

# AUDIT COMMITTEE MEETING

**Date: Thursday 6 June 2024**

**Time: 5.00pm**

**Venue: Board Room / Video Conference**

## **Present:**

Andrew Fawcett (Chair)

Chris Ball

Farhad Ahmad

Julian Coleman

## **In Attendance:**

Bill Webster (Principal)

Garry Westwater (Executive Director of Finance)

Tim Openshaw (Assistant Vice Chancellor, Planning & Student Experience) (UoB)

Danny Harvey (PwC)

Deborah Bradburn (Clerk)

Jill Hebden (Minute Taker)

## **1. SECTION A - BUSINESS MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE**

### **1.1 Welcome to Members/Officers**

The Chair welcomed members to the meeting, which commenced at 5.00pm.

### **1.2 Apologies for absence**

Apologies were received from Sharon White.

### **1.3 Declarations of Interest**

The Chair reminded everyone present to declare any interests that they may have on matters to be discussed. There were no declarations of interest.

### **1.4 Request for an item to be unstarred**

No requests were made.

### 1.5\* Minutes of the previous meeting held on 21 March 2024

The minutes of the meeting held 21 March 2024 had been previously circulated to Committee Members for consideration.

**Agreed:** that the minutes are approved as a correct record and authorised for publication.

### 1.6 Matters arising from the previous minutes

The Clerk presented the action progress log and noted that all actions from the previous meeting had been completed. The Resources Committee had reviewed the agency staff audit scope with a recommendation that the process for assessing quality be included.

## 2. SECTION B - COLLEGE MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

### 2.1 Internal Audit Reports

#### (i) Managing Public Money

PwC presented the 'Managing Public Money' audit report. Following the reclassification of the College to the public sector, the College had to comply with the 'Managing Public Money' guidance and financial handbook.

The audit report was to provide the Audit Committee with assurance of the College's compliance to date and matters to consider when it updated the College Financial Regulations.

The following points were brought to the Committee's attention:

- Developing a robust and clear scheme of delegation;
- Clarifying links to the procurement policy; and
- Aligning the policy on write offs and the disposal of assets.

#### **Governor Questions/Comments:**

- *Are we moving to two types of accounting for the year end?*

It's likely to be two per year in order to consolidate with the Group on 31 July.

- *Are we going to align the accounts this year?*

No. We would need to continue to have two year end accounts in order to align with 'Managing Public Money' and then consolidate with the Group each year. The change will be from April 2025 to March 2026. This will create additional costs due to the increased requirements from auditors.

- *Has the audit given direction to the financial regulations update?*

Yes. We delayed changing the financial regulations until the financial handbook was finalised. The audit recommendations will go into updating the revised regulations and those policies identified within it.

## **(ii) Estates Maintenance:**

PwC presented the Estates Maintenance audit report and the following points were brought to the Committee's attention.

- There was an overall 'medium risk' finding with three findings as follows:
  - (i) Unplanned Out-of-Budget Maintenance - the financial regulations did not include a scheme of delegation for approving expenditure relating to unplanned work. There was also no formal prioritisation process in place to guide the team on prioritising and de-prioritising planned work (medium risk).
  - (ii) Annual Planned Maintenance Programme - an annual maintenance plan lacked formal approval from relevant committees. The College did not have a longer-term maintenance plan in place, which meant future forecasting and planning for substantial maintenance costs could not be undertaken effectively (medium risk).
  - (iii) Lack of Terms of Reference for the Health and Safety Committee – this created the potential for unclear roles, miscommunication and inefficiencies (low risk).

There would be a conversation around a Group approach to an estates strategy as there was an underlying resource issue. However, it was noted that health and safety was never compromised with any health and safety requirements prioritised.

### **Governor Questions/Comments:**

*How much have we spent on planned maintenance of the estate?*

Approximately £300k on planned, unplanned and health and safety. We generally overspend on the budget as you cannot budget for health and safety.

### **RESOLVED:**

The Committee noted the internal audit reports.

### **ACTION:**

- Executive Team to discuss the estates resources and strategy with the Group.

## 2.2 Internal Audit Progress Report 2023/24

PwC provided an update on the internal audit progress, noting that despite the delays experienced PwC would complete the intended audit activities for this academic year

### **RESOLVED:**

The Committee noted the 2023/24 Internal Audit Progress Report.

### **(Change in the Order of the Agenda)**

## 2.6 Proposed 2024/25 Internal Audit Plan:

PwC presented the proposed Internal Audit Plan for 2024/25 which set out the overall view for the Group. More reviews between the University and College were aligned to enable efficiencies. The following key areas for the College were noted:

- Key Financial Controls
- Student Experience
- Payroll
- Learner Records
- Safeguarding / Managing sexual abuse and harassment allegations

Safeguarding would consist of two reviews, one a broad safeguarding review and the second on sexual harassment that could cover students and staff. The Principal noted that as sexual abuse and harassment was a part of safeguarding these should be reviewed together noting that there were different safeguarding priorities for FE and HE.

The following additional areas of audit focus were for consideration:

- Staff grievances
- Unfair means
- Business continuity

It was noted that 2024/25 audit plan was a draft with recommendations welcome prior to the production of the final report that would be presented at the next meeting.

The Committee considered that given the discussions on the new financial handbook it would be worthwhile to have a further review to look at compliance and the implementation of controls; the review could also assess how other organisations had adapted to the handbook.

### **RESOLVED:**

The Committee approved the 2024/25 Internal Audit Plan in principle with changes to be made, as required.

## (Change in the Order of the Agenda)

### 2.3 Outstanding Audit Recommendations: Monitoring Schedule

The Executive Director of Finance presented the monitoring schedule, highlighting the following point:

- There were seven 'live' recommendations to be actioned with three 'partially completed' or the risk accepted following the review recommendations.

#### **RESOLVED:**

The Committee reviewed and noted the outstanding audit recommendations report.

### 2.4 ESFA Audit Code of Practice 2023/24

The Clerk provided an update and overview of the changes made to the annual update of the ESFA Code of Practice, as revised in March 2024. The College's assessment of compliance against the Code had been reviewed and any areas for amendment had been identified.

The changes related to clarification on terminology used or to new reports published.

#### **RESOLVED:**

The Committee noted the ESFA Code of Practice report.

### 2.5 Risk Management / Risk Register

Tim Openshaw presented the report, and the following points were highlighted:

- Staffing was more stable although there were still issues within construction and English.
- Work continued with the Post Inspection Action Plan (PIAP) Task and Finish Group.
- Programme applications were strong with a focus on learner offers that had seen large improvements.
- Financial risks had been considered at the Resources Committee at its meeting on 4 June 2024.

#### **Governor Questions/Comments:**

*How strong are the offers?*

Young People are currently up circa. 400 and T Levels up circa. 100 compared against the same time last year. We will hit our internal reduced target for T Levels.

The demographics for Bolton appear to be seeing a growth surge to 2030. The estate is constantly being reviewed in terms of usage. For example, one of the salons is being converted into a classroom for next year.

**RESOLVED:**

The Committee noted the update to the Risk Management / Risk Register and that it was an accurate reflection of the risks and how those risks were being addressed.

**3. SECTION C - UNIVERSITY GROUP MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE**

The Principal noted that the quarterly review with DfE had taken place to review finances and the PIAP. The College raised a query around its use of the borrowing facility from the University and how this would work under the 'Managing Public Money' rules. The College awaits a response.

**4. SECTION D - ANY OTHER BUSINESS**

**4.1 Policy / Funding Rules / Conditions of Grant Changes**

This was a standing item on the agenda to discuss noteworthy matters. There were no notable changes from the previous Committee meeting.

**RESOLVED:**

The Committee noted the update provided.

**5. SECTION E - FUTURE MEETINGS**

Tuesday 5 November 2023 at 5.00pm

There being no further business to discuss, the meeting closed at 6.10pm

**Chair's Signature:**

**Date:** 5 November 2024