

MINUTES AUDIT COMMITTEE MEETING OF 27 NOVEMBER 2023

(All resolutions passed were the unanimous decision of the Audit Committee members present unless otherwise stated)

Meeting Title	Audit Committee	
Date	27 November 2023	
Members	Ms K. Driver(KD) Chair Mr L. Linton(LL) Mr M. J. Stone (JS) Ms M. Savage(MS) Mr N. Ratnavel(RN)	
In Attendance	Ms C. Biscoe (CB) Buzzacott LLP Ms L. Raynes(LR) RSM Mr P. Mayhew-Smith (PM-S) Group Principal / CEO Ms. R. Devan(RD) Director of Finance Mr R. Greenaway(RG) Deputy CEO Mr D. Thornton(DT) Director of Management Information Systems Mrs H Meredith(HM) Head of Governance	
	The following governors also joined the meeting for Item 1 convened as a Corporation Meeting	
	Mr R Foulston(RF) – Chair Ms L. Austin (LA) Ms S. Axbey (SA) Ms H. Harper (HH) Cllr A. Holt (AH)	Prof H. Laville (HL) Mr J. Marshall(JM) Mr P. Mayhew-Smith - Group Principal / CEO (PM-S) Ms W. Miles (WM) Ms C. Streliaev-Pivetta (CS-P)
	The meeting took place remotely.	
	<i>Item 1 was convened as a combined Audit Committee and Corporation Meeting so that the External auditors could present their findings at a Corporation Meeting. Item 1 was Chaired by the Chair of the Audit Committee as this was within the remit of the Audit Committee</i>	
1.	2022/23 DRAFT YEAR END ACCOUNTS AND REGULARITY AUDIT CHECKLIST	
	Reconciliation of Year End Management Accounts to Budget	
1.1.1	RD presented a Reconciliation of the Year End Management Accounts to Budget and to the Financial Statements for the year ended 31 July 2023 highlighting: <ul style="list-style-type: none"> • Key performance indicators (KPIS) <ul style="list-style-type: none"> ○ Education specific EBITDA of £2.496 million (3.88%) for the year. ○ The performance indicators provided within the Strategic report confirm that the College’s financial health category is ‘Good’ 	
1.1.2	<ul style="list-style-type: none"> • A number of reconciliations between the financial statements and the July 2023 management accounts that confirm that the 2022/23 outturn is unchanged from that reported in the year end management accounts. <ul style="list-style-type: none"> • That the financial statement auditors had provided an unqualified audit opinion 	
1.1.3	The report set out a number of reconciliations aimed at providing assurance of the reliability and accuracy of in-year forecasts reported to the Committee during 2022/23 as well as the actual outturn in the July 2023 (year-end) management accounts. Management accounts are reviewed by every meeting of the Finance, Planning and Resources committee and are provided to the Corporation. The report included a detailed commentary on the variances between budgets and forecasts, and confirmed that the actual outturn was unchanged from that reported in the year end management accounts. JM confirmed that the F,P and R Committee had recently reviewed the reconciliation a and were satisfied with its accuracy.	
1.1.4	It was resolved to note this reconciliation.	

1.2 and 1.3	<u>Financial Statements to 31 July 2023 and Post-Audit Management Report</u>
1.2.1	Members noted that an unqualified audit opinion will be issued. The auditors made no adjustments to the draft Financial Statements prepared by RD. The Post-Audit Management Report was presented by Ms Biscoe, Buzzacott LLP, who highlighted the following:
1.2.2	The main changes this year to the Financial Statements are additional disclosures around complying with Managing Public Money (MPM) requirements this year following reclassification to the public sector in November 2022. Statements on regularity, propriety and compliance had been updated to include compliance with MPM.
1.2.3	<u>Public benefit</u> The disclosure that the college, as an exempt charity, needs to make to show how the college is delivering benefit to the public.
1.2.4	<u>Going concern basis</u> The auditors were satisfied that the Group is a going concern and the Financial Statements are prepared on a going concern basis. In signing the financial statements governors are confirming that they believe STCG is a going concern for at least twelve months from approval of the financial statements.
1.2.5	<u>Risk Management</u> is also the responsibility of the whole Corporation <u>Unqualified audit opinion</u> The Financial Statement Auditors' clean unqualified audit opinion is set out on pages 42 -43 confirming that there were no issues with regularity, propriety or compliance.
1.2.6	<u>Statement of comprehensive income</u> At page 44 this shows the Deficit for the year of £3.7m and that £1.675m was added to the bottom line re reserves
1.2.7	<u>Financial Review</u> The Financial Review (from page 6) details the deficit for the year of £3.7m and how that ties back to EBITDA of £2.5m and that the College remains in Good financial health based on ESFA's financial health measures.
1.2.8	The cash balance at the end of 2022/23 was healthy and at £7.5 million, net cash flow from operating activities was strong. At the balance sheet date, the Group held current assets of £22.7 million and net assets of £74.4 million. The defined benefit LGPS pension scheme valuation was a surplus position, which has been capped at £nil in the financial statements in accordance with FRS102. The financial covenants contained within its loan agreements were met with a comfortable margin in 2022/23.
1.2.9	<u>Adjustments</u> Other than presentational amendments which have no impact on the reported results for the year there were no adjustments to the figures.
1.2.10	JS asked if anything more was likely to change following the move into the of FE colleges into the public sector . CB confirmed that there are likely to be further to the existing DfE Guidance when the Colleges Financial Handbook is published. The main concern would be change to a March year-end in line with the government financial year end. CB reported that at ESFA meetings and forums this idea has received pushback from auditors .
1.3	
1.3.1	POST AUDIT MANAGEMENT REPORT CB asked whether were any areas of fraud that the auditors needed to be told about and none were reported by the Corporation.
1.3.2	MS asked about the benchmarking Appendix on Financial Ratios from which it appeared that other colleges had not reduced EBITDA as much as STCG had done last year due to high energy costs. CB explained that some of the benchmarking related to 21-22 as Buzzacott are still completing audits for 2022-23 for some college clients. All of the 22-23

1.3.3	audits indicate that colleges have seen a significant impact on their cost base . CB offered to send updated benchmarking data in December 2023 for review.				
1.4 1.4.1 1.4.2	<p>LETTERS OF REPRESENTATION for South Thames Colleges Group and KCTC Ltd adopting a standard format were presented by Buzzacott and reviewed.</p> <p>It was resolved to recommend that the Corporation approve the Letters of Representation for South Thames Colleges Group and KCTC Ltd.</p>				
1.5 1.5.1 1.5.2	<p>REGULARITY SELF ASSESSMENT QUESTIONNAIRE</p> <p>RD confirmed that the checklist is a template provided by the ESFA completed to inform the work of the regularity auditors. Some minor changes were made to the questionnaire this year following reclassification to the public sector last year.</p> <p>It was resolved to recommend this checklist for signature by the Group Principal / CEO and Chair of the Corporation.</p>				
1.6	<p>It was resolved to recommend that the Corporation approve the Post-Audit Management Letters on the year-end accounts 31 July 2023 for South Thames Colleges Group and KCTC Ltd.</p> <p>It was resolved to recommend that the Corporation approve the Financial Statements for year-end 31 July 2023 for South Thames Colleges Group.</p> <p>CB commended the work done by RD and thanked her for her assistance and KD thanked CB and the team from Buzzacott and RD and the finance team for their work on the audit. RF thanked everyone who had taken part and commended everyone and for a strong balance sheet.</p>				
	<i>The members of the Finance, Planning and Resources Committee and other governors left the meeting at 6.00pm.</i>				
2. 2.1 2.2	<p>WELCOME, APOLOGIES</p> <p>Apologies were received from Cllr Akinola. The Group Principal / CEO attended the meeting at the invitation of the Audit Committee.</p> <p>DECLARATION OF INTEREST</p> <p>Members confirmed that they did not have any new pecuniary or other interest in any item on the agenda other than interests which have previously been declared .</p>				
3.	<p>REVIEW OF BOARD ASSURANCE RISK AREAS (PART 1)</p> <p>KD highlighted Risks 17, 17a and 22 which are allocated to the Audit Committee to review under the Board Assurance Framework to keep in mind during the meeting. These cover:</p> <p>Financial or reputational loss due to non-compliance with expectations and requirements of funding bodies and other regulators as well as fraudulent activities within and outside the Group</p>				
4. 4.1 4.2	<p>ELECTION OF CHAIR AND VICE-CHAIR</p> <p>Election of Chair Ms Driver was elected as Chair of the Committee</p> <p>Election of Vice-Chair Ms Savage was elected as Vice- Chair of the Committee.</p>				
5. 5.1 5.1.1 5.1.2	<p>MINUTES OF LAST MEETING 22 JUNE 2023 AND MATTERS ARISING</p> <p><u>Accuracy.</u> The minutes were accepted as an accurate record by those present at the meeting to be signed by the chair.</p> <p><u>Matters arising Members</u> noted the following updates on the Action Log:</p> <table border="1"> <tr> <td>Compliance Process update report – to become a standing item each meeting</td> <td>HM / DT</td> <td>Ongoing</td> <td>Actioned</td> </tr> </table>	Compliance Process update report – to become a standing item each meeting	HM / DT	Ongoing	Actioned
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	Risk Register review - may re-visit this in the Autumn possibly with a governor training session – particularly for new governors	HM	Dec 2023	See Item 11.1.2
	RG to review whether MPM should be included as a criterion re other risks in Board Assurance Policy or whether this should be a separate risk.	RG	Oct 2023	Actioned- RG confirmed no need to include MPM as a separate risk
	Risks 21 and 22 to be added back to the Risk Movement Tracker	RG	July 2023	Actioned
	Consider setting up a central Contracts Register	PMS / RG	Oct 2023	Update on Action Tracker – about 90% done see tracker
	Share the Exam Internal Audit Report with the new Exams team	PM-S / JAM		Actioned
	Swap the Health and Safety internal audit to mental health and wellbeing. Also consider whether RSM are best placed to carry out this review.	RG	July 2023	Actioned : IA Plan has been amended to include this
	Consider AI when scoping the cyber security IA	RG	Dec 2023	Actioned : IA Plan has been amended to include this

It was **resolved** to note the minutes.

6.	AUDIT REPORTS AND RECOMMENDATIONS
6.1.1	PREVIOUS AUDIT RECOMMENDATIONS TRACKER REPORT A Tracker Report of previous Audit Recommendations was presented by RG . 6 out of 12 actions on the tracker remain outstanding of which 3 were from the most recent audit.
6.1.2	One recommendation in relation to Apprenticeships had been completed but left on the tracker as it is a High priority recommendation to ensure that the recommendation is being fully implemented on an ongoing basis/
6.1.3	It was resolved to note the report.
6.2	INTERNAL AUDIT ANNUAL REPORT 2022- 2023
6.2.1	Lorna Raynes, RSM, presented the Annual Internal Audit Report for the year 2022-23 which set out the following overall amber/ green opinion: <i>“The organisation has an adequate and effective framework for risk management, governance and internal control.</i> <i>However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective. “</i>
6.2.2	This is the second level down of their 4 levels of opinion and LR confirmed that they very rarely give the top opinion, particularly in large college groups so that this is a good overall outcome for STCG.
6.2.3	LR reported that the staff utilisation report still in draft but that this will not have any impact on the overall opinion as the opinion from that will be reasonable assurance.
6.2.4	It was resolved to recommend the Internal Audit Annual Report 2022-23 to the Corporation.
6.3	INTERNAL AUDIT REVIEW OF GLA SUBCONTRACTING CONTROLS
6.3.1	The report was presented by LR who explained that this is a factual review to determine whether the internal controls are operating as prescribed at the request of management and the audit committee and does not provide an internal audit opinion. The report was a very clean report reflecting the work that has been done at college.
6.3.2	It was resolved to note the Report.

<p>6.4 6.4.1 6.4.2</p>	<p>IA PROGRESS REPORT</p> <p>The report was presented by LR confirming that dates for all Internal Audits this year have been agreed with one audit already in progress and more scheduled to take place in December.</p> <p>The Report also included two sector update briefings in relation to the ESFA subcontracting standard which the committee noted.</p>
<p>7. 7.1 7.2 7.3 7.4 7.5 7.6 7.7</p>	<p>PRESENTATION ON MIS ASSURANCE CONTROLS</p> <p>DT gave a presentation on action taken by the MIS team during 2022-23 in relation to ILR assurance reporting and compliance controls. The report highlighted the overarching strategies for ensuring compliance including:</p> <ul style="list-style-type: none"> • Culture • Staff Training • Systems and reporting - including the introduction this year of a KPI dashboard • Audit • Support- for those areas performing below standards to help them improve their levels of compliance <p>Key controls used by the Group include:</p> <ul style="list-style-type: none"> • ESFA / GLA funding software - DSAT, FRM reports • In-house compliance reports – suite of purpose-built reports • SCORE – data validation and funding analysis • ProAchieve – curriculum data checking • Compliance Monitoring and Progress (CMAP) • Internal audit Service (IAS) • External funding audits <p>The Committee noted that external validation of compliance includes the annual IAS programme and three external audits since 2016 with positive outcomes –although the College is probably due another one audit soon as the last one was in 2021.</p> <p><u>Compliance Monitoring and Progress (CMAP).</u></p> <p>The overall assessment of compliance has gone back from low to medium risk overall due to apprenticeship provision. Carshalton and Merton were red at the end of 2022-23 due to apprenticeships.</p> <p>Some reasons for inconsistent levels of compliance were discussed along with initiatives for addressing this including</p> <ul style="list-style-type: none"> • Enhancements to the learning portal (on-line enrolment system) • Introduction of KPI dashboard • Training with Heads and Curriculum managers including a new training video • A new set of Register rules • Increasing the number of Apprenticeship CMAP tests • Compliance now embedded in ALT Task and Finish groups • Plans to review alternatives to ProMonitor this year <p>JS asked why apprenticeships are proving so difficult to crack. DT confirmed that the funding stream is very complex and needs a lot more work on it. DT indicated that there are inconsistencies in approach to this across the group and even at school level. JS asked what needs to be done to reduce inconsistencies? RG answered that its due to inconsistencies in staffing and monitoring and that DT has been asked to lead a review of that process across the group and will bring his report back to the committee. PM-S confirmed that college managers are not giving the apprenticeships an adequate level of attention and confirmed that if the college cannot sort this we might need to reduce the level of apprenticeship provision despite it being a strategic priority.</p> <p>KD asked whether the good compliance practice from Merton could be shared more across the Group. DT confirmed that sharing of good practice takes place at ALT . Merton College</p>

7.8	have really nailed their compliance process in the last 2 years and there is a lot of cross group best practice work being done though ALT. The Chair thanked DT for this presentation and asked him to thank the MIS team for all their huge amount of work, particularly in relation to enrolments.
8.	GENERAL DATA PROTECTION REGULATIONS
8.1	The Director of MIS presented an update Report on GDPR implementation.
8.2	RSM carried out a review last year. MIS have produced a new Data Protection procedures page on STCG online now incorporating recommendations from RSM.
8.3	The Committee noted that staff training on GDPR is mandatory for all staff. 96% of staff have completed this training this year.
8.4	There were two reported potential breaches in the last 12 months and 2 more recent breaches with data being sent out by email. Two were assessed in line with the ICO breach toolkit and no further external action was required. But there has been an increase in relation to near misses and so the MIS team are going to run additional training for these teams and have introduced processes to assist staff to make sure that data is being sent out correctly.
8.5	MS asked whether the college can build any safeguards into the email system. DT confirmed that the college is looking at the available options.
8.6	It was resolved to note the Report.
9.	COUNTER-FRAUD
9.1	The Committee received the Fraud Register for South Thames Colleges Group
9.2	No new instances of Fraud had been reported. The report gave an update that a previous incident reported was now deemed to be non-compliance rather than fraud.
9.3	It was resolved to note the Fraud Register.
10.	WHISTLEBLOWING REPORT
10.1.1	The Committee received the Whistleblowing Register which reported that no whistleblowing reports have been received since the last meeting of the Audit Committee.
10.1.2	It was RESOLVED to note the Whistleblowing Register report
10.2	WHISTLEBLOWING POLICY
10.2.1	HM presented the Whistleblowing Policy proposing that no changes are needed to reflect the change of Colleges to the Public Sector last year
10.2.2	It was resolved to recommend the reviewed Whistleblowing Policy for approval without amendment
11.	BOARD ASSURANCE AND RISK MANAGEMENT
11.1.1.1	RG presented the Group Risk Register. The committee assessed the risks allocated to it (Risks 17, 17a and 22). Risk 17 covers failure to comply with the procedures and regulations connected to learner funding as set out by each funding body including the utilisation of expected compliance processes such as PDSAT. The presentation by DT had given the committee opportunity to raise questions in relation to this. RG reported that since green.
11.1.1.2	After discussion it was resolved that the Committee was satisfied that the risk level for each of the risks is correct and that sufficient controls and/or actions are being taken to manage the risks.

<p>11.1.2 11.1.2.1</p>	<p>RISK UPDATE Emerging risks raised by governors at their Awayday were summarised in a report . Most were already covered on the Risk Register apart from some categorised as either issues re</p> <ul style="list-style-type: none"> • Capability to improve – eh things like apprenticeships and other NTI areas – how to respond to issues that arise and move them forward or • Capacity to move fast enough – EG changes to AI, Digital <p>11.1.2.2 MS suggested that some of these risks fall under the Risk of a poor Ofsted because in some NTI areas poor teaching is holding the Group back from being outstanding.</p> <p>11.1.2.3 MS asked whether the Group is holding itself back in terms of how we innovate by not having the bandwidth in terms of staff .</p> <p>11.1.2.4 NR suggested that AI should also be added as both a risk and Opportunity for the college.</p> <p>11.1.2.5 PMS accepted both as well-made comments and feedback and agreed that the SLT should review what else they can do to make long-lasting and rapid change to areas of provision that remain persistently weak as NTI areas. KD suggested that the SLT consider how to set out those risks and how to track those and move them forward</p> <p>11.1.2.6 It was agreed that SLT would consider the feedback and comments of the Committee. PMS and/or RG should come back to the committee with a proposal on how it was intended to assure Governors that required improvements are better achieved within intended timescales and that the College could be more responsive to important external changes.</p>
<p>11.2 11.2.1 11.2.2</p>	<p>REPORTS FROM CORPORATION COMMITTEES UNDER BOARD ASSURANCE FRAMEWORK</p> <p>11.2.1 HM presented a report from Corporation Committees in relation to their review of the risks delegated to them. QL& S had also discussed these in November and agreed that both risks allocated to them were improving (Student numbers and quality) . The committee reviewed the assurance provided by each committee including an update from HM from the Finance Committee which had met a few days before the meeting .</p> <p>11.2.2 After discussion, it was resolved to recommend the Risk Register for approval to the Corporation.</p>
<p>12. 12.1.1 12.1.2</p>	<p>SELF ASSESSMENT AUDIT COMMITTEE'S ANNUAL REPORT 2022/23</p> <p>12.1.1 The annual report of the Audit Committee is written for the Corporation and the Group Principal as the accounting officer of the College and must offer an opinion from the Audit Committee to both the Corporation and Accounting Officer.</p> <p>12.1.2 The Committee received and reviewed the draft Annual Report for the work of the South Thames Colleges Group Audit Committee. The following opinion was agreed:</p> <p>As specified in the Post 16 Audit Code of Practice (JACOP) the Audit Committee advises the Corporation on the adequacy and effectiveness of the Corporation's assurance framework. This is done through reports it recommends and refers to the Corporation throughout the year, reporting back by the Chair of the Committee and the submission of its minutes for consideration by the Corporation.</p> <p>There are no matters that the committee wishes to bring specifically to the attention of the Corporation, based on the information provided to them by the College; the work, reports and audit opinions of South Thames Colleges Group's Internal and Financial Statement & Regularity Auditors; and the opinions and assurances received from South Thames Colleges Group Corporation Committees, the Audit Committee's opinion is that that South Thames Colleges Group's assurance arrangements, framework of governance, risk</p>

12.1.3	<p>management and control processes for the effective and efficient use of resources, value for money, solvency, and the safeguarding of assets are adequate and effective and that the Corporation should have confidence in relying upon them. The Committee is satisfied that where weaknesses are identified they have been responded to in an appropriate and timely manner. There have been no instances of material irregularity. The Committee is satisfied that the funds administered by the College for specific purposes have been properly applied and managed in accordance with relevant legislation and that the expenditure disbursed and income received during the year ended 31 July 2022 has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.</p> <p>The Committee is satisfied with the financial reporting of South Thames College Group and the performance of the internal and financial statement & regularity auditors.</p> <p>The Audit Committee considers that South Thames Colleges Group Corporation's responsibilities have been satisfactorily discharged and recommends this report to the Corporation.</p> <p>It was resolved to recommend the Annual Report for approval by the Corporation and the Chair of the Audit Committee was authorised to sign and date the annual report on behalf of the Audit Committee (subject to finalising this up to the date of the report) to provide the assurance required by the Corporation.</p>
12.2 12.2.1 12.2.2 12.2.3 12.3 12.3.1 12.3.2 12.3.3 12.3.4	<p>TERMS OF REFERENCE & SELF ASSESSMENT OF WORK OF COMMITTEE 2022-23</p> <p><u>Terms of Reference</u> Members considered the committee's Terms of Reference and it was agreed to recommend these for approval without amendment.</p> <p>It was resolved to recommend the Terms of Reference attached to these minutes) for approval by the Corporation.</p> <p><u>Planned Business for the Year</u> It was resolved to agree the revised Planned Business for the year as attached to the Audit Committee Annual Report.</p> <p>SELF ASSESSMENT OF WORK OF COMMITTEE FOR 2021-22</p> <p>The Committee considered a checklist of questions to prompt their self-assessment of the committee's effectiveness for 2022-23.</p> <p>The way in which the November meetings are run was changed this year because holding Finance and Audit Committees back to back last year had a negative impact on the time available for looking at other Finance matters and made a very long evening for postholders attending both meetings RG thought that having separate meetings worked better.</p> <p>HM asked whether to hold any meetings in person this year but the Committee preferred to keep these as virtual meetings as an effective use of time.</p> <p>KD was happy with there being a sufficient level of detail and benchmarking in the reports to the committee and that all members' views are heard. NR asked for more feedback for external co-opted members on the direction of travel of the group and KD/ HM agreed to consider how to improve this.</p>
	<p>CONFIDENTIAL SESSION</p> <p>The Audit Committee and auditors held a very short closed session at 7.10pm to allow auditors to raise any matters of concern directly with the Committee. The Auditors and Committee confirmed that they had no matters of concern.</p>
13.	<p>The External and Internal Auditors (CB and LR) and NR left the meeting at 7.15pm</p> <p>ANNUAL REVIEW OF PERFORMANCE OF FINANCIAL STATEMENTS AND REGULARITY AUDITORS</p>

13.1.1	The Committee undertook the annual assessment of the performance of the Financial Audit and Regularity Audit Service against agreed Performance Indicators. This year the external auditors had to extend the Financial Statements Audit to include ILR and their staff didn't seem to know much about funding. The purpose of this work is for them to obtain assurance that they can rely on the STCG ILR for providing a true and fair view of the College's learner numbers
13.1.2	It was resolved to re-appoint Buzzacott to provide a financial audit and regularity audit service for the College Group for the period 01 August 2023 to 31 July 2024.

Date of Next Meeting	<p>The next meeting was scheduled to take place on Monday 11 March 2023 @ 5.30pm.</p> <p>The meeting closed at 7.22 pm.</p> <p>Signed:Date:.....</p>
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Action points		Responsible	Deadline	Signed off
From this meeting				
1.	CB offered to send updated benchmarking data on Financial Performance at other colleges in December 2023 for review.	Buzzacott		
2.	JM suggested that the contents of TG's report to the FP & R committee on sustainability reporting should be added into the Financial Statements.			
3.	DT to lead a review of inconsistencies around apprenticeship compliance process across the group and will bring his report back to the committee	DT		
4.	SLT to consider the feedback and comments of the Committee re risks re capacity and capability to improve. PMS / RG to come back with a proposal on how to assure Governors that required improvements are better achieved within intended timescales.	PM-S / RG	March 24	
5.	NR asked for more feedback for external co-opted members on the direction of travel of the group and KD agreed to consider this.	KD / HM	March 24	

AUDIT COMMITTEE TERMS OF REFERENCE

BACKGROUND

- 1.1 In fulfilling the requirements of its funding bodies the Corporation is required to appoint an Audit Committee.
- 1.2 The Audit Committee is a Committee of the Corporation and is not to be seen as an executive arm of the College. The role of the committee is to provide an independent view to the Corporation, on the Group's audit arrangements and systems of internal control and to provide an opinion as to whether it is operating in an economic, efficient, and cost-effective manner.
- 1.3 In advising the Corporation the Audit Committee is to make full use of the professional advice available from the financial statements, regularity and other audit and assurance providers.

AIM

- 2.1 This document sets out the terms of reference under which the members of the Audit Committee will carry out their duties.

DUTIES

Audit Committee Opinion

- 3.1 To produce an Annual Report for the Corporation and the College Accounting Officer, summarising the committee's activities relating to the financial year under review, including any significant issues arising up to the date of preparation of the report. The report must include the Committee's view of its own effectiveness and how it has fulfilled its Terms of Reference. The report must provide the Corporation with a separate opinion on the adequacy and effectiveness of its organisation's systems of internal control and its arrangements for risk management, control, and governance processes, and securing economy, efficiency, and effectiveness (value for money).

Financial Statements and Regularity Auditors and Internal Audit Service

- 3.2 To advise the Corporation on the appointment, reappointment, dismissal and remuneration of the financial statements and regularity auditors, internal audit service and other assurance providers, and to advise the Corporation on the scope and objectives of their work and establish that all such assurance providers adhere to relevant professional standards. The Group will retender the external audit service regularly, ensuring that this happens at least every five years though this may not necessarily lead to a different firm of auditors being appointed.
- 3.3 To consider and advise the Corporation on the annual audit strategy and audit plans for the IAS and consider and advise the Corporation annually whether there is a need for an internal audit function and if so, its remit and level and focus of internal audit activity.
- 3.4 To review the annual planning document of the financial statements and regularity auditors and approve the planned audit approach.
- 3.5 To advise the Corporation on matters of internal control and other issues included in the management letters and reports of the financial statements and regularity auditor and management's responses to these.
- 3.6 To consider any additional services delivered by the financial statements and regularity auditors or other assurance provider and ensure appropriate independence and objectivity is maintained taking into consideration relevant UK professional and regulatory requirements.
- 3.7 To meet with the external and internal auditors without management present, at least annually.
- 3.8 To monitor, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports and the Financial Statements Auditor's management letter.
- 3.9 To review, in conjunction with management, the performance of the financial statements and regularity auditors and internal audit service on an annual basis and decide, based on this review, whether a competition for price and quality of the audit service is appropriate.

Sub-contracting Reports

- 3.10 To consider and advise the Corporation on independent assurance reports on subcontracting arrangements of the Group.

Board Assurance Framework and Risk

- 3.11 To consider and advise the Corporation on an annual review of the Board Assurance Framework to provide assurance of effective internal control and to review the adequacy and robustness of risk registers.

Other reports

- 3.12 To consider and advise the Corporation on relevant reports, for example by the National Audit Office (NAO), the Education and Skills Funding Agency (ESFA), other funding bodies and where appropriate, management's response to these.

Fraud and whistleblowing

- 3.13 To oversee the policies on fraud and irregularity and whistleblowing of the College Group, and ensure the proper, proportionate and independent investigation of all allegations and instances of fraud and irregularity; that investigation outcomes are reported to the Audit Committee; that the external auditors have been informed, and that appropriate follow-up action has been planned / actioned, and that all significant cases of fraud or suspected fraud or irregularity are reported to the Chief Executive of the appropriate funding body.

Recommendation for approval of Financial Statements

- 3.14 To consider and recommend, together with the Finance, Planning and Resources Committee, the Annual Financial Statements of the College Group to the Corporation for approval.

Other investigations

- 3.15 To review or investigate any other matters referred to the Committee by the Corporation.

DELEGATED AUTHORITY

- 4.1 The Audit Committee has authority to:
- 1 appoint co-opted members (maximum 2) as required to meet the need for specific additional experience.
 - 2 commission an investigation of any activity within its Terms of Reference and to do so has the right of access to obtain all the information and explanations it considers necessary, from whatever source, to fulfil its remit;
 - 3 Obtain appropriate external advice when considered necessary.
- 4.2 Additional authority to be delegated by the Corporation when so resolved.

MEMBERSHIP

- 5.1 The Audit Committee is to comprise at least three members and no more than eight. Members of the Audit Committee may not also serve on the Finance Committee of the Corporation. The Committee can appoint up to two co-opted members. The Audit Committee must include at least one person, whether a governor or a co-opted member with recent and relevant accountancy, or audit and assurance, experience.
- 5.2 The Corporation Chair, the Head of Governance, the Group Principal / CEO, and other senior management staff may not be members of the Audit Committee. The Deputy CEO, Finance and Resources and Finance Director will attend all meetings of the committee and other senior managers may be invited to attend meetings as required.
- 5.3 Members of the Audit Committee will need to meet the independence requirements of the Corporation and to adhere to the Code of Conduct in place for governors and committee members.
- 5.3 The Audit Committee may co-opt advisers to attend meetings but must ensure that it maintains its independence when considering the appointment of members. Other members of the Corporation may, by invitation, attend Audit Committee meetings. These persons may speak and otherwise take part in the meeting on a consultative basis, but co-opted members would not normally be eligible to stand as Chair of the Committee.

- 5.4 There will be at least an annual *in camera* session with representatives from both external and internal auditors at which the Group Principal/ CEO and all staff and students will be asked to withdraw.

MEETINGS

- 6.1 The committee shall meet at least three times a year.

QUORUM

- 7.1 A quorum of the Committee shall be three members so long as there are at least two members present who are members of the Corporation.

CHAIR

- 8.1 The Committee members shall annually elect a Chair and Vice-chair at the first meeting of the academic year. No person may act as Chair unless they are also a member of the Corporation.

VOTING

- 9.1 Voting at meetings will be determined by a show of hands.
- 9.2 Co-opted members will have full voting rights.
- 9.3 The names and votes of members shall not normally be recorded in the minutes, but any member may request that his or her vote or abstention be recorded.
- 9.4 In the case of an equality of votes, the Chair of the meeting will have a second or casting vote.

CLERK

- 10.1 The Head of Governance shall act as Clerk to the Committee.

REPORTING RESPONSIBILITIES

- 11.1 The Chair of the Committee shall report formally to the Corporation on the proceedings of the Audit Committee after each meeting on all matters within its duties and responsibilities.
- 11.2 The Audit Committee shall make whatever recommendations it deems appropriate to the Corporation on any area within its remit where action or improvement is needed.
- 11.3 The Audit Committee shall draw any significant recommendations and matters of concern to the attention of the Corporation.

Reviewed November 2023
Next Review November 2024

AUDIT COMMITTEE

PLANNED BUSINESS FOR THE YEAR

AUDIT COMMITTEE	Winter 2023	Spring 2024	Summer 2024
Recurrent Matters			
Apologies	*	*	*
Election of Chair	*		
Minutes	*	*	*
Matters arising from the minutes	*	*	*
Terms of reference & Membership	*		
Planned Business for Year	*		
Financial Statements Auditor			
Financial Statement Audit Findings Report	*		
Review of Performance of FSA and establishment of annual performance indicators for the following year and annual re-appointment	*		
Internal Auditor			
Annual Internal Audit Plan	*		
Review of performance of internal audit service and establishment of annual performance indicators for next year and start of tender process for appointment of internal audit service	*		
Tender panel presentations and recommendation for appointment of internal audit service		*	
Annual Report	*		
Reports on reviews and progress update	*	*	*
Tracker Report on previous recommendations	*	*	*
Other Matters			
Recommendation of approval to Corporation of Annual Financial Statements	*		
Risk Management Reports	*	*	*
Fraud Register	*	*	*
Board Assurance Framework reports	*	*	*
Annual Report to Corporation	*		
Business Plan Issues	*	*	*
Date of Next Meeting	*	*	*