

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD: on Thursday 5 December 2024 at 16.00 in 4F07 DHB Boardroom

Present	In attendance
Sharon West (Chair)	Richard Lewis (RSM) (Via MS Teams)
Barbara Mangan	Tausif Taj (TIAA) (Via MS Teams)
Tony Bullock	Sarah Cooper (DPS)
Gavin Hamilton	Peter Darwen (Interim Finance Director) (Via MS Teams)
Kimberley Rape (Via MS Teams)	Allison Booth (Clerk)
	Rachel Henry (Assistant Clerk)
Apologies	

The quorum was two committee members

L/J Denotes the time any individual left/ re-joined the meeting.

Item		Action/ Report Item
Closed session		
1.	<u>Members to meet with Auditors in the absence of management</u>	
1.1	<p>A closed session took place between the Audit Committee members and the auditors, internal auditors TIAA (Tausif Taj) and external auditors, RSM (Richard Lewis). Mr Lewis gave a summary update in terms of the 2023-24 audit work. Management and RSM had finalised the reporting and a final version of the Annual Report would be presented at the Corporation meeting on 12 December 2024. It was noted that engagement with management had been really positive and had much improved on last year. Due to the proactive measures that had been put in place, the Annual Reports had been finalised on time.</p> <p>Mr Taj advised that the Internal audit was progressing in line with the annual plan and that there were no specific issues to report.</p>	
Open session		
2.	<u>Introductions, Apologies for Absence and Disclosure of Interest</u>	
2.1	The Chair welcomed Kimberley Rape to her first Audit Committee meeting and introductions were made.	
2.2	There were no apologies for absence.	
2.3	There were no disclosures of interest.	

3.	<u>Chair's action</u>	
3.1	There had been no use of Chair's actions since the last meeting.	
4.	<u>Minutes of the meeting held on 5 September 2024</u>	
4.1	RESOLVED: That the Minutes of 5 September 2024 be approved as an accurate record and signed by the Chair.	
5.	<u>Matters arising</u>	
5.1	The Matters Arising Report was reviewed and it was noted that all matters would be closed off in due course.	
Internal Audit		
6.	<u>Internal Audit Reports</u>	
6.1	<p>6.1 <u>Performance Management</u></p> <ul style="list-style-type: none"> • The Performance Management report had an overall conclusion of SUBSTANTIAL assurance. • There were 2 recommendations, both graded as routine, which had been accepted by Management. • There were 2 areas of good practice identified. <p>Q. Were the KPIs the right KPIs? A. Yes, the KPIs are robust, comprehensive and cover the correct monitoring requirements.</p> <p>Q. The number of KPIs, at 229, seemed high, are you satisfied that this amount is normal and appropriate? A. Overall, the KPIs were appropriate and in line with expectations within the sector. There were different reporting frequencies.</p>	
6.2	<p>6.2 <u>Health & Safety</u></p> <ul style="list-style-type: none"> • The Health & Safety report had an overall conclusion of REASONABLE assurance. • There were 7 recommendations, all graded as routine, one of which had been rejected by Management. • There were 2 areas of good practice identified. <p>Mr Taj advised that TIAA would have a follow up conversation with the DPS as there were some recommendations within the report that were being disputed. The DPS advised that a Health and Safety audit could not realistically be done virtually and that an onsite presence had been expected. Mr Taj advised that this had been fed back.</p>	

6.3	<p><u>Equality Diversity & Inclusivity</u></p> <ul style="list-style-type: none"> • The Equality Diversity & Inclusivity report had an overall conclusion of SUBSTANTIAL assurance. • No recommendations were identified. • There were 2 areas of good practice identified. 	
6.4	<p><u>6.4 Follow up report</u></p> <p>The follow up review by TIAA established the management actions that had been taken in respect of the high and medium priority recommendations arising from the internal audits.</p> <p>From the 17 recommendations within the Follow Up Report, 15 had been implemented and 2 remained outstanding. The original target date had not been met on the 2 outstanding recommendations but implementation was in progress.</p>	
6.5	<p><u>6.5 Annual Internal Audit Report</u></p> <p>Mr Taj provided a summary of the Annual Internal Report advising that there were no areas of concern.</p> <p>The Committee had approved 55 days of internal audit coverage for last year. 8 assurance reviews had been carried out.</p> <ul style="list-style-type: none"> • 5 reviews provided substantial assurance, 3 provided reasonable assurance. • Out of the total number of audit recommendations, 2 were marked as important and 26 as routine. • It was acknowledged that compliance in addressing the recommendations had been demonstrated. <p>The Committee accepted the audit recommendations and management responses and agreed that the Internal Audit Reports would be shared with the Corporation.</p>	
6.6	<p>ACTION: That the Internal Audit Reports be shared with the Corporation for information and assurance.</p> <p>Mr Taj thanked the DPS and the Clerk for their assistance.</p>	Clerk
7.	<p><u>Internal Audit Recommendations: Follow Up (management)</u></p>	
7.1	<p>The DPS provided an update on the outstanding Internal Audit Recommendations.</p>	

	<p>30 Audit Actions were now flagged as complete in 2022/23. Final actions from the Procurement Audit had been completed, as had all but two actions from the Cyber Security Assessment.</p> <p>The two outstanding queries from 2022/23 related to Cyber Security and the Procurement processes. Work was ongoing in this area with existing contracts currently under review; once the contracts were reviewed, a schedule could be created for periodic contract reviews. Once complete, these actions could be closed. The CIO had requested an extension for this work until December 2024. With the removal of the CIO role, these actions had now been allocated to the CEO. With a new Head of IT joining the college on 15 January 2025, the CEO had requested a further extension until 31 March 2025 to complete these actions.</p> <p>The Committee approved the requested extension.</p> <p>For 2023/24 there were now 17 complete actions. Updates since the last Committee included completion of all actions from the ICT Disaster Recovery Audit and two from Governance - Strategic Control.</p>	
Governance and Risk		
<p>8.</p> <p>8.1</p> <p>8.2</p> <p>8.3</p> <p>8.4</p>	<p><u>Audit Committee Annual Report</u></p> <p>The Committee reviewed the draft Audit Committee Annual Report which had been prepared in accordance with the post 16 Audit Code of Practice (ACOP) for the twelve-month period to 31 July 2024 and summarised the audit work carried out during the year. The report to the Corporation and the Chief Accounting Officer concluded with the Audit Committee’s opinion that for 2023-24:</p> <p>a) The Committee had operated effectively and had considered issues in detail;</p> <p>b) The College’s assurance arrangements; framework of governance; risk management and control; and processes for securing economy, efficiency and effectiveness were adequate and effective and reviewed regularly.</p> <p>c) No extra work was carried out which was in addition that set out in the Annual Audit Plan.</p> <p>Q. How do we measure that the Committee has an appropriate mix of skills and experience to allow it to discharge its duties effectively?</p> <p>A. This is done by both the Skills Audit and Governor 1:1’s, data is collated from both exercises and identifies any training requirements.</p> <p>Mr Lewis suggested a few minor revisions under item 4.8 of the report.</p> <p>RESOLVED: Subject to a few minor revisions, to approve the Audit Committee Annual Report for submission to the Corporation and Chief</p>	

	Accounting Officer.	
9.	<u>Report on Whistleblowing, Fraud and Other Irregularities</u>	
9.1	<p>The DPS summarised the Report on Whistleblowing, Fraud and Other Irregularities:</p> <p>There had been no whistleblowing claims since the last report.</p> <p>Since September, there had been no fraud or irregularities with regards to the College bank account. However, there was a fraudulent attempt using the College credit card details on 18 September 2024. A £0.00 transaction was attempted to test if the card worked, then the fraudsters tried to make one payment for £73.85. Since this was an unexpected vendor and a different IP address to usual, Lloyds prevented £73.85 transaction from being processed and the card was blocked and a replacement card issued.</p> <p>Currently there were four open insurance claims.</p>	
9.2	<p>Q. Do we know when the open insurance claims will be closed? A. We can find that information and come back to you.</p>	
9.3	<p>ACTION: The DPS to provide an update on the status of the 4 open insurance claims at the next meeting.</p>	DPS
9.4	<p>Q. Do we have an update on ‘Bradford College Limited’ that were issuing alleged Bradford College certificates? A. We are currently investigating this via Companies House.</p>	
9.5	<p>Pro-active mitigation of cyber-attack continued to take place through daily patching and regular upgrades to servers.</p>	
9.6	<p>Mr Lewis requested members confirm that they had not had any matters from a fraudulent perspective brought to their attention. Members confirmed no such matters had been raised.</p>	
10.	<u>Value for Money Report</u>	
10.1	<p>The Interim Finance Director provided an overview of the Value for Money Report and highlighted a number of areas of Non-Pay Expenditure.</p> <p>The majority of pay expenditure within the College was through employee costs; pay expenditure for teaching staff was 66%.</p> <p>Capital expenditure made up a large percentage of non-pay expenditure.</p> <p>Through procurement support, the College had saved an identifiable</p>	

10.2	<p>£139k in 2023-24, through savings across IT spend, fixtures and fitting and contract renewals.</p> <p>The College has procurement procedures in place which require budget holders to obtain a minimum number of quotations, or undertake a tendering process. Best value assessment must be made before a supplier is selected.</p> <p>2023-24 had seen a significant increase in spend on capital projects. All project spend followed a comprehensive tendering process in compliance with the College’s Financial Regulations and procurement policy and procedures.</p> <p>The report identified a number of areas for 2024-25 where value for money could be further enhanced:</p> <ul style="list-style-type: none"> • Capital costs associated with regards the Capital projects including; <ul style="list-style-type: none"> ○ Building Costs ○ Equipment Cost ○ IT Hardware Costs ○ Replacement of the Finance System • Facilities Management Contract renewal • Subscriptions’ renewals <p>The Interim Finance Director advised he would review the ‘actuals’ and the ‘targets’ within the financial metrics, to provide clarity on what the target had been, compared to what it currently is.</p> <p>Q. Regarding public benefit, is the College obligated to demonstrate an actual value to the public?</p> <p>A. Not explicitly; the College demonstrates its dedication to public benefit through its commitment to skills development, which improves economic prospects and social mobility of Bradford and the surrounding areas.</p>	
11.	<u>Strategic Risk Management</u>	
11.1	The Committee reviewed the strategic risks for which it had oversight. It was noted that there was relatively little change, with the only updates being made to the commentary.	
Policies		
12.	None	
Any other business		
13.	<u>Items for report to the Corporation</u>	

13.1	<ul style="list-style-type: none"> • Draft Meeting minutes of 5 December 2024 • Internal Audit Reports • Audit Committee Annual Report 	
14.	<u>Any other business</u>	
14.1	There was no other business.	
14.2	The next Audit Committee Meeting will take place on 6 February 2025.	
15.	<u>Meeting Evaluation</u>	
15.1	To be circulated by the Assistant Clerk. L/TT	Assistant Clerk
<i>The next session will be a joint meeting with members of the Finance & General Purposes Committee</i>		
16.	<u>Annual Report and Financial Statements/Audit Management Letters/Letters of Representation</u>	
16.1	Richard Lewis of RSM gave members of F&GP Committee and Audit Committee a tour of Financial Statements.	
16.2	<p>Key items highlighted by RSM were:</p> <ul style="list-style-type: none"> • The governors report - relating to public benefit and how this had been delivered. • Governance and internal control – information relating to the work of the Audit Committee and the assurance they offer the Corporation • Budget and Cash flow forecasts had been examined by the Corporation and its conclusion that that the College is a going concern. RMS agreed with this conclusion. • The audit opinion - RSM's opinion was that the financial statements: <ul style="list-style-type: none"> ○ gave a true and fair view of the state of the College's affairs as at 31 July 2024 and of the College's surplus of income over expenditure for the year then ended; ○ had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and ○ had been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency • A material uncertainty related to going concern arising from the forecasted bank covenant breaches. The Auditors opinion was not modified in respect of this matter. • Pension liability was considered by the actuary to take into account CPI levels. • The Pension Fund assumptions had been benchmarked across the sector and show no evidence of bias by the management. • Capital investment - the College invested £12.5m in fixed asset additions during the year 2023/24. £1.9m of the fixed asset additions 	

	<p>were self-funded.</p> <ul style="list-style-type: none"> • Reserves – the College reserves amounted to £94.6m and it held £16.5m in cash and bank balances at the year end. £6.4m of cash and bank balances at the year-end have been received from ESFA in advance of spend on capital projects. • The College now references the Managing Public Money document (MPM), though the main document to refer to was the new College Financial Handbook, which came into effect from 1 August 2024. • The audit opinion was expected to be unqualified. • The regularity opinion was expected to be unmodified. <p>RSM gave an overview of the draft Audit findings report, explaining that there were a few outstanding matters but that these were not material and the report would be updated accordingly prior to the Corporation meeting on 12 December 2024.</p> <p>The draft letters of representation had now been finalised and had been circulated by the Clerk prior to the meeting.</p> <p>16.3 RECOMMENDATION: Subject to any further minor amendments required, that the Annual Report and Financial Statements 2023-24 be approved by the Corporation for signing by the Chair and Accounting Officer.</p> <p>16.4 The Audit Chair gave thanks to Mr Lewis and the team at RSM for all their hard work on getting the accounts finalised and also thanked the Clerk for liaising with the auditors to ensure all of the audit paperwork was collated in good time and for the additional work that she had undertaken.</p>	
<p>17.</p> <p>17.1</p>	<p><u>Audit Findings Report</u></p> <p>Mr Lewis presented the draft report and recorded his thanks to Management for its engagement. Subject to receipt of outstanding matters, the final report would be presented to the Corporation on 12 December.</p> <p>Mr Lewis talked Members through the key areas of risk for the College.</p> <p>Members received assurance that (a) the College had in place a reasonably strong control framework on income recognition; (b) there was no evidence of any bias; (c) RSM concurred with the College’s judgement on going concern; and (d) there had been no non-compliance in terms of regularity.</p>	
<p>18.</p> <p>18.1</p>	<p><u>Emerging Issues</u></p> <p>Members received and noted the emerging issues update from RSM.</p>	

Approved by the Committee:

S. West

27.02.2025

Signed by the Chair

Date

Agreed actions

No	Minute	Action	Who?
1	6.6	That the Internal Audit Reports be shared with the Corporation for information and assurance.	Clerk
2	9.3	The DPS to provide an update on the status of the 4 open insurance claims at the next meeting.	DPS
3	15.1	Meeting Evaluation to be circulated by the Assistant Clerk.	Assistant Clerk