

## TRAFFORD &amp; STOCKPORT COLLEGE GROUP

**Minutes of the Audit Committee Meeting**  
**held on Monday 18 November 2024 at 4.00pm in the Boardroom at the Altrincham Campus**

<b>Present:</b>	Heather Lang *Matthew Swann Jeremy Woodside Jed Hassid	(Chair)
<b>In Attendance:</b>	Rebecca Clare Carmen Gonzalez-Eslava Henry Taylor-Toone Lyndsay Sheridan Karen Rae Helen Armstrong Rachael Wright Yvonne Riley Lucy Hughes	(Corporation Secretary) (Deputy Principal) (Chief Finance Officer) (Director of Finance) (Armstrong Watson – Audit Manager) (Beever and Struthers) (Beever and Struthers) (Assistant Corporation Secretary) (Armstrong Watson – Audit & Assurance Manager)

\*Joined remotely via Microsoft Teams

**Minute No****AUD/33/24 Election of Chair and Interim Vice Chair of the Audit Committee 2024/2026****Chair of the Audit Committee for the Academic Years 2024/2026**

The Corporation Secretary (CS) confirmed that Jed Hassid (JH), the current Chair of the Audit Committee will be leaving the Board of the Corporation at Christmas. The CS thanked JH for his commitment and dedication throughout his tenure.

The CS sought nominations for the position of Chair of the Audit Committee for the Academic Years 2024/2026.

**Heather Lang was the sole nomination, and it was unanimously resolved that she be elected to the position of the Chair of the Audit Committee for the Academic Years 2024/2026.**

**Vice Chair of the Audit Committee**

The Corporation Secretary provided an update on recent governor recruitment. It was confirmed that EK has resigned from her co-opted position on the Audit Committee due to a new job and JH will be leaving the Board of the Corporation at Christmas to support succession planning. A recommendation from the Appointment Panel will be made at the December Board of the Corporation meeting. Two new members will be recommended for appointment to the Board of the Corporation with the necessary skills and experience to serve on the Audit Committee.

**Action: Corporation Secretary**

**The CS proposed for the election of the Vice Chair of the Audit Committee to be deferred until the Spring Term Audit Committee.**

**Minute No****AUD/34/24      Apologies for Absence**

The Corporation Secretary (CS) reported that apologies for absence had been received from Ian Duncan.

It was also noted that the Data Protection Officer had forwarded her apologies. The Vice Principal Corporate Services and Planning had been invited to the meeting to respond to the Health and Safety Internal Audit but was unable to attend.

**AUD/35/24      Declarations of Interest**

There were no declarations of either direct or indirect interest in any of the meeting's business items.

**Action: Chair of the Audit Committee**

**The Chair of the Audit Committee confirmed a change in her employment and will provide the CS with updated details.**

**AUD/36/24      Minutes of the Meeting held on 24 June 2024**

**The minutes of the Audit Committee meeting held on 24 June 2024 were approved and accepted as a correct record.**

**AUD/37/24      Matters Arising from the Minutes**

The Chair of the Audit Committee referred members to the previously circulated summary and progress update concerning the actions arising from the minutes and earlier meetings of the Audit Committee.

Specific updates were provided on actions that remained open as follows:

**AUD/20/24 Internal Audits**

In relation to work placements and the need to consider a resource to provide a second line of defence, the Chief Finance Officer (CFO) confirmed that the Group were currently in the process of looking to recruit a Head of MIS (currently covered by an interim) and that this would free up resources to develop the second line of defence.

**AUD/22/24 Audit Tracker – Management Actions Arising from Audit Reports**

The CFO reported on changes to DfE requirements and advised that the IT Health Check had been delayed. The CFO confirmed that the IT Health Check is scheduled to take place January 2025.

**There were no further matters arising from the minutes.**

**AUD/38/24      Data Protection Annual Impact Report 2023/2024**

The Data Protection Officer (DPO) from Naomi Korn Associates was not in attendance at the meeting but shared her report in advance of the meeting. The Chief Finance Officer (CFO) referred members to the previously circulated

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annual impact report and an overview of the service provided and its effectiveness across the operations of the Group.

The impact report covered the following key areas of focus:

- Advice and guidance offered via the data protection inbox
- Training and awareness themes
- Requests for information/ Compliance statistics
- Compliance activities
- Future plans

### **Advice and Guidance**

The CFO highlighted the areas where advice and guidance had been provided throughout the academic year, which included: data protection clauses for contracts; due diligence for new suppliers; internal and external information sharing; handling complex Subject Access Requests (SARs); redacting information for reports; updating data protection web pages; supporting student voter registration; and reviewing cookie compliance and policies.

### **Training and Awareness**

Training sessions included:

- Specific training for the HR team
- Data Protection Essentials for senior managers
- Keeping paper records safe
- Different types of information

The CFO advised that themes have included, use of BCC emails, Freedom of Information guidance, DPIAs and Data sharing.

### **Compliance and Oversight:**

Compliance and oversight statistics included:

- 7 Data Protection and Impact Assessments (DPIAs)
- 14 Data breaches
- 24 Personal data requests
- 13 Freedom of Information Requests

### **Compliance Activities**

Compliance activities included:

- Regular contact with various departments
- Compliance reporting
- Development of Records of Processing Activities (ROPA), Information Asset and Controller/Processor Registers
- Creation of centralised records for all information requests, breaches and DPIAs
- Review of all data protection and UK GDPR policies
- Review of processor breaches
- Review of data sharing agreements between the Group and other institutions

### **Future Plans**

The CFO confirmed future activities which included, embedding documentation in projects, cooperating with the Information Governance Group on implementing generative AI tools, enabling a corporate approach to efficient

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and compliant data retention, building and quality checking the ROPA, and expanding the Data Champions network.

Comments and questions were invited.

A member confirmed that there was a typo on the front cover report for the name of the Group.

**There were no further questions or issues raised by members arising from the report and after discussion and consideration it was resolved that the Protection Annual Impact Report 2023/2024 be recommended to the Board of the Corporation for approval.**

**AUD/39/24****Data Protection Progress Update Report**

The CFO referred members to the previously circulated report and summary of the latest position regarding data protection and its effectiveness across the operations of the Group.

It was noted that the Group must be able to demonstrate its compliance as set out under the UK General Data Protection Regulations and that the highest level of leadership considers data protection issues and risks.

The following areas of the report were highlighted:

- Overall compliance
- Data protection and student engagement
- Personal data breaches

Key points included:

- Overall information rights requests and freedom of information are low with 100% compliance achieved.
- Recent data breaches include one severe breach involving unauthorised access to student information, two moderate breaches due to third party email hacking, four minor breaches due to human error, and one near miss involving unsecured IDs on SharePoint.
- Measures to address data breaches have included revised processes, staff guidance, and technical controls.
- A pilot initiative for auto-enrolling students for voter registration was successfully implemented with data protection considerations.

The CFO provided details of the severe data breach, and it was confirmed that the breach took place in 2023/2024 but had only recently been identified. The CFO advised that a family member had falsely identified himself as the student to obtain unauthorised information. It was noted that the breach had been reported to the ICO and the police. The CFO further advised that the ICO had decided not to take any action at the time of writing the report and that the police had yet to provide an update. The CFO confirmed tightened decision making and protocols around delaying data information release and consulting the DPO if anything unusual arises, particularly within MIS and reception. A member questioned if there were any financial consequences for the Group. The CFO confirmed that the ICO and police found no liability on the Group's part and no compensation was offered or sought.

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In relation to the moderate security incident and personal data breach, involving a third-party hacking into two members of staff email inboxes, it was confirmed that, as per procedure, an investigation had been conducted. The CFO advised that the incident had not been reported to ICO as it had been confirmed that no special category data or student related information had been stored. The CFO confirmed that although no data was taken, the Group has implemented measures to prevent future breaches. A member emphasised the need for continued monitoring, as dormant threats could still pose risks.

A member questioned the moderate grading in relation to the hacking of two members of staff emails. The CFO confirmed that this was due to the hacker not being able to obtain any data and that the incident was thoroughly investigated by IT. A member questioned how the emails had been hacked. The CFO confirmed that there was a password compromise through a portal, but no valuable data was taken.

**Action: Chief Finance Officer**

**The Chief Finance Officer confirmed that regular meetings will take place with IT to monitor the situation.**

**There were no further questions or issues raised by members arising from the report and after discussion and consideration it was resolved that the Data Protection Progress update be received and noted.**

**AUD/40/24****Internal Audit Reports**

The Committee received the IAS's Internal Audit reports as follows:

**Business Critical Controls - Health & Safety**

The Internal Auditor (IA) advised that the scope of the review was to test the operation of specific internal controls covering the period 2023-2024. There was confirmation that the review covered the following areas – Gas Safety; Electrical Safety; Fire Safety; Asbestos Management; Legionella; and Lift Safety.

The IA provided a detailed overview of the findings from the report including an explanation of the 8 recommendations from the report (2 high, 2 medium and 4 low).

The IA reported the detail surrounding the recommendations.

The IA highlighted concerns about record keeping and reliance of contractors. The Audit revealed gaps in evidence for remedial actions and incomplete records for gas and fire safety inspections. The committee discussed the lack of ownership of health and safety responsibilities, with too much reliance on contractors. The IA emphasised the need for internal oversight and complete records to ensure compliance and safety. The IA recommended maintaining a central record for inspections, ensuring completeness checks, and improving staff training. The committee agreed on the importance of these measures to enhance health and safety management. The IA suggested improving communication with contractors to ensure they provide complete and accurate records of inspections and remedial actions. This would help the committee maintain oversight and ensure safety measures are in place.

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The External Auditor commented that there could be a potential that the insurance company will not pay out because of the record keeping is not strong enough. The External Auditor questioned if there was a Health and Safety Link Governor. The CS confirmed that there was a Health and Safety Link Governor, and they attended the internal Health and Safety Committee. The CFO confirmed that the Vice Principal Corporate Services and Planning will take the actions from the internal audit forward and that the recommendations can be actioned fairly quickly. A member questioned whether the internal Health and Safety Committee received a copy of the Internal Audit report.

### **Action: CFO/Vice Principal Corporate Services and Planning**

**The CFO confirmed that that VPSCP will share the Internal Audit report at the next internal Health and Safety Committee meeting to action the recommendations appropriately and ensure compliance.**

The IA reiterated that the second line of defence needs to be strengthened.

A member questioned in relation to staff training and whether there was an issue around roles and responsibilities of members of staff. The IA confirmed that the Health and Safety members of staff agreed that this was an issue with resource rather than the responsibilities of any individual.

### **OfS HE Data Audit 2023-2024**

The Internal Auditor (IA) advised that the scope was to review student data for 2023/2024 and report on the level of compliance, following up on the recommendations raised in the OfS 2019/2020 report and the subsequent B&S 2022/2023 ILR HE data audit.

There was confirmation that the scope covered a review of a sample of 60 targeted learners to ensure reasonable coverage of issues identified during the previous reviews; and a review of governance arrangements for the oversight of action taken to improve the OfS student data.

The IA provided a detailed overview of the findings from the report including an explanation of the 3 recommendations from the report (1 high and 2 low).

The IA confirmed that the error rates have continued to improve in relation to accuracy of data, recording of prior information, early withdrawals and recording course end dates. A comparison was provided in relation to previous recommendations. The IA confirmed that a funding lead carried out the audit.

The CFO noted improvements in data accuracy compared to previous reviews. A members questioned if the root cause for the issue was known. The CFO confirmed that the root cause of the data issues was the use of paper-based enrolment systems and inconsistent data entry by temporary members of staff. The Group is working on developing an online enrolment system with mandatory fields to complete to address these issues.

The CFO suggested another audit next summer to ensure the implemented solutions are effective. The committee agreed to this and to continue monitoring and improving data processes to reduce error rates.

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A member questioned if it was still appropriate for the Chair of the Audit Committee to attend the HE Curriculum & Quality Committee while the OfS HE Data Audit is presented. The CFO confirmed that the letter from the OfS provided a level of assurance, and this may not be required going forward.

### **Action: Corporation Secretary**

**The CS confirmed that she will invite the new Chair of the Audit Committee to the next HE Curriculum & Quality Committee.**

The CFO also confirmed that OLC not being reported as a subcontractor has been addressed, and the contract will end in March. The CFO confirmed that this was in part due to the Group's lack of education in that area. The CFO is holding fortnightly meetings to ensure data integrity and resolve any remaining issues.

### **OfS HE Data Action Plan**

The Chief Finance Officer (CFO) referred members to the previously circulated report and update on the ongoing actions relating to HE data compliance.

The CFO highlighted the following:

- That OfS confirmed, via email on 10 October, that they were satisfied that the audit recommendations had been addressed, and that they do not require any further information at this time.
- Alongside the audit of FY23/2204 data an action plan had been put in place to address key in-year areas of deficiency and that the majority of actions had also been addressed.

The CFO advised that the Group were still in the process of recruiting a full-time Head of MIS to replace the contractor currently covering the role and that this will enable the Group to continue to push forward compliance to ensure OfS data compliance is embedded.

### **Internal Audit Progress Report 2024-2025**

The Internal Auditor (IA) advised and updated the Committee concerning the current progress in respect of delivering the agreed Internal Audit Plan for 2024/2025.

The IA provided the Committee with an overview of the planned audits for the year, together with the proposed scoping and timing arrangements and stated that it was anticipated that all the audits should be completed by the end of the Academic Year 2024/2025.

Reference was made to an additional piece of work in relation to the Office for Students (OfS).

A member questioned that the dates for the audits look very close together and whether there was sufficient capacity to match the volume of audits to present to the Audit Committee. The CFO confirmed there was not a risk to the delivery dates being met as they involved different teams.

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**There were no further questions or issues raised by members arising from the reports and after due discussion and consideration it was resolved that the following reports be shared with the Board of the Corporation for approval:**

- **Internal Audit Progress Report 2024-2025**
- **Business Critical Controls - Health & Safety**
- **OfS HE Data Audit 2023/24**

**AUD/41/24****Draft Internal Audit Annual Report 2023/2024**

The Internal Auditor (IA) referred members to the previously circulated report and summary of the internal audit work undertaken by Beever and Struthers during the 2023/2024 financial year.

The report provided the Committee with the following information:

- A review of the work undertaken in 2023/2024
- The progress made on the implementation of previously agreed internal audit recommendations.
- The extent to which any internal audit recommendations were not accepted by management.
- Limitations being placed on the scope of the internal audit work and whether it would restrict the auditor's ability to meet the assurance needs of the Board.
- Follow up which focused only on recommendations raised by the previous internal auditors.

Work undertaken during 2023/2024 included:

- HR – Absence Management
- Apprenticeships
- Work Placements
- Learner Numbers (16-19) Student Data
- Higher Education
- Business Critical Controls – Finance and Follow Up
- Business Critical Controls – HR
- Business Critical Controls – Health and Safety

It was confirmed that, based on the work undertaken and subject to the weaknesses identified and reported in the internal audit reports, the Board could be provided with a reasonable level of assurance that there was an effective framework of governance, risk management and internal control at the Group. The internal audit provided a reasonable level of assurance on both the design and operation of controls. This was based on the audits conducted throughout the year, which included 32 recommendations (4 high and 17 medium). The IA confirmed that most recommendations were related to strengthening the quantity of procedures and ensuring compliance. There were 12 recommendations brought forward from the previous year, with 36 carried forward into the current year. The overall implementation rate was 78%, which is considered reasonable but indicates room for improvement.

Comments and questions were invited



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A member questioned the figure for the previous year. The IA did not have the figure but confirmed that the Group should be aiming towards an implementation rate of 90%.

**Action: Internal Auditors**

**A member requested that future reports include the trends over time.**

A member questioned how the Group compares to similar organisations. The IA confirmed that the Group is performing reasonable/well compared to similar organisations.

**There were no issues raised by members arising from the report and after due discussion and consideration it was resolved that the Draft Internal Audit Report 2023/2024 be recommended to the Board of the Corporation for approval.**

**AUD/42/24****Internal Audit Tracker – Management Actions Arising from Audit Reports – November 2024**

The CFO referred members to the previously circulated report and an update on outstanding audit recommendations with a view to providing assurance that previously agreed audit recommendations were being implemented within appropriate timescales.

The report provided members with detailed progress that had been made in respect of audit recommendations. There was confirmation that a total of 10 recommendations were carried forward from the last report with a further 17 added of which 11 recommendations had been completed. The CFO confirmed that 23 recommendations are open and not yet due and actions were being closed at a positive pace.

Comments and questions were invited.

**There were no questions or issues raised by members arising from the reports and after due discussion and consideration it was resolved that the Internal Audit Tracker be received and noted.**

**AUD/43/24****Draft Report and Financial Statements – The Trafford and Stockport College Group including the Letter of Representation for the period ending 31 July 2024**

The CFO referred members to the previously circulated Draft Report and Financial Statements (DRFS) and Letter of Representation (LR) for the period ending 31 July 2024. There was confirmation that the report also included information in relation to the assessment of Going Concern.

There was confirmation that the Group was obliged to prepare an Annual Report and Financial Statements (ARFS) to 31 July each year. It was stated that the DRFS were subject to external audit and that the Regularity Self-Assessment (RSA) was subject to assurance engagement. Members were reminded that both documents were required to be submitted to the ESFA for review by 31 December 2024.

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It was noted that the DRFS had been considered in detail by the Resources Committee at its meeting held on 14 November 2024

The CFO took members through the narrative of the DRFS, and attention was drawn to the following:

- Reconciliation of P12 Management Accounts to Statutory Accounts.
- Only 1 adjustment impacting results - £78k adjustment of OfS recurrent grant (CR Income DR Grant Liability) – improving net profit, however no impact on Financial Health or Covenants.
- Most adjustments are re-classification between the Management Accounts and the Statutory Accounts. Overall comprehensive income improved by £78k.
- As no impact on underlying Ed. EBITDA Financial Health still in line to be Outstanding (to be confirmed once Finance Record is released by ESFA).

A member raised the following points in relation to the Financial Statements:

- Raised a query about specific figures, including the reduction in teaching staff costs and the increase in non-teaching staff costs. The DoF agreed to provide further analysis from HR to explain these changes.
- Questioned the lack of a formal reserves policy. The CFO acknowledged the need to develop one, as it will eventually be required, and plans to work on it over the next year.
- Commented in relation to the Achievement Rates noted an inconsistency in the achievement rates reported. The DoF explained that the overall achievement rate includes apprenticeship rates, which are not part of the 16-18 or 19+ categories, causing the discrepancy.
- Questioned the Group being less reliant on ESFA income and whether that was a good thing. The CFO confirmed that this was a good thing to generate the Group's own income and be less reliant on external funding.
- Commented that in relation to Key Personnel Information a high number was listed. This was due to the appointments of new Senior Post Holders in year and a number of interim members of staff. The members commented that it would be helpful to have a note to explain the reason for the unusual higher number of Key Personnel.

A member commended the Finance Team on the work undertaken.

A member commented in relation to energy and carbon consumption and where this activity is explored. The CFO confirmed that the VPCSP is the lead for this area, and this is reviewed by the Sustainability Committee with an estate's focus.

### Going Concern Assessment

The CFO referred members to the previously circulated going concern assessment and sensitivity analysis.

It was confirmed that the assessment identified the following:

- 2023/2024 performance against budget
- 2024/2025 budget and 3-year plan
- Sensitivity analysis
- Update as of 5 November

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In conclusion, the CFO reported that, at the date of signing the FY2324 financial statements the assessment shows that the Group will be able to continue to operate for a period of no less than 12 months from the date of signing and is therefore a Going Concern.

The CFO further reported that, in terms of the next steps, the DRFS would be presented to the Board of the Corporation on 11 December 2024 for discussion and formal approval. The CFO stated that once approved the accounts would be signed and submitted to the ESFA prior to 31 December 2024 and published on the Group's website in advance of 31 January 2025

A member questioned the latest Government Budget announcement and whether there would be any increase for FE. The External Auditor confirmed that there will be additional funding rates and something for NI included but the detail has not currently been shared. The CFO also confirmed that there was no update in relation to VAT and this cannot currently be claimed back.

**There were no further issues raised by members arising from the report and after due discussion and consideration it was unanimously resolved that it be recommended to the Board of the Corporation that, the Draft Report and Financial Statements as prepared under the Going Concern assumption, and Letter of Representation for the period ending 31 July 2024 be approved.**

**AUD/44/24****Final Management and Governance Report for the period ending 31 July 2024**

The Financial Statements and Regularity Auditors (FSRA) presented a copy of their Final Management and Governance Report (FMGR) for the year ending 31 July 2024.

The FSRA commented that the audit had progressed well and had encountered no significant difficulties. The FSRA confirmed that there were very few adjustments and thanked the team for their organisation and efficiency during the audit.

Members were referred to the previously circulated FMGR from which the following was highlighted:

- the introduction and the setting out of the purpose, responsibilities, limitations and independence, and that which was set out within the FSRA engagement terms (page 4)
- the audit risk areas which included the response to and findings in relation to areas the FSRA had identified as being significant risks or key audit focus areas at the planning stage
- confirmation that there have been no identification of additional significant risk or key focus areas following the planning stage

The FSRA went on to take members through the report and detailed the following:

- The financial statements were reconciled with minimal adjustments, primarily around capital grants, which had a minor impact on income but did not affect financial health or covenants.

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- The reconciliation between management accounts and statutory accounts showed very few changes, indicating a smooth audit process.
- The college has a strong cash position, with sufficient funds to cover operations well into the future. Even in a worst-case scenario, the college would not run out of cash until March 2026.
- The college has a strong cash position and is expected to remain financially stable for the foreseeable future. The recent government budget announcements have been factored into this assessment.
- Override of controls – assumptions and estimations in line with others.
- Pension Scheme still in an asset position – capped at 0 and in line with auditor's forum.
- One debt will be written off for Stegta, but this has not been written off yet and is sitting on the ledger. Once approval has been received from the DfE this will be removed as Stegta has gone into liquidation and this will not be retrieved.
- Unadjusted errors relating to the recalculation of holiday pay.
- The merger grant will be issued shortly.
- The RAAC is covered by the ESFA monies (in and out).
- There is an ongoing litigation case that will be covered by insurance but could be dropped at some point.
- Risk Register has been updated to include the use of AI.
- Some employers do not sign contracts – these relate to historic contracts that need reissuing.

A member questioned on Page 16 and Page 10 there are two different figures for Stegta. The External Auditor confirmed that one figures includes VAT and one does not.

The External Auditor thanked the college team for their hard work in achieving a clean audit

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that the Final Management and Governance Report for year ending 31 July 2024 be recommended to the Board of the Corporation for approval.**

**AUD/46/24****Self-Assessment of Compliance with Regularity and Propriety Requirements 2023/2024**

The Director of Finance (DoF) presented a report in relation to the Self-Assessment of Compliance with Regularity and Propriety requirements (SACRP) for the period 2023/2024. There was confirmation that the report included a copy of the completed Regularity Self-Assessment questionnaire.

The DoF confirmed that the SACRP was broadly similar to the previous year's submission and that input had been secured from the Corporation Secretary.

It was confirmed that the auditors, following testing, had not raised any issues arising from the SACRP and that a clear regularity statement had been declared which was included in the Group's DRFS.

Comments and questions were invited.

**Minute No**

**There were no further questions or issues raised by members and after due discussion and consideration it was resolved that the Self-Assessment of Compliance with Regularity and Propriety Requirements 2023/2024 be recommended to the Board of the Corporation for approval.**

**AUD/47/24****Board Assurance and Risk Management Framework 2024/2025 Update**

The CFO presented a report which updated the Committee in respect of the Board Assurance and Risk Management Framework (BARMF) and confirmed that the report provided members with a summary of the risks as detailed in the Strategic Risk Register as follows:

- that there were 29 total risks of which 24 had a gross score over 15 and were therefore monitored by the Audit Committee and of the risks there were 4 with a net risk over 15.

The CFO also recommended to remove a risk relating to the managing the post-merger impact of Cheadle and Marple Sixth Form College (CAMSFC) as it is now considered part of the business-as-usual cultural risk.

The CFO provided a summary of increased risks:

- Subcontracting partnerships due to data integrity and payment issues with OLC.
- Reduction of income due to under-recruitment of 16 to 19-year-olds.
- Financial sustainability is tied to income reduction.
- Realising the benefits of capital projects, particularly Cheadle, which is on track but still in progress.

The CFO provided a summary of decreased risks:

- Quality of apprenticeships due to improved achievement rates and reduced Deluxe.
- Recruitment and retention of staff due to a successful summer campaign.
- Maximising apprenticeship income with the new online enrolment system reducing.

**There were no questions or issues raised by members arising from the report and it was resolved that the Board Assurance Risk Management Framework update be approved with appropriate reporting to the Board of the Corporation with the removal of one risk relating to the merger of CAMSFC.**

**AUD/48/24****Value for Money Report 2024**

The Director of Finance (DoF) referred members to the previously circulated report and an update on value for money (VFM) areas and benchmarking commentary.

It was confirmed that the report had been updated from June 2024 report to reflect 2023/2024 actuals.

The following key issues were outlined:

- Benchmarking data remains as previously reported.

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- The cost savings targeted for this financial year have been exceeded.
- The TSCG non-pay is higher compared to the sector on an income-scaled average and updated to reflect full year actuals.
- The pay benchmarking shows that the Group is broadly in line with its specific benchmark population but that the number of FTEs is higher than average.
- The Group is slightly above average in terms of total cost per FTE.

Due to changes to Procurement Legislation, the DoF advised that detailed attention and compliance would be required and that as such a procurement consultant was now working in Finance. It was confirmed that the release of the Procurement Act had been delayed until February 2025.

Comments and questions were invited.

A member questioned the FTE percentage being high. The CFO explained that this was due to there being five campuses and this being higher than comparators due to size of the Group.

**Action: Director of Finance**

**A member commented that it would be good to see in future reports how the Procurement savings have been identified.**

**Action: Chief Finance Officer**

**A member commented that in future reports it would be good post-merger to review value from money with a strategic perspective across the Group.**

**There were no further questions or comments from members and following due consideration it was resolved that the Value for Money Report 2023 be received and noted.**

**AUD/49/24****Draft Annual Report of the Audit Committee 2023/2024**

The CS referred members to the presented circulated report and Draft Annual Report of the Audit Committee (DARAC) for the period up to 31 July 2024

The CS advised that the report presented a summary of the activities of the Committee during the 2023-2024 academic year and met the requirements of the 16-19 Audit Code of Practice.

An overview of the DARAC was presented and the following was highlighted:

- The composition and support mechanisms for the Committee, including the terms of reference and meeting times.
- The Committee's opinion on the adequacy and effectiveness of the Board of the Corporation's audit arrangements, assurance over subcontracting, framework of governance, risk management and control processes, efficient and effective use of resources, solvency, and safeguarding of assets.
- The financial statements and regularity audits.
- The Post 16 Audit Code of Practice requirements, including a summary of the work undertaken by the Committee during the year, the number of meetings held, attendance records, significant issues arising, and matters of internal control.

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- The date of the appointment of the external auditor and the remaining terms of the contract.
- The Committee's view of its own effectiveness and how it has fulfilled its terms of reference.
- The arrangements in place to ensure the appropriate skill set, training, and updating for members

**There were no further issues raised by members and after due discussion and consideration it was resolved that the Chairperson be authorised to sign the draft report and that it be recommended to the Board of the Corporation for approval.**

**AUD/50/24****Annual Audit Committee Self-Assessment 2023/2024**

The CS referred members to the previously circulated report and summary of the responses from members regarding the Audit Committee Self-Assessment 2023-2024.

The CS advised that the assessments had largely been completed affirmatively and there were no issues to bring to the attention of members.

It was confirmed that, where respondents had indicated 'not sure' supporting evidence had been detailed to provide clarification and assurance of the committees' effectiveness.

**There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be noted.**

**AUD/51/24****Board Assurance and Risk Management Policy 2024/2026**

The CFO presented the Board Assurance and Risk Management Policy to be reviewed and provided a summary of the changes which were shown through Track Changes.

It was noted that that the policy had previously been approved by the Board of the Corporation at its meeting in July 2024 but that it had been based on the 2021-2024 Strategic Plan and that the CFO had proposed to update the policy again by December 2024, following approval and roll out of the 2024-2030 Strategic Plan. The policy categorises risks into three levels, focusing on those with a net risk score of 15 and above. This helps prioritise the most significant risks for the committee and board.

**There were no further questions or comments from members and following due consideration it was resolved that the Board Assurance and Risk Management Policy be recommended to the Board of the Corporation for approval.**

**AUD/31/24****Any Other Business**

There were no matters raised under any other business.

**AUD/32/24****Date of Next Meeting**

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It was agreed that the next meeting would be held on Monday 31 March at 1.00pm.

The Chair of the Audit Committee recapped on the main points to share with the Board of the Corporation as follows:

- Key issues relating to the Health and Safety Internal Audit and to continue to monitor this.
- HE Internal Audit and progress to date with continued monitoring
- Financial Statements – positive results and a smooth audit process.
- A Reserves Policy to be shared in due course.
- Risk Management changes.

The meeting closed at 5.40pm.