

Date	03/12/2024
Time	15:30 - 17:30
Location	Board Room - Southport College (Morningson Road, Southport, Merseyside, PR9 0TT)
Governors Present	Mo Kundi (Independent Member and Committee Chair) Laura Bell (Independent Member) Diane Hutchinson (Independent Member) *David Mutori (Independent Member)
Invited Attendees present:	Michelle Brabner (Principal) (from item 8) Jane Butterfield (TIAA) Claire Dalrymple (Wylie and Bisset) (up to and including item 14) Lisa Farnhill (Dir. Governance and Compliance) Christian Hoehn (Head of IT) (item 10 only) Carla Kennaugh (invited to act as a Committee advisor as an expert in the field of audit) Jason McGuinness (Head of Facilities) (items 8 and 9 only) Paula Smith (Dir. Finance) (from item 4)
Apologies	Paris Bonwick (VP Business Services)
Absent	

*indicates attendance via videoconferencing facilities

1 - Welcome and Apologies for Absence

Item Lead- Committee Chair

The meeting was initiated by the Chair extending a warm welcome to all participants and acknowledging the apologies for absence from the Vice Principal Business Services. The Chair expressed his gratitude for the presence of all participants.

1.1 - KPI Scorecard

Members noted this was to support and direct discussions and highlight areas of concern.

Item 1 – Noted

2 - Declaration of Interests

Item Lead: Committee Chair

The Dir. Governance and Compliance reminded the Committee that she also acted as Data Protection Officer.

Item 2 – Noted

3 - Private Meeting Between the Audit Committee and the Auditors

Item Lead: Committee Chair

REDACTED

Item 3- The Committee resolved to accept the assurances provided during the private meeting.

4 - Minutes/Matters Arising

Item Lead: Committee Chair

The Chair invited comments on the minutes from the previous meeting held on 19 September 2024. It was confirmed that the minutes were accurate and approved.

Item 4: Approved

5 - Actions Summary and Impact Statements

Item Lead: Committee Chair

The committee reviewed the actions summary and impact statements from previous meetings.

Members noted most actions were either completed or in progress. Specific updates included a verbal update regarding funding and installation of a second stab vest, which was to be provided by the Head of Facilities under item 8. Additionally, there was a clarification on the insurance portfolio contract, which had been reviewed and confirmed to be a three-year contract with an option to extend.

It was noted that there had been some confusion and delays in implementing recommendations regarding IT policies due to changes in staffing and audit firms, resulting in ambiguity over what was required. Members were advised that the Head of IT would be attending for the delivery of item 10 and could provide additional information and ensure the Committee had sufficient assurance relating to IT and Cyber policies and procedures.

The committee emphasised the importance of documenting reasons for missed deadlines and ensuring that milestones and reassurances were in place. The discussion highlighted the need for improved communication and understanding of recommendations to ensure personnel changes did not affect the implementation of recommended actions.

There was also a discussion about the IT disaster recovery strategy, which had been deferred but was confirmed to be completed and scheduled for presentation in February, with this having been noted as outstanding due to a miscommunication between departments.

Item 5: Noted

6 - Confidential Items

Item Lead: Committee Chair

The Committee agreed to maintain information relating to the tendering for the Internal Audit Service as confidential and be redacted from the public copy of the minutes. The Committee noted the intention to hold the meeting with the auditors without the presence of management, however, agreed to make a decision relating to whether this needed to be redacted at the next meeting, depending on the detail minuted.

Item 6: Approved.

7 - Financial Statements

Item Lead: Dir. Finance - Paula Smith

7.1 - Financial Statements Auditor's Management Letter for 2023/2024

Item Leads: Whyllie and Bissett - Claire Dalrymple, Dir Finance - Paula Smith

The auditors presented the management letter, confirming that they anticipated an unmodified audit opinion for both the financial statements and regularity audit. They highlighted the key points from the audit, including the pension scheme valuation and the need for updated bank signatories due to changes in the finance team. The auditors assured the committee of their independence and confirmed that there were no significant issues to report. They also discussed the identified audit risks and concluded that all significant risks had been satisfactorily addressed.

Members queried some of the figures, being advised the 000's title had been added in error, and would be removed for the final presentation to Corporation.

In discussing the findings, a member noted that there was nothing documented under management response for one query, with the Committee assured this had been resolved since the papers were circulated and was now in the updated draft in the shared folder accessible to the Dir. Governance and Compliance.

In confirming the review of depreciation, the Committee was assured adjustments were not material, with assurances that the new systems would automatically adjust the depreciation values.

Members discussed the going concern statement, asking the auditors about the sensitivities applied and how far it was tested, being assured that testing was extensive, clarifying the impact of increased national insurance contributions, potential pay award, increase to the national minimum wage and pensions. Members were advised of a recent letter confirming the increased employer contributions for teachers pensions would be fully funded, with it confirmed a copy of the letter would be provided to the Committee Chair.

Members were advised of a recommendation in other sectors to include a statement about the ongoing Virgin Media pensions high court case, with it confirmed that this would be clarified and included if necessary.

Actions:

1 - Wylie and Bisset to establish if there is a need to include a disclosure relating to the ongoing Virgin Media pensions high court case .

2 – Whyllie and Bisset to remove additional 000's

3 – Dir. Finance to send a copy of the pension contribution letter to the Committee Chair.

Item 7.1: Approved: Subject to the relevant updates, the Committee recommended the Corporation approve the management letter.

7.2 - Regularity Self-Assessment

Item Lead: Dir. Finance - Paula Smith

The regularity self-assessment questionnaire was presented. The Committee noted this detailed evidence of the corporation's compliance with regularity and propriety requirements. The committee reviewed the document and confirmed that all necessary procedures were in place. There were no significant concerns raised, and the committee expressed satisfaction with the thoroughness of the self-assessment.

Item 7.2: Noted and accepted. The Committee agreed to recommend the Corporation review and sign this.

7.3 - Fraud & Irregularity

Item Lead: Dir. Finance: Paula Smith

The committee reviewed the anti-fraud checklist and the fraud register, which included instances of phishing attempts. It was confirmed that all phishing attempts were reported and followed up appropriately. The committee discussed the importance of maintaining robust fraud prevention measures and ensuring appropriate training and logging of attempted fraud, along with formal reporting of any actual fraud.

The committee expressed confidence in the current procedures and noted that there were no significant fraud issues to report, recommending the policy was approved.

Item 7.3: Approved: The Committee noted the assurances provided by the report, recommending the policy is approved by the Corporation.

7.4 - 2023/2024 Financial Statements

Item Lead: Dir. Finance: Paula Smith

The financial statements for 2023/2024 were presented, confirming that these remained in draft, with minor adjustments and amendments still to be made, with the Committee assured that these were not material.

In drawing attention to key information, the Committee noted the deficit for the year was £456,000. The committee discussed the impact of pension scheme valuations on the financial statements, noting that these valuations could significantly alter the reported figures. The auditors explained that the pension scheme valuation was an estimate and not a reflection of actual future payments, with it anticipated the forthcoming revaluation may reduce premiums. Members asked about previous valuations and the potential trajectory, confirming the impact of the Pandemic could reduce the liability of the scheme and support a reduction in contributions.

The committee reviewed the balance sheet and cash balances, confirming that the college's financial health remained good. In reflecting on forecasting and commentary, members asked about the ongoing relevance of the merger, confirming how long the post-merger targets had been set for. Members indicated an expectation for other more recent events that have impacted the college and community to be included, with it agreed the Dir. Finance would confirm with the SLT about the inclusion of the Ofsted inspection and events in the town during summer.

Action: Dir. Finance. To discuss the potential updating of the commentary to include details of the Ofsted inspection and the events in the town in the summer.

Item 7.4: Approved – The Committee recommended approval of the Financial Statements subject to the final amendments being in line with discussions, including consideration for updating the non-financial commentary.

8 - Critical Incident Management Update (CIMP)

Item Lead: Head of Facilities - Jason McGuinness

Following introductions and a brief overview of the areas covered by the report, the Committee was provided with an outline of recent testing of elements of the critical incident management plan. Members discussed the testing of fire evacuation procedures at the KGV site, which highlighted some areas of concern, including the time to evacuate. Members proposed the target time was unrealistic, noting the two sites had the same evacuation time despite having very different layouts and access, asking who had set the targets and if they needed to be reconsidered. The Head of Facilities agreed to check with the Health and Safety Officer who had set the target, with it expected to be the Fire Service.

Members noted the need to review the fire evacuation protocols for the Southport site, agreeing the KGV process would not be applicable to other site due to the different building structures. There was a discussion about the feasibility of having fire wardens, with the conclusion that the number of wardens needed was not practical. Alternative evacuation procedures were being considered, involving educating staff and volunteers. Members enquired about the frequency of testing, clarifying that this was sufficient to ensure staff and students were familiar with the process.

The update included following up matters arising from previous meetings, with the committee informed the insurers had begun scoping for the critical incident scenario testing, which would take place in January. Members were advised this would evaluate the response and management of such incidents and inform any updates to the plan. In response to questions about the testing, members were advised of a range of options, with the final scope to be determined by a combination of factors, including risk assessments and available budget.

Action: Head of Facilities/VP Business Services to feed back on the outcome of the external critical incident testing and update the CIMP accordingly.

Action: Feedback on the update to Fire Evacuation procedures for Southport incl, alternatives to fire wardens and confirm who sets evacuation times and if these can be reviewed

Item 8- Noted: The Committee noted the assurances provided by the update.

9 - Health & Safety Update

Item Lead: Head of Facilities - Jason McGuinness

The Health & Safety Update began with a review of outstanding actions with it confirmed the additional anti stab vest had been purchased and was awaiting installation, with consideration being given to whether one per site was sufficient.

Staff training initiatives were highlighted, including statutory and more advanced safety management courses. The Committee noted that twelve members of staff had undergone first aid training, and first aid procedures had been revised to ensure that each medium to high-risk department had its own designated first aider, reducing the need for cross-college first aid calls, supporting reduced response times as well as more localised area specific knowledge of issues and incidents.

Risk assessment training had been provided to staff in medium to high-risk departments to enhance their understanding and implementation of risk assessments. The committee stressed the importance of staff taking responsibility for health and safety within their departments.

The update included information about planned evacuation training, focusing on training additional staff to act as fire wardens. The need for personal emergency evacuation plans (PEEPs) for disabled students and staff was emphasised, with updates to processes to ensure these were kept up to date.

Accident statistics were reviewed, noting issues with the logging of the application of first aid where incidents had happened elsewhere, yet were being treated by College First Aid staff. Members clarified their understanding, and confirmed that logging would continue, however, would improve to accurately reflect whether the accident or incident had happened on site or offsite, to prevent inflating the college statistics yet ensure the support and response of the College was appropriately logged. Members highlighted an increase to the statistics for the start of the academic year, being advised that this was a result of training to improve reporting. Members asked about data trends and analysis, and were assured the information had been interrogated with no trends established.

Other information discussed included improvements to the staff induction, to ensure health and safety was embedded, the installation of fire evacuation signs around the site and the repair of fire exit doors, enhanced checks on staff driving licenses and the integration of these checks into the vehicle booking system.

The Health & Safety Update concluded with a review of recent risk assessment updates and ongoing efforts to address outstanding health and safety issues.

Action: Head of Facilities/VP Business Services: confirm the installation of the second stab vest and confirm if any additional have been purchased

Item 9: Noted- The Committee noted the assurances provided by the report including the improved and updated processes

10 - IT and Cyber Security Compliance Update

Item Lead: Head of IT - Christian Hoehn

The Head of IT presented the IT and Cyber Security Compliance Update, providing an overview of the progress made in addressing outstanding IAS actions and updating IT and Cyber Security policies. He noted that several policies, including the Security Governance Policy and IT policies, had not been updated since 2019 and 2020, respectively. Changes in staffing and the COVID-19 pandemic had delayed some updates, but efforts were now underway to bring these policies up to date. Members asked when these would be presented, with the Head of IT advising they were available, with the Dir. Governance and Compliance confirming that they had not been included as they had not yet been through the internal review and approval process.

The Head of IT highlighted the development of a new IT disaster management plan, which included impact analysis and recovery strategies. A new risk register had been created, and two high-level policies on information risk management and information security had been implemented, based on UK Government standards. Members noted that this had been detailed as to follow on the actions schedule, but was actually not due until February, therefore would be reviewed again in January and presented for approval at the next meeting in February.

Members were advised of the introduction of a new acceptable use policy for students, with a similar policy for staff still pending updates.

The committee discussed the importance of the change management policy, which was being updated to assess the impact of any changes on IT security. The Dir Governance confirmed this was not a policy that required Governor approval, however, in response to a request to view this, the Head of IT confirmed this would be circulated once the internal review process concluded.

The committee raised questions about the interaction between the IT department and finance, particularly regarding internal audit programs and the implementation of new systems. Head of IT confirmed that there was regular communication and collaboration between the departments to ensure alignment on risk management and system implementation. In response to questions about the scoping and prioritising of internal audits for the department, members were advised that this was done collaboratively, taking into consideration national trends, updated statutory requirements and the areas as identified by the IT risk register.

Members were advised of work underway to improve security, including the implementation of multi-factor authentication for students, with restrictions to ensure it could only be done within the college. Members were advised that this was a requirement to obtain Cyber Essentials reaccreditation, with an outline of the required testing and assurances being completed. The Dir. Governance and Compliance confirmed that as IT had and Cyber Security had transferred from the Resources Committee to the Audit Committee, an action had remained outstanding for the outcome of testing and assurances to be reported to the Committee, asking that once completed, the accreditation and test outcomes are reported. The update concluded with a discussion about the need for regular reporting on cybersecurity incidents, including phishing attempts and other threats. The committee requested that future IT updates include data on these incidents to provide ongoing assurance of the college's cybersecurity measures.

Action: Head of IT/Committee: Committee to review and approve the updated Security Governance Policy once internally approved

Action: Head of IT - Summary of updates to IT policies not within governor remit to be provided

Action: Head of IT – to ensure regular reports on cybersecurity incidents, including phishing attempts and other threats are reported to the Committee along with the outcome of reaccreditation

Item 10- Noted: The Committee noted the assurances provided by the work done to update and improve policies and documentation of processes within the IT department

11 - Internal Audit Reports

Item Lead: Internal Auditors (TIAA) - Jane Butterfield, Dir Finance - Paula Smith

The Committee noted only one review had concluded in the reporting period, which was an Assurance Review of Financial Planning and Budgetary Control.

TIAA confirmed the audit provided substantial assurance, with no recommendations for improvement. Following an overview of the review, which covered the approach to financial planning, including the use of assumptions, sensitivity analysis, and the budget preparation process.

It was noted that there were robust procedures in place, with training provided to all budget holders to ensure they had the necessary skills to monitor and report on their budgets.

The committee discussed the findings, with questions about the impact of reduced adult income and apprenticeships on staffing costs. It was noted that the audit did not identify any issues in this area, and the budget preparation process included sensitivity analysis to account for such changes. Members were assured reduced income without correlating costs reducing was as expected, due to the focus on improving quality, particularly in apprenticeships, with staffing maintained to ensure the capacity to grow through quality was maintained.

The committee expressed satisfaction with the audit findings and the positive assurance provided. There were no further questions, and the report was accepted.

Item 11 – Noted: The Committee noted the significant assurances provided by the review findings.

12 - Risk Management

Item Lead: Dir Finance - Paula Smith

The Risk Management update began with a review of updates to the risk register, which had been thoroughly examined during a termly review on November 14th. The review highlighted the movement of various risk ratings, with a renewed focus by management on the likelihood and impact of each risk, ensuring accuracy of the correlating post mitigation score. The committee discussed the overall number of risks, which had been reduced to 24, following the removal and merging of some risks.

Two risks were removed: the delivery of the 16 to 19 tuition funds, which was no longer a funding stream, and the ability to maintain staffing costs at 70% of income, pending new benchmarks. The committee discussed the importance of monitoring staffing costs and the challenges posed by increased student numbers requiring math and English resits. Members were advised staffing ratios and costs remained an area of focus; however it would not be considered a strategic risks if removed as a trigger for intervention.

In discussing benchmarking and intervention triggers, members reflected on the value of the voluntary review by the Further Education Commissioner's Team (FEC), asking about follow up reporting and the potential for requesting a follow up review. Members were advised a full set of follow up reports had been presented to the relevant Committee's, with a decision taken by the Resources Committee to embed the relevant recommendation measures into normal reporting streams. Members were advised this was due to the data from the review that was being reported against was now considered outdated, therefore no longer relevant to report against. The Committee were informed that the type of review previously undertaken is no longer available, therefore a follow up could not be initiated, however, the FEC Team had informed the College that a new type of supportive review would soon be available, with the College wanting to see the format and focus ahead of committing to this.

The update included a discussion about the strategic versus operational nature of the risks on the register. The committee acknowledged that some risks might be more operational but still warranted inclusion due to their potential impact on the college's overall risk profile. TIAA confirmed the number of risks was far higher than the sector norm, with it agreed the SLT would consider if this could be streamlined further. In response to a question about the external use of the register was confirmed it was an internal document, noting Ofsted did not ask to see it.

The committee was advised of a training session provided by TIAA on risks, which included the presentation of alternative formats for reviewing and reporting on risks, including a heat map, which provided a visual representation of the risk ratings and movements. This tool was found to be helpful in identifying areas of concern and monitoring changes over time, with consideration being given to implementation.

The Risk Management update concluded with an acknowledgment of the importance of ongoing monitoring and review of the risk register to ensure it accurately reflected the college's risk landscape.

Action: Dir. Finance to consider a further reduction in the number of risks focusing on the most strategic risks

Action: Dir. Finance to review alternative format options for the risk register, including a heat map
Action: SLT: explore the updated review offer provided by the FEC team and advise if this will be pursued

Item 12 - Approved: The Committee approved the updated risk register

13 - Whistle Blowing

Item Lead: Dir. Finance - Paula Smith

The committee discussed the whistleblowing policy and procedure, noting changes were primarily updates to job titles and formatting to align with corporate styling.

Members were advised that the whistleblowing information was missing from the website during the last compliance check, with the Dir Governance and Compliance assigned to oversee this aspect as part of her widened role, given her expertise in ensuring that documents meet the required standards.

The committee reviewed the draft agreeing to accept the report and approve the policy.

Approved: The Committee recommended the Corporation approve the policy.

14 - Annual Report of the Audit Committee

Item Lead: Committee Chair and Dir. Governance and Compliance – Lisa Farnhill

The annual report of the Audit Committee was presented for review. Members were advised that the report was based on the format and content as recommended by the ESFA, being similar to the previous year's report with the current year's activities and assurances.

Members were reminded that the report consolidates all the work done by the committee throughout the year, including assurances from internal and external auditors and various received reports, such as JCQ updates and communications from the OfS.

Members commented on the how the report served as a comprehensive record of compliance with rules, regulations, laws, and guidance, agreeing this provided the relevant assurances the corporation required ahead of signing the financial statements. It was emphasised that the report should be independent of management and endorsed by the committee, therefore had been drafted by the Dir. Governance and Compliance. The committee agreed to recommend the corporation accept the report, with the Dir. Finance confirming this would then be submitted with the financial statements.

In response to a question, members were advised that there were no significant changes recommended by the ESFA, with the Auditors having been provided with a copy.

Item 14 - Approved: The Committee resolved to approve the report, requesting that this is presented to the Corporation ahead of the Financial Statements .

15 - Items to be reported to the Corporation

Item Lead: Committee Chair

The committee discussed the items that need to be reported to the corporation for approval and assurance, acknowledging that a significant portion of the discussed items must be reported to the corporation to ensure compliance and provide necessary assurances.

The Committee agreed to present the financial statements auditors' management letter, the regularity self-assessment, the fraud and irregularity reports and policy, and the financial statements for 2023/2024. Additionally, the whistleblowing policy and the annual report of the Committee were considered essential items that needed to be presented to the corporation before they sign the financial statements.

The committee also considered whether to include updates on risk management, given the extensive discussions in other committees and the importance of demonstrating effective risk management supported by the internal auditors. It was recommended to report on the updated risk register as a reassurance measure through the normal Committee processes due to the number of items requiring review and approval in December. They agreed that reassurances around their oversight of this could be included in their verbal update of work completed.

Item 15 – Approved: The Committee approved the information for presentation to the Corporation.

16 - Date of next meeting and closing comments

Item Lead: Committee Chair

The next meeting of the Audit Committee was noted to be Thursday, 6th March 2025. The meeting concluded with thanks to all participants.

Members asked about the update to the tendering for then internal audit service. They were advised this had not been included in the agenda, due to being an agenda focused on the external audit, with a follow up to be circulated by email, along with the scope and timeline.

Action: Dir. Finance - The tender scope, timeline and supporting information relating to the internal audit tender to be provided to the Committee members by email.

Item 16: Noted

The meeting closed at 5.20pm
