Cirencester College

External minutes (Final)

MINUTES OF CIRENCESTER COLLEGE
AUDIT COMMITTEE MEETING
Monday 10th June 2024 at 5.00 pm
Board Room at Cirencester College

Present:
Ping Li (PL)
Nicole Saunders (NS)
Catherine Simpson (CS)
Andrew Tubb (AT) (Interim Chair)
Gay Wales (GW)

In attendance:
Nick Case (Cirencester College – IT Manager) (NC)
Angelo Faria (Cirencester College - Finance Director) (AF)
Mahalah Gleed (Cirencester College – Head of HR) (MG)
Marc Heritage (Forvis Mazars – Audit Manager) (MH)
Jon Marchant (Forvis Mazars – Audit Partner) (JM)
Jeannie Adam (Clerk to the Corporation) (JA)

GC – Governor comment.

GQ – Governor question.

CD – Committee decision.

1. **Apologies**

All committee members were present and the meeting was quorate. Karen Fraser (VP Student Journey and External Relations) was not able to attend and sent her apologies.

2. **Members Declarations of Interest**

No member declared an interest in any item on the agenda.

3. **Losses and fraud/whistleblowing (Confidential - included in confidential minutes only)**
    a. **Notification of incidents of losses or fraud since the last meeting on 4th March 2024**

The Losses paper (May 2024) had been circulated with the agenda for the meeting and was noted by the committee.

b. Notification of any whistleblowing incidents since the last meeting on 4th March 2024 (verbal report)

The Clerk advised that there have been no whistleblowing incidents since the last meeting.

4. **Minutes of previous meeting (4th March 2024)**
   a. Confidential internal minutes

The final confidential internal minutes of the Audit Committee meeting on 4th March 2024 had been issued with the agenda for the meeting. (Draft minutes had been sent to committee for comment on 11/3/2024 and received by Corporation on 18/3/2024). The minutes were agreed to be an accurate record of the meeting and were signed by the Interim Chair.

b. External minutes

The final external minutes of the Audit Committee meeting on 4th March 2024 had been issued with the agenda for the meeting. (Draft minutes had been issued to the committee on 11/3/2024 and were received by the Corporation at its meeting on 18/3/2024). The minutes were agreed to be an accurate record of the meeting and were signed by the Interim Chair.

5. **Matters arising from the previous minutes (4th March 2024) not covered elsewhere in the agenda.**
   a. HR data benchmarking report summary sheet had been circulated with the agenda for the meeting and was noted by the committee.
   b. The draft HR data benchmarking report (June 2024) had been circulated with the agenda for the meeting and was noted by the committee.

The Head of HR advised that the report provides a comparison of national data collated by the Department for Education (DfE) for 2021-2022 from the Further Education Workforce Survey. There are some weaknesses with the data especially around ethnicity and disability.

GC – The comparison of staff turnover compared to national data is useful and shows a positive picture for the college. This may support retention and recruitment along with the positive approach to flexible working where possible.

The Clerk advised that the data for 2022-2023 has just been made available.

6. **HR System (confidential)**

The HR System (Succeed) Report (June 2024) had been circulated with the agenda for meeting and was noted by the committee.

GQ – What are the future risks regarding Succeed?

A – With IRecruit and the functionality to upload jobs to FE Jobs. There is currently not a Customer Service Manager within CIPHR for the college.

GQ – Is the support from the supplier appropriate?

A – Until a Customer Service Manager is appointed, the team are making use of the helpdesk and have received support from the Implementation Manager from CIPHR and have received some consultancy support free of charge.

The Interim Chair thanked MG for her attendance and update to the Audit Committee.

MG left the meeting.

7. **IT and Cyber-security report (confidential)**
    a. The IT and cyber-security report for June 2024 had been circulated with the agenda for the meeting.

GQ – Which projects are draining resources for the IT team?

A – All projects need IT team support. The team are built to provide technical support not project management. A number of departments are asking for help working with suppliers. The library and wellbeing building are examples of the larger sized projects.

GQ – Who owns the building projects and when does IT become involved?

A – Principal, Finance Director and Strategic Development Manager are the leads. IT will become involved at the design phase and then again midway through the building works when fitting out begins.

The IT Manager commented that small projects can be more draining in resources than the large projects.

GQ - Is there a total project view and the impact on IT team resources in place to enable a view of projects vs resources?

GQ – Do the IT need anything additional to support them?

A – A project board approach for the whole college is an objective. This is starting to form from a monthly meeting which has been established for key players.

GQ – Are more resources and/or different skills needed?

A – Would want to back this up with information and data, but potentially yes.

GC – A longer term strategic plan for IT would be helpful.

The Clerk commented that the recent appointment of a Focus Governor for Digital should provide support.

GQ – What has been the take up of BYOD? Will it be pushed forwards with students?

A – Mixed level of take up across the college. A possible leasing option for students is under consideration. This would be of benefit as it would remove a risk from the college network.

GC – What is the current progress regarding penetration testing?

A – Awaiting completion of further network changes. Potentially late summer to October 2024. Will line up with Cyber Essentials requirements.

> b. The IT and cyber security risk register for June 2024 had been circulated with the agenda for the meeting and was noted by the committee.

GQ – What are the key points to highlight on the risk register?

A – There are more high risks in place and more risks will be added. Mitigations will be driven from the risk register.

GQ – When will the IT recovery plan be completed?

A – This will be progressed over the summer.

The Interim Chair thanked NC for his attendance and update to the Audit Committee.

NC left the meeting.

The Interim Chair brought item 14 forwards.

14. External audit (confidential)
> a. Mazar's Audit Strategy Memorandum (ASM) (year ending 31 July 2024) had been circulated with the agenda for the meeting.

JM advised of the merger of Mazars with Forvis and the renaming of the company to Forvis Mazars effective from 1st June 2024. Mazars remains the same entity within the new organisation and will continue to operate as previously.

JM drew the attention of the committee to the Audit Strategy Memorandum and made the following key points:

- The external audit timetable remains – Audit Strategy Memorandum (June 2024); year end (31st July 2024); audit work (September/October 2024); Audit Completion Report (November 2024).
- There have been no changes to auditing standards for 2023 - 2024.
- Significant risks remain similar to previous years and are highlighted in section 4 of the ASM.
- Revenue will be tested. Grant funding will be audited to ensure funding is recorded in the correct year. Student revenue will be audited to ensure that funding has been paid and that the college has been entitled to receive this funding.
- The ESFA has concerns that non-compliance is being under reported across the sector.
- LGPS – audit work will verify the current valuation at 1st March 2024 and the roll forward to 31st July 2024. The liability assumptions will be challenged by Mazars actuary service.
- FRS 102 – Appendix B details the changes which are now approved and will affect accounts from 2027. This means that changes to accounting processes will need to be made from 2025. The key here is that leases will be coming back on to the balance sheet and attention to bank covenants will be required.

- The ESFA Financial Handbook (effective 1st August 2024) is helpful and well written and will inform the external audit approach.

The Finance Director commented that the college has a single lease agreement for the photocopier service.

GC – Any lease arrangements for IT equipment would need to be included in the future.

CD and action - The committee unanimously agreed to recommend to the Corporation that it approve Forvis Mazar's Audit Strategy Memorandum (year ending 31 July 2024).

Action – Clerk to add Forvis Mazar's Audit Strategy Memorandum (year ending 31 July 2024) to Corporation agenda for 24th June 2024.

The Interim Chair thanked JM and MH for their attendance at the meeting and presentation of the ASM.

JM and MH left the meeting.

GQ – How long is the contract with Forvis Mazars? Are their fees competitive?

A – Re-appointed in 2023 on a 3-year contract with the option to extend for a further 2 years. The audit partner changed with the new contract and the audit team changes annually. Forvis Mazars fees were comparable with the other provider shortlisted during the tender process.

8. **Financial Statements 2022-2023**

   a. The letter from ESFA (22nd April 2024) detailing the Cirencester College Financial Statements Review 2022-2023 and financial health grade of outstanding was noted by the committee.
   b. The letter from Finance Director to ESFA (26th April 2024) confirming statement of corporate governance and internal control compliance was noted by the committee.
   c. The email from ESFA to Finance Director (30th April 2024) acknowledging receipt of statement of corporate governance and internal control compliance was noted by the committee.

9. **Interim Risk Management Report**

The Interim Risk Management Report (June 2024) had been circulated with the agenda for the meeting.

The Finance Director drew the committee's attention to the key risks within the report.

- 16-19 enrolments. Applications and enrolments are holding up. 3250 is the current forecast. Student transport costs and campus capacity are issues being managed currently.

GQ – What numbers are used for budget planning?

A – 3036 for enrolment and 3300 for expenditure.

- Hostile funding environment. The bidding process for the CIF is competitive and the bid for the C Block roof has not been successful.
- Cyber risks. Agenda item 7 refers.
- Ofsted inspection. The potential impacts for student numbers and staff recruitment will emerge.

GQ – How does the risk from the Ofsted report develop?

A – The student enrolment environment is competitive. Some advertisements for Swindon College reference that Swindon students should choose their local college rather than travel to Cirencester. The entrance level requirement may need to be addressed in the future. The recent annual strategic conversation touched on issues for students with low GCSE grades not being able to access FE places.

GQ – Has the college marketing message changed post-Ofsted?

A – Positive statements from students and parents are being used along with a focus on positive student outcomes via HESA data. Also, positive messaging around apprenticeships.

GC – Staff recruitment and retention should be tracked to see if there is an Ofsted impact.

A – The point for teacher end of year resignations has passed – no significant impact is seen. A retrospective measure may identify an upward pressure on salaries or agency costs.

GC – Immediate responses to Ofsted are in place already – for example the marketing approach.

GQ – Is there a plan in place if there is a negative impact on student numbers for 2024-2025?

A – 2800 enrolments have been modelled for impacts.

GC – Organic growth is preferable to surges in student numbers.

A – The strategic planning following the Corporation strategy event will be reviewed further in September 2024.

The committee noted the Interim Risk Management Report (June 2024).

10. **Risk Assurance Register**

The Risk Assurance Register (June 2024) had been circulated with the agenda for the meeting.

The committee noted the Risk Assurance Register (June 2024).

11. **Outstanding audit recommendations**

   a. ESFA funding review audit report of November 2023.

The committee noted that the ESFA funding review audit of November 2023 has been re-opened by the ESFA.
   i. The email (7th May 2024) from Finance Director and VP Curriculum and Quality to ESFA had been circulated with the agenda for the meeting and was noted by the committee.

The Finance Director advised that the audit has been re-opened due to the poor quality of work by the Price Waterhouse team. A meeting has taken place with ESFA Provider Management Team and it has been agreed that the college may respond by end of July 2024 to the audit questions to be resolved. The outcome will be reported to the Audit Committee in November 2024.

GQ – Are there any resource implications to address the audit questions?

A – No – these are resolved by the response deadline of end of July 2024.

b. The ESFA guidance document 'Common findings from funding assurance work on post 16 education providers (October 2023) had been circulated with the agenda for the meeting and was noted by the committee.

12. **Internal audit 2023-2024**

The update on the internal audit programme 2023-2024, which included recommendations for 2024-2025, had been circulated with the agenda for the meeting.

The status of the internal audit programme for 2023-2024, with the Financial Controls Audit taking place 25th-27th June 2024, was noted by the committee.

13. **Internal audit 2024-2025**

The recommendations for the internal audit programme for 2024-2025 had been circulated with the agenda for the meeting (included within report for agenda item 12) and were noted by the committee.

a. The ESFA guidance document 'The scope of the work of audit committees and internal auditors in college corporations' had been circulated with the agenda for the meeting and was noted by the committee.

b. Recommendation to the Corporation meeting on 24th June 2024 regarding potential areas for internal audit during 2024-2025.

The Chair asked committee members if there were areas for potential internal audit which they wish to recommend to the Corporation.

GC – The progress made with IT and cyber security since the audit in 2018 has been very pleasing. There could be a re-audit to establish the current baseline. However, improvements over recent years may reduce the need to prioritise here. Environmental, social and corporate governance is an area where many organisations are tripping up. Health and safety have not been audited in recent years.

GQ – Could the internal audit process be described?
A – Internal audit is a standing item for the 3 meetings of the audit committee. Recommendations may be driven from the risk register. Previously, an internal audit provider (TiAA) was appointed for all internal audits. TiAA are retained for the financial controls audit, but specialists are sought for other internal audit activity – for example JISC for penetration testing. Benchmarking via a peer review process is to be utilised for HR. ILR data is audited via the ESFA. The review of governance by an external provider is owned by Search and Governance Committee.
GC – IT and cyber should remain a high priority. Further priorities may drop out of Project Apollo.

GC – Internal audits will identify best practice and show the positive as well as areas for improvement.

GQ – How is performance against the AoC Code of Good Governance monitored?

A – The new code (adopted by the Corporation on 9th October 2023) provides a monitoring template. The Clerk will utilise this to prepare a review for both Search and Governance and Audit Committees to review in October and November 2024 and report to Corporation in December 2024.

CD – The Committee agreed that it would like to recommend consideration of an environmental, social and corporate governance internal audit and a health and safety internal audit to the Corporation meeting on 24th June 2024.

Action – Clerk to add recommendation to consider an environmental, social and corporate governance internal audit and a health and safety internal audit to the Corporation meeting on 24th June 2024.

14. **External audit (confidential)**

The Interim Chair moved this item forwards on the agenda.

15. **Post 16 Audit Code of Practice 2023-2024**

   a. The Post 16 Audit Code of Practice 2023-2024 (issued March 2024) had been circulated with the agenda for the meeting and was noted by the committee.

   b. The draft of the Regularity Self-Assessment Questionnaire 2023-2024 had been circulated with the agenda for the meeting.

CD and action– The committee agreed to recommend to the Corporation on 24th June 2024 that it approve the Regularity Self- Assessment Questionnaire 2023-2024 and authorise the Chair of the Corporation and the Principal as Accounting Officer to sign on behalf of the Corporation.

   c. The draft letter to Forvis Mazars regarding regularity assurance engagement for the period ended 31st July 2024 had been circulated with the agenda for the meeting.

CD and action – subject to a minor correction, the committee agreed to recommend to the Corporation on 24th June 2024 that the authority be granted for the Finance Director to sign the draft letter to Forvis Mazars regarding regularity assurance engagement for the period ended 31 July 2023 on behalf of the Corporation.

16. **College Financial Handbook 2024**

The College Financial Handbook 2024 published by the ESFA (March 2024) and is effective from 1 August 2024 had been circulated with the agenda for the meeting and was noted by the committee. The briefing session for governors which will take place prior to the Corporation meeting on 24th June 2024 was noted by the committee.

GQ – How is the scheme of financial delegation approved by the board?
A – Part of the Financial Regulations which are reviewed every 3 years.

17. **College Accounts Direction 2023-2024 – Financial reporting requirements for sixth form colleges and further education colleges – March 2024**

The College Accounts Direction 2023-2024 (March 2024) had been circulated with the agenda for the meeting and was noted by the committee.

18. College Financial Planning Handbook 2024

The 'College financial planning handbook 2024 (Financial outturn requirements for the year 2023 to 2024 and financial planning requirements for the years 2024 to 2025 and 2025 to 2026 for further education and sixth-form college corporations)' issued by ESFA May 2024, had been circulated with the agenda for the meeting and was noted by the committee.

The committee noted that the mandatory College Financial Forecasting Return (CFFR) must be submitted by 31st July 2024.

19. College oversight: support and intervention

The College Oversight: support and intervention document issued by the Department for Education (DfE) and effective from 1st August 2024 had been circulated with the agenda for the meeting and was noted by the committee.

20. Policies

The following draft policies (with track changes), which will go before the Corporation meeting on 24th June 2024 for approval, had been circulated with the agenda for the meeting.

    a.   Financial Regulations 2024-2026

GQ – Where are purchase sign off levels and processes specified?

A – In the Procurement Policy.

GQ – What is the committee role regarding the internal control of documentation, processes and procedures? Local government uses a system of internal control where members scrutinise processes and procedures.

The Clerk commented that the ongoing work which will define more clearly the role of the focus governor will capture this where appropriate.

GC – Certain matters identified by focus governors may be brought to the attention of Audit Committee if required and thereby close the loop should matters need to be addressed further.

GC – The local government model/template will be sent to the Clerk.

CD – Subject to a small number of minor corrections the committee unanimously recommends the approval of the Financial Regulations 2024-2026 by the Corporation at its meeting on 24th June 2024.

    b.   Risk Management Policy

CD – The committee unanimously recommends the approval of the Risk Management Policy by the Corporation at its meeting on 24th June 2024.

Action – Clerk to add final draft Financial Regulations 2024-2026 and Risk Management Policy to agenda for the Corporation meeting on 24th June 2024.

GC – The Chair suggested that there should be a pre-Audit Committee briefing at 4.15pm, prior to each meeting to enable discussion and questions regarding the content of the meeting. This could be introduced at the November 2024 meeting.

CD - The committee unanimously approved the introduction of the pre-Audit Committee briefing effective from November 2024.

Action – Clerk to implement the pre-Audit Committee briefing for November 2024.

21. **Audit Committee**
    a. The Audit Committee Terms of Reference (Standing Order Appendix 5A) with proposed amendments highlighted, had been circulated with the agenda for the meeting.

CD and action - The committee approved the changes made in line with the Post 16 Audit Code of Practice 2022-2023 and will recommend to the Corporation at its meeting on 24ᵗʰ June 2024 that it approve the Audit Committee Terms of Reference (Standing Order Appendix 5A).

22. **Audit Committee Self-Assessment Questionnaire (SAQ) 2023-2024**

The Clerk advised that the draft of the Self-Assessment Questionnaire 2023-2024 (SAQ) of the Audit Committee had been omitted from the original circulation of the documents for the meeting. The SAQ has not been subject to any material changes to the document used in previous years.

CD and action – The committee approved the 2023-2024 SAQ of the Audit Committee. Clerk to issue the final document to members by email prior to the end of term.
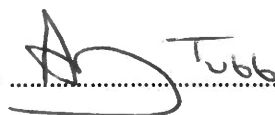
23. **Date of the next meeting**

Subject to the approval of the Calendar of Meetings 2024-2025 (Standing Order 8) at the Corporation meeting on 24ᵗʰ June 2024 - the next Audit Committee Meeting is proposed to take place at 5pm on 18ᵗʰ November 2024 in the Board Room at Cirencester College.

On behalf of the committee the Chair thanked the Finance Director and Finance Manager for their work in preparation for the meeting.

The committee gave a vote of thanks to NS in recognition of her work and valued support of the college over the years of her tenure.

The meeting closed at 7.15pm.

Signature of Interim Chair of Audit Committee: ....
Andrew Tubb

Date: ....18\11\24................

Committee action from this meeting and outstanding business for the next meeting			Complete?
Item 13	Clerk to add recommendation to consider an environmental, social and corporate governance internal audit and a health and safety internal audit to the Corporation meeting on 24th June 2024.	Clerk	Complete 12/6/2024 – on agenda for Corporation 24th June 2024
Item 14	The committee unanimously agreed to recommend to the Corporation that it approve Forvis Mazar's Audit Strategy Memorandum (year ending 31 July 2024). Clerk to add Mazar's Forvis Audit Strategy Memorandum (year ending 31 July 2024) to Corporation agenda for 24th June 2024.	Committee Clerk	Complete 12/6/2024 – on agenda for Corporation 24th June 2024
Item 15b	The committee agreed to recommend to the Corporation on 24th June 2024 that it approve the Regularity Self- Assessment Questionnaire 2023-2024 and authorise the Chair of the Corporation and the Principal as Accounting Officer to sign on behalf of the Corporation.	Committee	Complete 12/6/2024 – on agenda for Corporation 24th June 2024
Item 15c	Subject to a minor correction, the committee agreed to recommend to the Corporation on 24th June 2024 that the authority be granted for the Finance Director to sign the draft letter to Forvis Mazars regarding regularity assurance engagement for the period ended 31 July 2023 on behalf of the Corporation.	Committee	Complete 12/6/2024 – on agenda for Corporation 24th June 2024
Item 20a	Subject to a small number of minor corrections the committee unanimously recommends the	Committee	Complete 12/6/2024 – on agenda for Corporation 24th June 2024

	approval of the Financial Regulations 2024-2026 by the Corporation at its meeting on 24th June 2024.		
Item 20b	The committee unanimously recommends the approval of the Risk Management Policy by the Corporation at its meeting on 24th June 2024.	Committee	Complete 12/6/2024 – on agenda for Corporation 24th June 2024
Item 20	Clerk to implement the pre-Audit Committee briefing for November 2024.	Clerk	Complete 12/6/2024 – noted on draft agenda for November 2024 meeting.
Item 21	The committee approved the changes made in line with the Post 16 Audit Code of Practice 2022-2023 and will recommend to the Corporation at its meeting on 24th June 2024 that it approve the Audit Committee Terms of Reference (Standing Order Appendix 5A).		Complete 12/6/2024 – on agenda for Corporation 24th June 2024
Item 22	The committee approved the 2023-2024 SAQ of the Audit Committee. Clerk to issue the final document to members by email prior to the end of term.	Clerk	Complete 10/7/2024 – complete. Issued by email to committee members.
Committee action from previous meetings.			
None			