 4	<p>Review of the meeting</p> <p>The committee reviewed the meeting and confirmed there had been:</p> <ul style="list-style-type: none"> • Excellent time management – the committee had used the full two hours and covered all agenda items in detail. • Good discussion and challenge and healthy open debate. • Feel assured that progress is being made, and moving forward in a positive direction. 	

Chair of the Audit Committee

Signed _____

Date _____

Matters Arising from the Audit Committee Meeting on 20th May 2025

1	Provide a further update to the corporation, following the current consultation period, if there are any additional changes to SORP, or requirements in the college financial handbook	October 2025	D Hoose
2	Ask Maria Turnbull Kemp to provide an update to the committee in November 2025, confirming how the group will be preparing for the changes to SORP, (and potential change to the accounting year from July to March in 2027 if relevant) and if there may be any cost or resource implications.	November 2025	MTK
3	TIAA to respond and confirm: i) If the root cause of non compliance was acknowledged in the sampling for training and development The size of the initial sampling exercise, before the Auditor reviewed the final ten samples on an exceptions basis	ASAP	Tausif Taj
4	TIAA to review and potentially update the scoping document for the safeguarding audit in the audit opening meeting with the safeguarding team - to include contact with the LADO, and how their external best practice informs our policy and processes.	ASAP	TIAA
5	Request for short narrative, providing oversight of financial performance for the committee, from a risk perspective. Example given of NET income – where significant activity is on plan, but main risk to delivery would be from staff absence	Ongoing	MTK, KW

6	Recommend the appointment of WBG as our Internal Auditors on a three year contract to the Corporation	1 st July 2025	G Lonsdale
7	Accept kind offer from RSM, subject to confirming there is no formal agreement or engagement for services in the future, for audit services, and there is no cost for ourselves or others in the sector to the training and updates provided	ASAP	MTK
8	Report back to the committee on the Oakleaf audit results	October 2025	DM
9	Report back for assurance to confirm that using the feedback from the Oakleaf audit, the group have developed a due diligence process and system to report to ELT and the board on both the positive works that are completed and have a central register for compliance activities across the estate, that informs works on our estate	Autumn 2025/ Spring 2026	DM
10	Following feedback from the committee and ABe, confirm scope for the additional capital processes audit with TIAA as soon as possible	ASAP	MTK
11	Report result of the Mersk Audit following the activity in October 2025	November 2025	KW
12	Risk Register - Share update on the new system that will replace Excel and make the process less manual in due course.	MTK	In future
13	Sustainability - provide update(s) from the working group, after the "new" OLT group re-establish this. It will include a review of the group approach and will develop the group's policy to sustainability. (Deadline of 12 months)	MTK	March 2026
14	Highlight risks identified at Skegness, with Finance and Resources Committee	June 2025	DM
15	Share report on the dilapidation costs at St James, when possible	Next meeting following known data	DM
16	Recommend deep dive oversight is added to terms of reference for the Audit Committee and share self-assessment feedback with the Director of Governance	End of term	ALL