

## VARNDEAN COLLEGE

### MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON

THURSDAY 13<sup>th</sup> MARCH 2025 at 10.15 am, held in the Principal's Office

**Present** – Paul Herridge (Chair), Carrie Llewellyn, John O’Sullivan, Alan Walker

**In Attendance** - Elaine French (Vice-Principal Resources), Donna-Marie Janson (Principal), Scott McCready (Wylie & Bisset – Internal Auditors) – via G Meets and Louise Pennington (Clerk/GP),

#### 1. Apologies and Welcomes:

**Apologies:** Brendan Ward.

It was noted that Louise Pennington would be arriving late owing to a hospital appointment.

**Welcomes:** Carrie Llewellyn (Parent Governor) and Scott McCready (Wylie & Bisset)

The Committee was quorate (3 members, 2 of whom must be Governors (not co-opted Members)

It was also agreed that a recording of the meeting would be taken for the minutes.

#### 2. Declaration of interests – none

#### 3. Minutes of the Meeting on 28<sup>th</sup> November 2024

The minutes were approved and the Chair authorised to sign these, subject to one amendment detailed below, which was corrected in the version to be signed.: **ACTION:**  
**Chair/LEP**

Subject to the above points, the Minutes were approved by the Committee and the Chair authorised to sign these. **ACTION: Paul Herridge/Louise Pennington**

It was resolved to take item 4 before item 3, so that Scott McCready, Wylie & Bisset could then leave the meeting after his presentation.

#### 4. Matters Arising

##### a) Action Points – Progress Report

The Committee considered the various actions on the schedule, noting those which had been completed and would be removed going forward and others which were on the agenda.

*NOTE FROM LAST MEETING: As agreed at the last meeting, all actions including housekeeping changes have been added to the Actions' Schedule. It was also noted that within the Actions Excel Schedule, there were other pages (entitled "completed actions") which included past actions which had since been completed, to provide a detailed historical log for reference purposes.*

*It was also confirmed that to avoid duplicating items on the rolling action plan, actions relating to internal and external audit, would not be included on the Action Points Schedule but only appear on the rolling action plan.*

As reported above, Elaine French confirmed that she and Louise Pennington had reviewed both a) and b) to ensure that there was no duplication of action records, together with taking forward the various other changes proposed.

Questions and comments raised by the Committee:

- The Committee identified that there were more actions in the minutes than on the actions' schedule, but Elaine French confirmed that actions arising from the last meeting were either on the Actions' schedule or the rolling action plan, and that some actions which had been completed had been transferred to the "completed actions", recorded on a separate page in the Actions' excel schedule. It was also noted that a number of actions in the previous actions' schedule had been duplicates so had been updated along with updates made to reflect the decision made at the last meeting to remove any actions which were no longer relevant/necessary LEP to check the details. **ACTION: LEP.**
- In response to a question from John O'Sullivan relating to the External Audit Tender Panel members, he confirmed that he had also volunteered to be a Member of the Board (currently listed in the last meeting minutes as Alan Walker and Brendan Ward), which Elaine French has noted. **ACTION: Elaine French**
- Risk appetite action – it was confirmed that the Finance Committee at its last meeting had reviewed the financial risk appetite statement within the Risk Management Policy, and agreed on the proposed revised wording, the details of which had been recommended to the Corporation for approval at the March 2025 Meeting. Elaine French shared the wording used in the statement recommended by the Finance Committee, with the Audit Committee members, and it was also anticipating that similar statements would be applied within the sector. It was also confirmed that the revised Policy document, including the additional wording, would be included in the June 2025 Audit Committee papers. **ACTION: Elaine French**
- Critical Incident Plan scenarios and outcomes – refer to the risk item below.

#### **b) Rolling Action Plan – Update on Internal and External Audit Recommendations**

Questions and comments raised by the Committee:

- Actions completed were noted.
- Regarding internal audit reporting and management responses, the Committee was reminded that an action had been agreed at the last meeting, that the auditors should be asked to note in their reports where the management responses had been actioned outside the indicated timeframe.
- In response to a question from the Committee regarding the External auditor's request to remove the adjusted pension surplus in the trial balance to reflect the financial statements which Elaine French had actioned.
- Internal Audit – adult education recommendation – confirmed that this had been done by December 2024 and this will be reviewed by the auditors in June 2025 at their follow up audit.
- Risk Register and adding column to include risk appetite per risk – referring above the the finance risk appetite statement discussed and recommended at last week's Finance Committee Elaine French confirmed that the full document would be reviewed at the June 2025 Audit Committee, having included a risk appetite column. **ACTION: Elaine French**
- In response to a query regarding the number of acronyms, Elaine French explained those included in the papers.

- With reference to the statement regarding “all documents available centrally”, Elaine French confirmed that this included all relevant documents.
- Regarding the reference to staff (Procurement Policy) training, it was noted that this had been deferred owing to the Teaching Strike days, but that it had been added to the Staff Inset training going forward, and that digital training slides would also be provided to assist Staff.
- Action from last Internal Audit Report, that where there had been a previous internal audit, Wylie Bisset would include the previous grade. **ACTION: Scott McCready/Elaine French**
- GDPR – Elaine French confirmed that this had been actioned and would be reviewed by the auditors as a follow up audit, in June 2025.

## 5. Internal Audit – Bursary and Free School Meals (February 2025 Audit)

Scott McCready, Wylie & Bisset, presented the Internal Audit Report to the Committee, the contents of which were noted and the following points and comments recorded below:

- this was a “mock” audit on FE bursary and free school meals agreed as part of the Internal Audit Plan for 2024/2025 to determine whether the College has complied with the 2024/2025 ESFA funding rules and in particular whether the bursary assigned funds have been used for the intended purpose. The audit work carried out by Wylie & Bisset included bursaries for vulnerable groups, discretionary bursaries and free college meals.
- having audited the College’s procedures and records, etc, the auditors were only able to provide “weak” assurance over the funding in this area and 3 recommendations were made where the College has not fully adhered to the ESFA’s guidelines (1 high, 1 medium and 1 low), together with 3 areas of good practice. Scott McCready explained the reasons for the 3 recommendations based on the sample testing, which for the high rated recommendation, confirming that the College must ensure that it doesn’t make flat rate payments to Students and all awards should be based on the needs of Students to participate in learning, with any funding support provided, substantiated by source documentation/receipts etc.
- It was noted that Wylie & Bisset had completed a number of FE bursary audits for the ESFA which have highlighted lots of common issues experienced by Colleges and noting that the focus on this area by the ESFA is assurance that there are no fraud issues arising.
- In response to a question from the Committee seeking clarification regarding the first recommendation and whether the College has fully complied with the DfE guidelines, such as the requirement that the Student has 95% attendance in order to be awarded the bursary payment, it was noted that some Students had not achieved a 95% attendance and receipts/evidence were not always received, but the College (Bursary Panel) emphasised the importance of having some discretion to ensure that vulnerable Students were given necessary support. At this point it was reported that Lisa Watkin-Stevens (Vice-Principal – Support) would attend the next Audit Committee in order to present an action plan (and updated policy) relating to the policy, guidelines and internal audit recommendations and good practice, to provide assurance to the Committee on how the College will meet the guidelines. **ACTION: SLT**
- At this point Elaine French reported on the recent Finance Directors’ conference where feedback was provided to the DfE representative regarding the treatment of bursary funding, noting that the guidance was too restrictive and required some discretion in order to meet the needs of vulnerable Students, which the DfE representative agreed to take back to the Department.
- Reference in the management response to a Spring Term implementation of the new policy, was noted as incorrect and that this should read “Summer Term”. **ACTION: ELF**
- In summary, the aim will be to revise the policy to enable some degree of discretion and delegation to the Bursary Panel, depending upon the particular needs of the vulnerable Students

who are entitled to bursary payments, whilst also managing confidentiality with regard to safeguarding or other issues. The Finance Manager is currently reviewing the evidence in respect of bursary payments made, noting that the funding claim to the DfE is submitted retrospectively and claims will be made this year, based upon evidence received by the College, and this will also be kept under review depending upon the new guidance due shortly, when the policy will also then be updated. The College is entitled to claim 5% of the bursary funds in respect of administration, although noting that 5% does not cover the College's costs of administration. It was also noted that the College's current procedures include a monthly check on a Student's attendance levels.

The Committee thanked Scott McCready for presenting the internal audit report and noted the contents and recommendations plus good practice, at which point he left the meeting.

## **6. External Auditors Appointment and Remuneration (Tender Board)**

Elaine French updated the Committee on progress with the External Audit Tender process as follows:

- Invitation to quote will be sent out on Monday via the Crescent Purchasing Consortium (DfE Procurement Framework), with a deadline to submit responses within 4 weeks (by 22<sup>nd</sup> April).
- After receipt of any quotes, an Appointment Panel will be established including Governors – final details to be agreed – refer Matters Arising above regarding Committee Members participating in the Panel.
- Although the College's existing External Auditors, Mazars, are not part of the Crescent Purchasing Consortium framework, the intention will be to invite them to submit a quote.
- The Committee requested the College to ask Mazars why they aren't part of the Framework prior to any decisions being made by the Panel on whether to include them in the process (it was noted that Mazars may be included on another regional framework instead). It was noted that Mazars has been the College's External Auditor for 15 years. **ACTION: Elaine French**
- The Committee queried whether the timing was sufficient prior to the Corporation meeting in the Summer to approve any recommendation and Elaine French confirmed that there would be sufficient time for the Panel to sit and then make recommendations to Audit Committee to consider in June, prior to the July Corporation meeting for the final approval.
- Once the external audit specification has been drafted, Elaine French agreed to circulate this to the Audit Committee Members, together with the EA Assurance Plan for supporting information. **ACTION: Elaine French**
- The Committee endorsed the proposed process set out above.

## **7. Risk Management**

### **a) Summary Front Sheet**

### **b) Risk Register and Action Plan**

### **c) Assurance Map**

Elaine French presented the Risk Management documents to the Committee and the following points were discussed:

- a) Executive Summary – as agreed at the last meeting, the Committee had requested more information/data and explanation should be provided in future and Elaine French agreed to take this forward for the next meeting. **ACTION: Elaine French**

- b) Risk Register: The Critical Incident Plan was discussed and the Principal confirmed that this was an ongoing action, noting the changes implemented to improve site security in recent years. The Principal reported on the meeting and site tour with counter-terrorism police to review the site security, noting that it was impossible to mitigate against all potential threats. The College has not yet carried out critical incident testing, but the intention will be to test a mock event involving Staff. The Principal was also awaiting training, noting that a course had been arranged, but had been cancelled twice – the next scheduled course is September 2025. She has also discussed the matter with one of the Governors who has expertise in this area. It was also noted that the general advice is to involve fewer Staff in the mock process as responses are often one of alarm and fear and noting that the advice was that it was better to manage critical incident testing with fewer people. However, it was noted that Staff Inset training in this area has also been scheduled for the Summer Term and consideration would also be given to consider a particular scenario with other scenarios being tested over time. **ACTION: DMJ.** The Principal also reported that another meeting with the Campus Principals/Head Teachers was planned for next week to discuss site security and noting that she would propose consideration of a campus critical incident plan. The pandemic had been included as a critical incident which the College had managed effectively.
- Risk MA1 – Critical Incident plans are not fully embedded or tested etc -noted and discussed above.
- MA7 – Failure of IT systems/infrastructure or cyber-attack resulting in data/systems corruption/loss – note remains high risk.
- HR2 – Staff morale – the Committee queried the impact of the recent pay negotiations and the Principal updated the Committee on the settlement agreed, despite being less than that received by other SFCs (academized) and Schools, combined with the College's difficult financial position.

c) Risk assurance map: The contents were noted.

Subject to the points made above, the Committee recommended the various Risk documents to Corporation for approval. **ACTION: ELF**

## 8. Performance Indicators – External Auditors

The External Auditors' Performance Indicators were considered by the Committee and the following points recorded:

- Elaine French confirmed that the College had been very happy with Mazars work, reminding the Committee that they had been in post for several years and knew the financial aspects of the College, in detail.
- Costs have increased reflecting the increase in statutory obligations year on year.
- The Committee noted that more management time was required for some aspects of the external audit work owing to new members of the audit team who are less familiar with the College's finances. Inputs were also noted regarding online compared to in person audit work, with pros and cons identified for both. Being on site was useful but did require a meeting room to be free for the auditors together with a significant allocation of management and staff time, whilst the auditors were on site. The impact on the Finance Team's workload has been reviewed by Elaine French and there are plans to better manage the audit process for this year's Autumn Term Audit in order to improve efficiencies. It was confirmed that a pre-audit meeting was always arranged with the Lead auditor in the Summer to plan the audit work required, including meetings, time on site etc
- In response to a question from the Committee, it was confirmed the auditors would see a copy of the performance schedule. However, it was suggested that a narrative report may be more useful and effective and Elaine French agreed to investigate this for next time and to consider including other headings such as areas for development and value for money. **ACTION: Elaine French**

- Item 13: the Committee agreed that the score allocated should be “1”.
- It was agreed that the terms of reference should be revised to allow for 2 College visits per year.  
**ACTION: ELF/LEP**

The performance indicators as revised, were recommended to Corporation for approval. **ACTION: ELF**

## 9. Policies and Other Documents

The contents of the policies were noted by the Committee and the following points and questions recorded below:

### a) Procurement Policy

- This is a new policy, drafted on recommendations from last year’s procurement internal audit
- In response to a question from the Committee regarding whether reference should be made in the policy to procurement from local companies/social responsibilities and consider including this in Staff training etc. In response, reference was made to College documentation referencing issues related to sustainability and the Principal confirmed that the College would consider the environment and social impact where possible. Elaine French confirmed that the wording in the policy could be enhanced to ensure that this aspect was clearly set out and agreed to circulate a revised policy to the Committee members for endorsement, prior to its submission to Corporation for approval. It was also confirmed that the Staff training for this new policy was scheduled for 2<sup>nd</sup> June. **ACTION: Elaine French/Audit Committee**
- The Committee also queried whether procedures had been drafted along with the new Policy and it was confirmed that there were procedures and that as these were management/staff related matters, this would be shared with Staff, but some of the procedural details would also be included in the Colleges’ Financial Regulations, along with the specific policy recommendations regarding financial limits etc. **ACTION: Elaine French**
- The Committee also questioned whether input from parents, students and staff were represented in the sustainability/environmental policies/documents and it was noted that representation was included via the Staff, Student and Parent Governors at Corporation. However, the Principal confirmed that she would take relevant policies to the College Environmental Action Group which has strong student representation to review. **ACTION: Principal**
- The Committee queried procurement monitoring and reporting taking into account the minimum cost levels included in the Policy and Financial regulations, where there may be multiple procurements and in response Elaine French advised that there would be regular spending reports and also that the External Audit would include this in their audit work too.
- Page 2 – £50,000 should state £50,001– Elaine French to revise. **ACTION: Elaine French**
- Page 4 Supplier Selection: the Committee queried whether suppliers’ financial health/standard should be included. It was noted that for procurement levels between £50K and £100K, 2 written quotations should be obtained and above £100K, the College would go out to tender. Elaine French agreed to review the wording relating to the quotation register, but it was recognised that the amounts set for inclusion in the register, should be reasonable in light of the associated administration required. It was also noted that as this was a new policy, the wording may need reviewing in due course in order to reflect the number and size of purchases over time, which may require the policy wording to be clarified, notwithstanding the wording in the financial regulations. **ACTION: Elaine French**
- It was also noted that the College was also required to comply with the Public Procurement Regulations and Procurement Act 2023 which came into force in February 2025. It was also resolved that the policy should include a statement to ensure that the College complies with the latest law etc. **ACTION: Elaine French**

In conclusion and taking into account the above points and actions, it was resolved that the policy revised by Elaine French should be circulated to the Committee Members for agreement/comments prior to going to Corporation for approval. **ACTION: Elaine French**

## b) Public Interests Disclosure Policy

Papers: Executive Summary and revised Policy, drafted by the HR Director

The revised policy was considered by the Committee reflecting the updated employment law and other statutory legislation relating to whistleblowing, noting the tracked changes to highlight the significant changes to the document.

For further assurance to the Committee, it was reported that the College's employment lawyers had also reviewed the policy and made some suggestions and recommendations which have been incorporated into the final draft.

At this point Louise Pennington joined the meeting.

- As recorded above, there were significant revision to the Policy which were noted with numerous tracked changes highlighted in the document.
- Staff Training will be provided to staff/cascaded down from Heads of Department etc and reference is included at the end of the policy under the section on "applications".
- Following a suggestion from the Committee regarding reporting incidents of whistleblowing, it was agreed that the standing agenda item on Fraud, should be revised to read Fraud and Whistleblowing Report. **ACTION: Elaine French/LEP**
- The Annual Report to Corporation – will be reported via the Audit Committee.
- Executive Summary – investigation process and reference to "independent Manager...." – the Principal confirmed that this meant an impartial Manager ie one not involved in the whistleblowing incident and also noting that should this be necessary, an external person would be appointed in line with the associated legislation. In response to a suggestion from the Committee, it was resolved to add in clarification to this section. **ACTION: DMJ/ELF**
- The Committee queried how the culture of openness was maintained in connection with the Policy (section 1.4) and whether more information should be added – SLT to consider this. **ACTION: SLT**
- Training given to those individuals leading on an investigation – it was confirmed that this wasn't provided to all Staff, but was covered for those Senior Staff who had already been assigned as Managers for whistleblowing cases, with 8 individuals falling within this category to date, including the Principal, the latter of whom would not generally be involved in an initial investigation, but would lead on hearings.

Subject to the points made above including revisions to the policies, the 2 Policies were recommended to Corporation for approval, but would also be circulated to the Audit Committee members, prior to Corporation, in case there were any subsequent issues to raise. **ACTION: DMJ/ELF/Audit Committee**

## 10. Fraud Report – verbal update

Elaine French confirmed that there was nothing to report in this area and assured the Committee that all relevant staff teams were aware of fraud issues and continued to be vigilant.

It was noted that this standing item would be revised to read "Fraud Report and Whistleblowing Incidents". **ACTION: Elaine French/Louise Pennington**

## 11. Date of Next Meeting: Thursday 12<sup>th</sup> June 2025 10.15 A.M.

## 12. Any Other Business - none.

## a) Committee Terms of Reference – for reference purpose

**b) To review and agree papers to be included in March 2025 Corporation Meeting pack – noted and agreed to include all papers requiring approval.**

**Other – general questions from the Committee Members:**

- Colleges' performance data – KPIs (key performance indicators) – are presented directly to Corporation via the Quality and Curriculum items, but with effect from the next academic year, this information and analysis will be presented to Governors via the new Q & C Committee.
- Student Voice – a Student Governors' report is included as a standing item on every Corporation Meeting agenda. The Student Governors also meet regularly per term, with the Principal and Vice-Principal (support) and there is a Student Council meeting once per term which SLT member/s attend.

**13. Confidential Business – none.**

Chair.....Date.....

Louise Pennington 13/03/25