

# Riverside College

Widnes & Runcorn

## MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 17<sup>th</sup> JUNE 2024 AT 4:30 PM AT THE KINGSWAY CAMPUS

<b>Present:</b>	Karen Banks	External Governor
	Jayne Edwards	External Governor
	Andrew MacManus	External Governor
	Rachael Owen	External Governor
<b>In Attendance:</b>	Leeann Bellfield	Assistant Principal
	Jonathan Creed	Associate Director, ICCA (Internal Audit)
	Sue Hutchinson	Partner, Beever & Struthers
	Julie Holland	Deputy Principal (Finance & Resources)
	Catherine Shaw	Clerk to Governors

The Committee met with the Internal Auditor in the absence of the College's senior managers to ascertain whether there were any matters they wished to raise. The Auditor advised that he had no issues of concern and good working relationships continued.

Julie Holland (Deputy Principal, Finance & Resources) and Leeann Bellfield (Assistant Principal) joined the meeting. The Chair welcomed all attendees to the meeting and extended a warm welcome to Leeann Bellfield.

### 1. APOLOGIES FOR ABSENCE

All Governors were present and the meeting was declared quorate.

### 2. DECLARATION OF INTERESTS

None declared.

### 3. MINUTES

#### 3.1 To approve the minutes of the previous meeting held on 4<sup>th</sup> March 2024 (previously circulated)

The Committee reviewed the minutes from the previous meeting.

**Resolved** - The minutes of the meeting held on 4<sup>th</sup> March 2024 were **approved** as a correct record.

#### 3.2 To review the action log and to consider any matters arising from the minutes (previously circulated)

The action log was reviewed and the Committee **noted** that all outstanding actions had been completed.

**Resolved:** The Committee **noted** the contents of the report.

#### **4. INTERNAL AUDIT REPORTS**

##### **4.1 Marketing Strategy** *(previously circulated)*

The Internal Auditor advised that this audit had taken place in line with the approved annual internal audit plan to provide an independent assurance opinion that the College had an adequate and effective marketing strategy. The Internal Auditor highlighted several aspects of the comprehensive report which included key headlines relating to the:

- Alignment of the marketing structure to deliver the College's strategic objectives and achieve its funding targets. The Marketing Team was led by the Head of School's Liaison, Marketing and Admissions and reported directly to the Principal. Activities were well integrated across School Liaison, Admissions and the Employment Engagement and Apprenticeship Teams.
- Marketing strategy – demonstrated that it supported the wider College strategy and that it aligned with the College's curriculum pathways. The strategy was regularly reviewed alongside the Quality Improvement Plan (QIP) and Quality Efficiency Growth Plan (QEG).
- Marketing analysis was undertaken to ensure it effectively informed curriculum planning.
- A wide variety of events took place each year in accordance with the marketing calendar approved by the Senior Management Team (SMT). Subsequent analyses were undertaken to assess impact and value for money.
- Efficient and effective systems were in place to capture feedback following each marketing event.
- Reporting – updates were provided to SMT and Governors relating to the impact and effectiveness of the College's Marketing Strategy. A continuous monitoring system tracked changes to student numbers on a daily basis. This enabled SMT to identify any curriculum areas that were under-recruiting or experiencing a decline in enrolment to enable SMT to swiftly address any issues.

A discussion took place and ways in which audit scopes were determined. In response to a question raised by a Governor, the number of staff working within the Marketing Team was confirmed, together with the different models used in colleges as not all integrated student liaison, admissions and marketing. As a user of social media, a Governor commented on the excellent marketing that took place on various social media platforms.

A Governor queried whether the number of HE applications presented a cause for concern in terms of recruitment targets. The Deputy Principal (F&R) confirmed that the figure to date was comparable with the recruitment position in 2022/2023 at this point in time.

In conclusion, the Internal Auditor provided College Management and the Audit Committee with substantial assurance that the areas of the control environment assessed were designed and operated effectively with no significant weaknesses; One advisory recommendation of a design nature had been made and accepted.

**Resolved:** The Committee

- (i) **noted** the contents of the report and for congratulations to be conveyed to the Marketing Team
- (ii) **agreed** to review the internal audit scopes 2024/2025 at the next Committee meeting

#### 4.2 **Examinations** *(previously circulated)*

In line with the approved annual internal audit plan, a review had taken place focusing on the College's examination costs and use of Awarding Bodies. The Internal Auditor highlighted several aspects of the report which included key headlines relating to:

- Structure – it was confirmed that the College had an appropriate departmental structure in place for the effective management of examinations.
- Systems and Processes – it was evident that appropriate systems and processes were in place which met Examination Board / Awarding Body requirements.
- Costs – the College had optimised the number of Examinations Boards /Awarding Bodies it worked with, including those for English and Maths. The respective Boards and Bodies represented value for money and also optimised achievement rates. The number of late entries and re-sits were minimal.
- End-Point Assessment (Apprenticeship Standards) – the College had effective controls in place to securing 'End-Point Assessment' for those Apprenticeship learners on new 'Apprenticeship Standards.'
- Monitoring and Reporting – the College undertook effective monitoring of costs and qualitative aspects of examinations and undertook effective reporting to the SMT.

During discussions it was acknowledged that Awarding Body costs were significant. The Committee was advised that despite substantial costs it was rare for the College to change Awarding Bodies, as the approach was curriculum-led and in the best interests of the students. The complexities of an increasing number of access arrangements and the required number of invigilators were discussed. In response to a question raised by a Governor, it was confirmed that robust contingency plans were in place in the event of any unforeseen circumstances leading to an invigilator not being available.

In conclusion, the Internal Auditor provided College Management and the Audit Committee with substantial assurance that the areas of the control environment tested were designed and operated effectively with no significant weaknesses. Two advisory recommendations had been made relating to design and accepted.

**Resolved:** The Committee **noted** the contents of the report.

#### 4.3 **Financial Planning & Budgetary Control** *(previously circulated)*

The Internal Auditor informed the Committee that in accordance with the approved annual plan, ICCA had undertaken a high-level review of the College's financial and business planning systems, processes and controls, together with budgetary control and performance monitoring. He advised that the specific areas reviewed consisted of:

- Financial Strategy, Assumptions and Sensitivity Analysis – the College had embedded a comprehensive, highly centralised approach to financial planning and budgetary control with high levels of SMT involvement and oversight. It was evident during the audit that this model worked effectively at the College.

- Authorisation and Approvals – it was confirmed that draft budgets and financial plans were submitted to the Finance & Resources (F&R) Committee for scrutiny, prior to any recommendation being made to the Board for approval.
- Budgetary Controls – the effective highly-centralised approach adopted by the College meant that budget holders' delegated authority was limited to the authorisation of non-pay expenditure in accordance with the Financial Regulations. Purchase Orders were raised and authorised by both the budget holder and member of the SMT through the College's procurement system.
- Management and Governors' Performance Monitoring and Reporting – monthly management accounts were produced and considered at relevant SMT meetings. The F&R Committee considered the most recent set of management accounts at its termly meetings evidencing clear communication via the F&R Committee.

In conclusion, the Internal Auditor provided College Management and the Audit Committee with substantial assurance that the areas of the control environment tested during the audit were designed and operated effectively with no significant weaknesses. No recommendations were made to improve financial planning and budgetary control at the College.

**Resolved:** The Committee **noted** the contents of the report.

#### 4.4 **Key Financial Controls** *(previously circulated)*

The Internal Auditor advised that ICCA had undertaken a high-level review of the systems, processes and controls established to effectively control the College's main financial systems. The view focused on:

- General Ledger
- Cash and Banking
- Purchasing and Creditor Payments
- Other Income and Debtors

The Internal Auditor advised that in respect of each of the above objectives the controls were designed and operated as intended. As referred to in agenda item 4.3, the highly centralised approach demonstrated that the College had effective and efficient controls governing its fundamental financial systems. One advisory recommendation had been made of a design nature and accepted.

The procurement threshold limits were discussed and level at which three quotations were required. The Internal Auditor confirmed there was very good control relating to expenditure.

In conclusion, the Internal Auditor provided College Management and the Audit Committee with substantial assurance that the areas of the control environment tested during the audit were designed and operated effectively with no significant weaknesses.

**Resolved:** The Committee **noted** the contents of the report.

#### 4.5 **Internal Audit Strategy 2024/2025, including progress against the Internal Audit Plan 2023/2024** *(previously circulated)*

The Internal Auditor advised that a detailed planning approach had been adopted drawing on a range of sources to inform the proposed assurance coverage which included the following documentation:

- College's Strategic Plan
- Risk Register
- Most recent management accounts and funding performance report

The Committee considered the plan and agreed that it had good coverage encompassing three technical and three qualitative audits. It was confirmed that the timetable for undertaking audits in 2024/25 was to be confirmed with the Deputy Principal (F&R).

**Resolved:** The Audit Committee

- (i) **noted** the progress made against the Internal Audit Plan 2023/2024
- (ii) **recommended approval** of the Internal Audit Strategy 2024/2025 to the Board.

*Sue Hutchinson joined the meeting.*

## **5. FINANCIAL STATEMENTS & REGULARITY AUDIT PLAN 2023/2024**

### **5.1 Letter of Engagement** *(previously circulated)*

The Committee considered the terms of the Engagement Letter presented by Beever & Struthers in respect of their continuance to provide external audit services to the Board for the next two academic years.

**Resolved:** The Committee **recommended to the Board** that the Engagement Letter be approved – covering upto and including Financial Statements for year ending 31<sup>st</sup> July 2026.

### **5.2 Financial Statements & Regularity Audit Plan 2024/2025** *(previously circulated)*

Sue Hutchinson guided the Committee through the proposed plan which included an overview of the:

- Audit Timetable
- Auditor Team
- Risk Based Audit Approach
- Materiality
- Communication with the Board
- Ethics, Independence and Fees
- Key Audit Areas
- Further Education Sector Update

**Resolved:** The Committee **recommended to the Board** that the Financial Statements and Regularity Audit Plan 2024/2025 be approved.

*The Chair thanked Sue Hutchinson for presenting her reports and she left the meeting.*

## **6. RISK MANAGEMENT** *(previously circulated)*

The Deputy Principal outlined the risk management activity that had taken place since March 2024 and highlighted the following aspects from her report:

- The Key Strategic Risk and Assurance Mapping reports were reviewed at the Risk Management Group (RMG) meeting on 6<sup>th</sup> June 2024.

- RAG rating for Key Risk 2 (Achievement of Outstanding Learner Success) had moved from amber to green following the 'outstanding' Ofsted Inspection report in April 2024.
- RAG rating for Key Risk 8 (Response to External Environment) had moved from green to amber whilst the political environment and curriculum reform remained uncertain.
- The risk relating to Artificial Intelligence (AI) remained a focus for the RMG with a further update to be presented in 2024/2025.
- The Disaster Management and Business Continuity Plan had been reviewed and some training identified which was to be undertaken by the end of this academic year.
- No material non-compliances had been brought to management's attention.

**Resolved:** The Committee **noted** the contents of the report.

## 7. ANNUAL WHISTLEBLOWING AND ANTI-FRAUD REPORTS

### 7.1 Whistleblowing Reports 2023-2024 *(previously circulated)*

The annual report was presented in compliance with the Whistleblowing Policy whereby it was stated that the College was to keep a record of all concerns raised under the policy and an annual report presented to the Audit Committee. The Clerk to Governors advised that following appropriate liaison with the Principal and HR Manager confirmation had been received that no concerns had been raised to date in the 2023/2024 academic year.

**Resolved:** The Committee **noted** the nil report.

### 7.2 Anti-Fraud Reports 2023-2024 *(previously circulated)*

The Clerk referred to the College's (i) Anti-Bribery Policy and (ii) Anti-Fraud and Corruption Policy whereby it was stated that any actual or suspected bribery/fraud was to be reported to the SMT and the Board's Audit Committee. It was confirmed that there had been no cases of actual or suspected fraud reported to date in the 2023/2024 academic year.

**Resolved:** The Committee **noted** the nil report.

## 8. POLICIES

### 8.1 Anti-Bribery Policy *(previously circulated)*

The Committee considered the proposed changes to the policy.

**Resolved:** The Committee **recommended approval** of the Anti-Bribery Policy to the Board.

### 8.2 Anti-Fraud & Corruption *(previously circulated)*

When reviewing this policy the Committee took into account that there had been no changes to the legislative framework underpinning the policy since the previous review and therefore no contextual changes were being proposed.

**Resolved:** The Committee **recommended approval** of the Anti-Fraud & Corruption Policy to the Board.

### 8.3 Anti-Money Laundering Policy *(previously circulated)*

The Clerk advised that the appendices had been re-written though the context remained unchanged.

**Resolved:** The Committee **recommended approval** of the Anti-Money Laundering Policy to the Board.

8.4 **Whistleblowing Policy** (*previously circulated*)

The Committee reviewed this policy and noted that there were no changes being proposed since its last approval.

**Resolved:** The Committee **recommended approval** of the Whistleblowing Policy to the Board.

9. **GOVERNANCE MATTERS**

9.1 **Post 16 Audit Code of Practice 2023 to 2024** (*previously circulated*)

The Clerk provided a summary of the changes which had been made by the ESFA in its annual review and publication of the Post 16 Audit Code of Practice.

**Resolved:** The Committee **noted** the contents of the updated Audit Code of Practice.

9.2 **College Financial Handbook** (*previously circulated*)

The Clerk provided an overview of the College Financial Handbook published by the Education and Skills Funding Agency which was effective from 1<sup>st</sup> August 2024. Governors noted that the College must comply with the handbook as a condition of its Accountability Agreement. Particular consideration was given to Part 3 (Audit Committee and Internal Review) and Part 4 (Annual Accounts and External Audit).

**Resolved:** The Committee **noted** the contents of the report.

9.3 **Audit Committee Terms of Reference** (*previously circulated*)

The Clerk referred the Committee to the preceding agenda item and compliance with the College Financial Handbook following the re-classification of FE colleges to the public sector. The Committee accepted advice regarding a proposed amendment to Section B12 to include reference to 'HM Treasury (Managing Public Money).

**Resolved:** The Committee **recommended approval** of the Audit Committee Terms of Reference to the Board.

9.4 **AoC Committee Chairs' Network Meeting** (*previously circulated*)

**Resolved:** The Committee **agreed** for the feedback from this network meeting hosted by the Association of Colleges (AoC) to be deferred to the next meeting.

10. **ITEMS TO BE REPORTED TO THE BOARD**

A discussion took place:

**Resolved** – the following reports were to be presented to the Board at its next meeting on 8<sup>th</sup> July 2024 together with an overarching summary report:

- Internal Audit Reports
- Financial Statements & Regularity Audit Reports including the Letter of Engagement

- Policies requiring Board approval

**11. DATES OF FUTURE MEETINGS**

**Resolved** - The Committee **noted** the following meeting dates:

- Board – 8<sup>th</sup> July 2024
- Audit Committee – 23<sup>rd</sup> September 2024

The Chair thanked all attendees for their attendance and contribution at the meeting. The meeting was closed at 6:00pm.

**Signed:** K. Bank

**Chair of Audit Committee**

**Date:** 23rd SEPTEMBER 2024