Minutes

SEG Audit Committee Meeting (Private meeting between Cttee and Auditors at 3.15)

Governor Meetings

Date	27/11/2025
Time	3:15 PM - 5:30 PM
Location	KGV Boardroom
Present	Mo Kundi (Independent Member and Committee Chair) Laura Bell (Independent Member) Andy Bridson (Independent Member) Diane Hutchinson (Independent Member)
In Attendance	Paris Bonwick (Vice Principal Business Services) (excluding item 1) Claire Dalrymple (Wylie and Bisset) (up to and including item 14) Lisa Farnhill (Dir. Governance and Compliance David Robinson (TIAA) (up to and including item 16) Paula Smith (Dir. Finance) (excluding item 1)
Apologies:	Kevin Burke (Independent Member) David Mutori (Independent Member) Ade Kosolo (TIAA)

Agenda

1 - Private Meeting Between the Auditors and Committee Members

REDACTED

Item 1: Resolved: The Committee resolved to note the assurances provided from the meeting without the presence of management.

2 - Apologies for Absence

The meeting began with apologies for absence for David Mutori and Kevin Burke being presented and accepted. Members were also advised the former Committee Chair, Carla Kennaugh, had been invited to attend as a critical friend during the presentation of the financial statements, however, had been unable to due to the meeting clashing with other commitments. The Dir. Governance and Compliance confirmed that Carla had offered to provide support in the week leading up to the meeting if needed, which the Chair had been advised of and extended his gratitude to Carla for this offer. Her dedication and continued support were acknowledged, and her absence was noted with regret. Members indicated Carla’s invaluable ongoing support to the college.

Item 2 – Accepted: The Committee accepted the apologies outlined

3 - Declaration of Interests

Members were reminded to declare any interests relevant to items on the agenda. Memebrs noted the need for the auditors to leave ahead of the items relating to performance of the audit firms.

Item 3 – Noted:

4 - Appointment of the Committee Vice Chair

The appointment of the Committee Vice Chair was discussed at length, with the Committee noting this would be Mo Kundi’s last year as Committee Chair, with members considering the need to ensure the new Chair is fully supported.

Members acknowledged the current Vice Chair, Diane Hutchinson had served as Vice Chair for a number of years, but also held a number of other positions on the Board, including being Vice Chair of Governance and Chair of Remuneration. Members acknowledged the need to ensure an active succession plan, and a smooth transition to the new leadership roles. It was therefore agreed Kevin Burke, should serve as Vice Chair enabling transition into the role ahead of the Chair changing at the start of 2025/2026. The Committee confirmed Kevin’s appointment unanimously.

Members were advised Andy Bridson had put himself forward for the role of Committee Chair, with this having been reviewed by the Governance Committee, who would be asking the Corporation to approve his appointment with effect from September 2026.

Item 4 – approved: the Committee approved the appointment of Kevin Burke as Committee Vice Chair for 2025/2026.

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5 - Minutes/Matters Arising

The minutes of the previous meeting held on 24th June 2025 were reviewed. The Committee discussed the importance of maintaining comprehensive minutes, noting they provide a crucial evidence trail of the Committee's discussions and decisions. The Committee approved the minutes and acknowledged the extensive follow-up work around internal audit reporting and pre-meetings.

Item 5 – approved: the Committee approved the minutes of the meeting held on 24th June 2025.

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6 - Actions Summary and Impact Statements

The Committee considered actions from previous meetings and agreed on the impact statements. The discussion included confirming the report following the review of admissions and enrolment had been provided, amendments to the critical incident management plan were made in line with Committee recommendations, updated DfE guidance had been provided, and work in relation to managing the audit contracts had been completed.

The Committee noted the importance of oversight and effectiveness in these areas, thanking staff for their work in following up on the actions and reporting back, to ensure transparency and thorough follow-up processes.

Item 6 – Approved; The Committee approved the impact statement and acknowledged the actions taken against matters arising from previous meetings.

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7 - Confidential Items

7.1 - To confirm if any minutes from those approved should be held as confidential

The Committee discussed the importance of confidentiality with it agreed that any discussions regarding the performance of the audit service or private meetings between auditors and the Committee without management should remain confidential and redacted from the public copy of the minutes.

Item 7.1 – Resolved: The Committee resolved to approve the redaction of any reference to auditor performance and to ensure the minutes of this meeting highlight item one for redaction.

7.2 - To determine whether any items of business on this agenda need to be marked as confidential

This Committee agreed that items relating to the performance or appointment of the audit services, needed to be held without the presence of either audit firm.

Item 7.2 – Resolved: The Committee agreed the auditors need to withdraw ahead of item 17.

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8 - Committee Self-Evaluation 2024/25

The Committee reviewed the self-evaluation report for 2024/25, acknowledging the breadth of knowledge and experience within the Committee. The evaluation highlighted the successful succession planning and the maintenance of minimum membership requirements. The discussion highlighted the extensive number of recent changes in legislation affecting their work, with understanding and adhering to this being a key focus in 2025/2026, with the Committee committed to continuing with their high standards and focus on effective oversight.

Item 8 – Approved: The Committee approved the Committee Self-Evaluation and committed to the actions outlined.

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9 - Risk Management

The Committee reviewed the updated risk register for 2025/26, discussing changes to risk ratings, details, and mitigations. Members noted two risks had been removed from the register: the impact of not achieving reasonable progress in monitoring Ofsted and the ability to afford the national living wage. Members reviewed and supported the rationale, noting the replacement risk relating to Ofsted had been recommended for inclusion by the Standards Committee. High risks such as failure to manage quality and critical incidents were highlighted ahead of memebrs reviewing changes to risk ratings.

Members discussed at length the increased risk rating related to student numbers, with reflection on the local context and external factors including funding and local school closures. Members expressed concern over lower than targeted enrolment, clarifying the target set was in line with enrolment for 2024/2025. Members asked if based on applications, they had anticipated a drop in enrolment, indicating in-year data had led them to believe enrolment would be above target. The Committee was informed that it had been unexpected due to having had higher applications, positive attendance at open events and at course discussion meetings, with questions asked about the difference between retention and attrition, with the funding and outcomes impact outlined. Members sought assurances over analysis of the reasons, being assured this had been reviewed by the Resources Committee. Members considered the target and were reminded of significant recent growth, with explanations of trend data provided. The Committee was assured by the work of the management team to better understand the data and ascertain the reasons for non-enrolment by those who had applied, whilst being advised of the work of the Resources Committee in terms of their review and oversight of the area.

The local context, Ofsted grade, demographics and competitor details were discussed, with members asking if anything could be learned from colleges that had seen significant increases in student numbers. Members highlighted the positive work seen in terms of marketing and the strategy, both in the college at events, and in the community, having seen the campaigns locally and on social media, noting the high applications.
Members clarified that their concern was not over inactivity or ineffective activity, but to seek assurances and a better understanding of the reduced enrolment, to ensure that the strategy was having impact and to have reassurances that this was not the beginning of a decline.

Members asked about the use of students as ambassadors and enquired about the college website's effectiveness in attracting students, highlighting previous issues with the website in terms of compliance. Members asked about the potential for replacing the website, discussing cost implications and likely impact, conceding digital marketing via social media may be more effective in terms of attracting students. Members asked about oversight of data analysis from the website, and cost impact analysis for other marketing activities, with it confirmed this level of information was not presented to the Board.

Members noted the previous internal audit service review of marketing had not been able to consider the impact of marketing campaigns and activity, with the Resources Committee having flagged the issue, highlighting how this was within the scope of the review, but then not mentioned within the report. Members recalled how the IAS had been asked to address this, asking that they complete the second part of the review, being subsequently advised that they had not been able to complete this as the data was unavailable. The Committee sought to understand how the budget was utilised and effectiveness of the spend managed and monitored, suggesting a presentation to the Committee may be necessary, along with a further audit in this area.

Despite assurance, including details of the introduction of a more intuitive new applications system, the Committee indicated they remained concerned, necessitating further review to ensure this was not the start of a decline in applications, insisting they needed to see evidence of actions to ensure the 2026 position was more positive. The Committee suggested that the marketing team should provide reassurances around their strategies and analytics of the marketing spends effectiveness to provide assurances around the value provided by the budget’s use. The Dir. Governance and Compliance informed the Committee that this was within the remit of the Resources Committee, confirming that a new long-term marketing strategy had been recently approved, with the Resources Committee having oversight of its effectiveness, including reviewing application data as a standing item. The Dir. Governance and Compliance suggested Audit members attend a meeting of the Resources Committee to review that item to prevent duplication by staff responsible for marketing. Members agreed to attend to review this item to ensure reassurance in relation to the increased risk around applications.

Members considered whether internal assurances would negate the need for a review by the internal audit service, discussing potential dates and reviews that could be delayed to enable this to be prioritised should it still be considered necessary. The Committee agreed to review the internal presentation ahead of finalising any decision in relation to a replacement review, with the internal presentation to support with outlining the scope for the review.

Members reflected on the extent of their discussions, highlighting the importance of using the risk register to manage business effectively and seek assurances and additional information where risk ratings were increasing, even if they were not yet considered high risks.

Item 9 – Resolved: The Committee resolved to note the update, seeking additional assurances relating to the decline in enrolment through a review of marketing spend and impact.

Task: - Marketing team to provide a presentation on assurance around recruitment activity, marketing impact and VFM as well as website analytics and optimisation (jointly with Resources Committee – proposed to be at the January meeting)
Task: Aat the next Committee meeting consider if a review is necessary by the IAS.

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10 - Compliance Reporting

The Vice Principal Business Services provided an outline of his aspects of the paper, with the Committee noting the new format for compliance reporting, which consolidates various reports to provide a high-level overview on compliance matters, including GDPR, critical incidents, external reviews, guidance updates, and health and safety.

Considering the Health and safety update, members enquired about the different levels and minimum standards of fire safety measures in place, seeking clarity on how these standards are maintained across the organisation. There was also a question regarding whether the recommendations and findings from reviewing evacuation processes were consistent at each site.

The Committee considered the concern raised by TIAA over low numbers of near misses and incident reporting, discussing the need to foster a culture that encourages greater level of accountability for health and safety. Members were advised that issues were often logged with the estates team for rectification as opposed to with Health and Safety as a near miss, with a need to consider how to align reporting between the two systems, highlighting a need for improved communication channels.

The Dir. Governance and Compliance provided an overview of the GDPR data, with members noting the increase in FOI requests, breaches, and subject access requests. Assurances were given over responses and compliance, as well as data analysis which indicated no clear route cause for the increase, however, could be correlated to the supportive culture and strength of the safeguarding team. It was explained that a high number of data access requests related to police matters, with a high proportion being historic cases of abuse, with students feeling supported and able to confide in staff within the college about matters that had happened years earlier, with data needed to support with the investigation and impact statements.

Members asked for clarification on procedures and outcomes and discussed the time spent managing GDPR issues and the overall effectiveness of current systems. Members sought assurance that thorough analysis of relevant data is being undertaken to support compliance and improvement efforts.

In concluding the item, the committee commended the introduction of the new format for compliance reporting, recognising its contribution to clearer and more accessible documentation.

Item 10 – Noted: The Committee noted the update.

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11 - Annual Review of the Co-ordination of the College Auditors

The Committee confirmed that the auditors are able to communicate and interact between meetings to raise or share any concerns independently of management and the Committee to ensure ongoing transparency and effective communication.

Item 11 – Noted: The Committee noted the assurances provided.

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12 - Review of other Audit Services 2024/25

The Committee noted there had been no additional work undertaken by either audit provider.

Item 12 – Noted: The Committee noted the assurances provided.

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13 - Internal Audit Reports

The Committee received updates on the implementation and actioning of audit recommendations. The termly update highlighted progress made, with specific reports on admissions and enrolment, estates management, absence management, and a verbal update on the creditors review still underway. The Committee reviewed the annual internal audit report for 2024/25, noting the follow-up of previous recommendations and the assurance provided by the internal audit service.

13.1 - Termly Update on the Implementation and Actioning of Recommendations

The Committee was updated on progress made in the implementation of audit recommendations. Members were informed that two of the admissions audit recommendations and five estates recommendations were completed by the end of November, with five estates recommendations due after November.

The Committee noted the update, thanking staff for their swift actioning of the recommendations.

Item 13.1 – Noted: The Committee noted the assurances provided.

13.2 - Annual Internal Audit Report 2024/25 (to include follow up of previous recommendations).

The Committee reviewed the annual internal audit report for 2024/25, being advised that the report provided reasonable assurance as the audit opinion, with four substantial and two reasonable assurances. Members noted that reviews had resulted in, six important recommendations, seven routine ones, with no urgent recommendations. The alignment of recommendations was discussed, noting six were governance, five were compliance, and two were operational effectiveness. Members discussed the distribution of the recommendations, noting it was unusual for the number of governance recommendations to exceed compliance, with TIAA advising this was a small sample size, and contextualised within the low overall number of recommendations, therefore not a cause for concern.

The item concluded with TIAA confirming that the KPI’s had been achieved and the audits were completed within budget.

Item 13.2 – Noted: The Committee noted the assurances provide, with the Committee agreeing to present the report to the Corporation as essential information.

13.3 - New Reports From the Internal Audit Service

The Committee was advised of an internal controls report available, which would be shared, however, had been received too late to include in the pack.

Members were informed that this provided an ongoing summary of work completed, assurance areas, as well as signposting to sector and Committee relevant updates, including any changes to legislation and guidance related to the work of the Committee. It was agreed this would be shred with members.

Admissions and Enrolment
The Committee members confirmed they had a verbal presentation of the report at the last meeting, however, had not received the report as it was still in draft. It was confirmed the key points did not need to be repeated, with the Committee confirming receipt of the finalised report.

Estates Management
Members considered the content of the review at length, discussing the recommendations, noting management had accepted all recommendations, and begun implementing the necessary remedial actions. Explanations were provided around the electrical testing and asbestos surveys, with questions raised about compliance and scope, as well as any potential health and safety and insurance implications. The Committee was assured by TIAA that the due dates were reasonable for the work required. The Vice Principal Business Services confirmed that a 100% sample was used in the electrical testing, with a sample report to be shared with the Committee to provide an indication as to the level of detail.

Absence Management

An explanation relating to the delay in issuing the report was provided, with a summary of the routine recommendations outlined, noting these had been actioned. Members noted the high level of assurance provided by the review.

Creditors
The Committee noted this review was underway, with the exit meeting attended which advised of five recommendations, however, there had not yet been a draft report issued for review.

Item 13.2 – Noted: The Committee noted the assurances provided.

Task: Send the internal controls assurance report after the meeting.
Task: Share an example of an electrical report.

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14 - Financial Statements – 2024/2025

14.1 - Financial Statements Auditor’s Management Letter - 2024/2025

Wbg Ltd provided a comprehensive overview of the 2024/2025 Financial Statements Auditor’s Management Letter. Members noted the letter confirmed an unmodified audit report, with no points raised from the previous year, indicating a consistent and stable financial environment. The Committee was assured that the audit assurance opinion was clean and unmodified for both the audit opinion and regularity.

The pension position was clarified, along with noting a journal adjustment which had been as a result of a timing issue, with the Committee assured that there was nothing to note and no management points to be raised or recorded.

Attention was drawn to updates to format and content of the letter, noting the section on comparisons had been removed and replaced with an outline of the audit process.

Each section of the report was summarised by Wbg Ltd for the benefit of the Committee, reassuring the Committee of the clean audit, which had been well managed by the finance team. When highlighting the independence of the auditors, memebrs reflected on the discussion during the private meeting and reassurances provided.

Committee members discussed the implications of the unmodified report and expressed satisfaction with the auditor's findings. Memebrs asked that the report is updated to reflect the Group name, with an action noted for this to be reissued.

Item 14.1 – Resolved: The Committee resolved to accept the assurance of the auditors in relation to the clean audit and unmodified report. The Committee agreed to recommend the Corporation approve the signing of the Management Letter.

Task: Update references to Southport College to SEG throughout the report.

14.2 - Regularity Self-Assessment

The purpose, format and content of the regularity self-assessment questionnaire was outlined by the Vice Principal Finance including the process for collating and reviewing the evidence used. The Committee noted that this had been presented to Wbg Ltd during the audit.

There were no questions raised by the Committee members regarding the questionnaire, however, it was proposed that the format could be more user-friendly, noting this was a standardised Department of Education document, acknowledging it was not easy to complete or review.

Item 14.2 – Resolved: The Committee resolved to accept and recommend the Corporation approve the signing of the RSAQ.

14.3 - Report on the Consideration of Fraud and Irregularity

The Committee reviewed the report on the consideration of fraud and irregularity. Members were advised of the requirement for Corporations to make representations at the time of approving the final financial statements. Memebrs reviewed the policy updates, which ensured compliance with legislative updates.

Members discussed at length the new statutory requirement under the Economic Crime and Corporate Transparency Act 2023, noting that this introduced a legal obligation for large corporations to prevent fraud. Members clarified that they met the criteria for large corporations and reviewed the briefing document provided, which outlined the obligations and compliance requirements of the new Act.

After discussion, it was proposed additional reassurance relating to compliance with the requirements would be beneficial, with it agreed that a compliance checklist would be presented at the next meeting. The importance of additional fraud training for the audit committee members was considered, noting a number of circulars, newsletters and details of webinars had been provided by the Dir. Governance and Compliance in the Governor Training Channel on Microsoft Teams. Reflecting on the need for members to be fully aware of their responsibilities and the new statutory requirements, members asked TIAA to provide a short session at the next meeting, suggesting it would be beneficial to ensure understanding of the new legislation.

Item 14.3 – Resolved: The Committee resolved to note assurances of the report and recommend the Corporation approve updates to the policy.

Task: Organise a training session for the Audit Committee in February to provide assurance on compliance with the new Economic Crime and Corporate Transparency Act requirements.
Task: Provide a report on compliance with the new requirements in February.

14.4 - Financial Statements

The Vice Principal Finance presented the financial statements for the 2024/2025, confirming a review by the Resources Committee had been completed a week earlier. Key points were highlighted, which included the operating deficit of £398,000 and the balance sheet showing cash balances of £5.3 million at the end of the year, compared to £4.4 million in the prior year. It was confirmed this was due in part due to the capital grant monies having been received but not yet utilised.

The pension provision was noted at £7.6 million, being reminded that this would be zeroed, however, noting that the surplus may result in reduced contributions when next reviewed.

The financial objectives and targets were reviewed, noting the health rating score of 210 gave a financial health grading of good. The committee discussed the favourable outcome of the deficit being lower than the original budget projection of £892,000, attributing it to positive pension movements. The Committee agreed to accept and recommend that the financial statements are approved by the Corporation, questioning the sustainability of the financial improvements and potential risks for coming years, reflecting on the recruitment discussions held. Memebrs were reminded of the lagged funding model, allowing time to review and adjust the budgets in line with the expected income.

Item 14.4 – Resolved: The Committee resolved to recommend the Corporation approve the financial statements.

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15 - Whistle Blowing Policy and Reporting

The Committee received an updated whistle blowing policy, noting a review by the Union Management Forum, and assurances that there had been no reported incidents.

The Committee agreed to accept the updated policy and recommend it for Corporation approval.

Item 15 – Resolved: The Committee resolved to recommend the Corporation approve the updated policy.

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16 - Audit Committee’s Annual Report

The Committee was reminded of the purpose of the Audit Committee’s Annual Report, noting it summarised their work and assurances for the Corporation ahead of the Board receiving, approving and signing the financial statements. Memebrs were advised that the report must be presented to the Corporation ahead of their approval and signing of the financial statements.

Members were informed that the report’s content incorporated all sections as included in the guidance from Department for Education, with the format the same as the previous year, with relevant sections updated, including reference to the Board’s self-assessment due to not having had an external review in that year.

The committee approved the content and format of the report.

Item 16 – Resolved: The Committee resolved to approve the report, recommending the Corporation receive this ahead of the financial statements.

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17 - Review of the performance of IAS

REDACTED

Item 17 – Resolved: REDACTED

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18 - Update regarding the extension of the EAS contract

REDACTED

Item 18 - Resolved: REDACTED

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19 - Items to be reported to the Corporation

The Dir Governance and Compliance summarised the items to be reported to the Corporation at its meeting on 16th December 2025. These included the annual report of the Internal Audit Service, financial statements, the fraud and irregularity report and policy, the whistle blowing policy, the Audit Committee’s annual report, as well as advising of the decision to continue with the current audit service provider, utilising the permissible two-year extension of the EAS contract.

Item 19- Noted

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20 - Closing Comments and Date of Next Meeting

The meeting concluded with closing comments and confirmation of the date of the next meeting, scheduled for Tuesday 10th February 2025 at Clouds Conservatory in Southport College, with memebrs reminded of the action in relation to attendance at the Resources Committee meeting on 27th January, with additional details to be shared once this is confirmed.

Item 20 - Noted