

VARNDEAN COLLEGE

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON

THURSDAY 12th June 2025 at 10.15 am, held in the Principal's Office

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

In Attendance - Elaine French (Vice-Principal Resources), Donna-Marie Janson (Principal), Scott McCready (Wylie & Bisset – Internal Auditors) – via G Meets for item 5 Internal Audit, and Louise Pennington (Clerk/GP), and Lisa Watkin-Stevens (Vice-Principal Student Services) – for item 4 Matters Arising

1. Apologies and Welcomes:

Apologies: None

Welcomes: Scott McCready (Wylie & Bisset) who joined via G. Meets for item 5 Internal Audit only - it was resolved that this would be taken as the first item on the agenda.

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

It was resolved to take item 5 after the standing items, so that Scott McCready, Wylie & Bisset could then leave the meeting after his presentation.

2. Declaration of interests – none

3. Minutes of the Meeting on 13th March 2025

The minutes were approved and the Chair authorised to sign them. **ACTION: Chair/LEP**

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.

REMINDER: NOTE FROM THE AUTUMN TERM 2024 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.

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:

Item 4a i) Action Points

- Action from 13/3/25 item 4b rolling action plan in respect of the last Internal Audit Report with reference to where there had been a previous internal audit, Wylie Bisset to include the previous grade in the next Internal Audit Report – it was agreed to ask Scott McCready.

ACTION/RESPONSE

- Critical Incident Plan – the Principal confirmed that the local authority had now issued a training date (11th July) for all post-16 providers (Council run training alongside a Police specialist) which was announced yesterday and the intention will be that Lisa Watkin-Stevens and the Designated Staff Safeguarding Lead would attend the training, possibly with the Estates Manager too if he was available. Post the training, the knowledge acquired will be cascaded down to Staff, with the new Plan then ready for the next Audit Committee in the Autumn Term. **ACTION: SLT**
- In response to a question from the Committee, Elaine French confirmed that where any actions have not yet been completed, they are scheduled to be actioned by the end of this academic year.
- Regarding the Reappointment/Remuneration for Internal Auditors which was scheduled to be transferred from the March 2025 meeting to the June 2025 meeting, it was agreed that this would be dependent upon discussions to be held regarding Internal Audit plans for the next academic year; at this point Elaine French reported that following proposals suggested at the Finance Committee last term, that consideration had been given to reducing the internal audit provision for next year, where thought possible and with the agreement of Governors. The matter had been raised with the Internal Auditors and they explained that as they were bound by the Internal Audit guidelines and regulations, they wouldn't be able to reduce the current number of internal audit days, with the alternative option being to pause the internal audit for next year. The Committee were also reminded that a new External Audit Team would be in post for the next academic year, subject to recommendations from the Tender Panel, Audit Committee and then subject to Corporation approval, which would involve a more thorough first year audit, including aspects of the business which would normally be carried out by the Internal Auditors (such as various internal control processes) and shared with the External Auditors, who would then place some reliance on this audit work. Refer also discussion below.

At this point Scott McCready joined the meeting and it was resolved to finish the Matters Arising items first.

ITEM a) ii Follow up assurance on Bursary and Free School Meals – guidance/action plan plus Policy

Lisa Watkin-Stevens gave her report on the above subject and the key points were recorded below:

- SLT has reviewed the College's compliance with the DfE guidelines regarding Student attendance and bursary/Free School Meals payments taking into account the recommendations and confirmed that some of the recommendations could be easily addressed through re-writing part of the Policy (which the Finance Manager is currently

drafting) – first recommendation will involve the introduction of DocuSign – use of electronic signatures, which is currently being piloted as part of the College's HR processes and the aim will be to introduce this in respect of Student signatures for Bursary/Free School Meals' requirements and records too.

- The issues relating to Student attendance benchmarking in the policy has also been considered – the guidance recommends that this should be above 95%. Liaison on this issue has been discussed with other S7 Colleges where there are a variety of attendance levels set, including some which require 100% attendance before any financial support may be awarded to a Student. SLT has discussed the matter and is recommending that a percentage figure is not specified, but that Staff monitor attendance and provide interventions as per the College's Student Support Policy – which would reflect acceptable reasons for any absence eg medical issues.
- EDI champions have started working on investigating disadvantages including costs of studying individual courses. The DfE report states that Colleges should not raise blanket payments including trips (excluding overseas trips). The College would like to introduce essential course participation costing for each course including trips (not overseas) and any usual associated 1 off or recurring costs eg books or equipment etc such as - if studying maths – a calculator etc, with the ability to split such costs across each of the 3 terms per year. Furthermore, in order to save money, the intention would be to ask the Student to return the calculator or other equipment at the end of the course and reassign it to another Student.
- In response to a question from the Committee regarding timing and deadline for compliance with the new guidelines, Elaine French confirmed that Colleges were expected to be inline with the new guidelines by September and the intention will be to take the updated policy to the next Corporation meeting for approval. In response to a request from the Committee, it was agreed that the final draft Policy should be shared with the Audit Committee Members, prior to the Corporation meeting to take account of the Internal Audit report recommendations relating to this (together with re-circulating the associated Internal Audit Report) and to ensure that the recommendations and management responses have been discharged. **ACTION: Elaine French**

At this point Lisa Watkin-Stevens was thanked for her report and she left the meeting.

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

The contents of the action plan were noted by the Committee.

5. Internal Audit – a) Funding Review

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:

- The auditors specialist funding team carried out the audit work.
- Funding review strong level of assurance based on 5 recommendations – DfE type testing in line with requirements for 16-19 provision
- Page 5 – outlines summary and recommendations including Staff to ensure enrolment/learning agreements are in place, signed and dated etc; reminder to ensure the start date is included on the ILR; English/Maths requirements to study to be recorded accurately in the appropriate column etc – and it was noted that the actions had already been implemented as directed by Management.
- Page 8 and 9 – conclusions and good practice points

- In response to a question from the Committee regarding how the low/medium/high grades were determined, Scott McCready explained that it was dependent upon the particular area and that in this instance 5 minor recommendations equated to a “low” assessment. It was also confirmed that the College’s last rating on this audit area, had been “strong”.
- The Committee queried the sampling which they suggested seemed quite low and asked for confirmation regarding the standard practice and expectation. In response Scott McCready confirmed that the methodology followed by the auditors for this area is to complete a deep dive was based on 15 random records. The sample size overall was 30 which is approximately 1%, which is the standard expectation set by the DfE for this audit sample size, of which 15 are then categorised as a deep dive, also reflecting the number of audit days (3 days) available to complete the work.

Internal Audit Review:

- Reference was made to the initial discussion held under Matters Arising regarding the option to pause Internal Audit for next year, noting that reducing the internal audit/number of days, would not fit with the auditors internal audit regulations and guidance (Chartered Institute of Internal Auditors) **noting that an annual opinion and necessary assurances, from the auditors requires a set number of audit days.** Hence the options are to continue with internal audit (based on 12 audit days per year which comprises 3 audits plus 1 follow up audit or pause for 1 year.
- If the Internal Audit was paused, the External Auditors would also be unable to rely on any of the usual internal assurance audit work which is shared with them and may have to add days to their own External Audit work to gain the level of assurance needed or request more information from the Finance Team, which would create a greater workload for the Staff.
- The Committee asked Scott McCready about the contractual position and it was noted that the 5 year contractual term was due to end this year, at which point the College would be invited to extend the contract.

At this point Scott McCready was thanked for his report and input into the Internal Audit discussions regarding next year, and left the meeting.

The Committee continued its discussions regarding the Internal Audit proposals and the following points were recorded:

- The initial suggestion for the Audit Committee to consider pausing or reducing Internal Audit was proposed by the Finance Committee, along with various other potential cost savings, when it last reviewed the financial forecast, in order to seek financial savings during this difficult time.
- The workload pressures upon existing Staff were noted, in light of the decision to avoid increasing Staff numbers to avoid any additional expenditure where possible.
- The College has over the last 5 years of the internal audit contract, covered key areas including funding, payroll, IT, governance etc with assurances provided to the Governing body. Accordingly, SLT’s view is that a 1 year pause should not cause concern as the internal audit over the last 5 years has been thorough and provide a good level of assurance in all areas audited. The cost saving for 1 year would be approximately £15k.
- The College will also be moving to new External Auditors (subject to approval at Corporation) for the next academic year and as it’s the first year for the new firm, this will provide a more detailed audit process including checking internal controls and risk management.
- Furthermore, it was noted that the College had or was in the process in introducing and embedding several new systems eg payroll and HR appraisal, which SLT would be keen to see tested via Internal Audit in a year’s time.

- The Committee queried the ramifications of pausing internal audit including whether the existing Internal Auditor would increase their costs, in light of the 1 year break and whether reliance could be placed on the new External Auditors carrying out sufficient testing in respect of processes traditionally relied on from the shared Internal Audit work.
- SLT advised that within the S7 Group, several Colleges did not have internal audits every year.
- Assurance was given that the intention would be to reappoint the internal auditors for the following year, on the basis of extending the existing contract with Wylie & Bisset rather than going through a re-tendering process, as SLT were very happy with the current Internal Auditors.
- The Committee also referenced item 14 on the Agenda, being the various DfE documents relating to FE sector audit including the Framework for Auditors and Reporting Accountants of Colleges (replacing the Post 16 Audit Code of Practice) and secondly, the College Accounts Direction which refers to the processes involved and reliance placed by Colleges on both Internal and External Audit work to gain appropriate assurances and to discharge its responsibilities.
- Concern was expressed that should the Audit Committee have to rely to some extent on assurance received from Management, should the Internal Audit work be paused for 1 year, then this wouldn't be "independent" assurance.
- The Committee recognised the financial pressures upon the College and understood that cost savings had to be made, notwithstanding the importance and assurance gained from the internal audit work per year.

At this point, the Committee resolved that the Management should leave the meeting so that the Committee Members could discuss the matter in their absence.

The following points were recorded:

- The Committee was interested in other areas of the budget that had been targeted to save money, noting that £15K wasn't significant as a percentage of the overall budget and also to identify whether other areas were more appropriate to prioritise before considering internal audit.
- The Committee was concerned that there would be a reduction in assurance received by the Committee to meet its responsibilities, and the risk would have to be assessed.
- Should it be recommended and approved by the Corporation that internal audit be retained for next year, an internal audit plan and remuneration/reappointment of internal auditors would have to be considered and approved by Corporation, via Audit Committee.
- Noting that internal audit was not a mandatory requirement but guidance required Governors to have the assurance necessary to meet their responsibilities, and if the internal auditors were to be paused, assurance would have to be obtained elsewhere.
- The committee would have preferred a summary paper from SLT together with some context provided, setting out all the pros, cons, risk impact and specific requirements, together with reasons for the recommendation and other areas to be considered and prioritised.
- Information explaining how the assurance would be provided in place of internal audit would be useful, together with a risk assessment.

There were mixed feelings amongst the Committee members, with some favouring retaining internal auditors and others who were content to follow SLT's recommendations.

Taking into account the discussions held and the various issues recorded above, the Committee concluded that the Committee should convene a follow up online meeting (via G.Meets) with a one

item agenda to discuss the Internal Audit proposal – with a decision being recommended to Corporation regarding whether to pause internal audit for 1 year, with a cost saving of approximately £15K reflecting the current difficult financial situation in which the College has been placed, owing to its funding position. The Committee would need to take into account reliance on some form of internal review, and from where the Committee will then receive the assurances required whilst Internal Audit is paused, plus the impact on the finance team's current workload and the impact on the budget for next year. Furthermore, the risks associated with the proposal would also need to be taken into account, referencing the internal audit work programme against the current Risk Register. Meeting papers with information as recorded above should also be provided by Management for the meeting. **ACTION: Convene G. Meets/SLT**

At this point, the Principal and Vice-Principal re-joined the Meeting.

6. External Auditors Appointment and Remuneration (Tender Board)

Elaine French referred the Committee to the papers and Tender Board (Members: Brendan Ward, Alan Walker, John O'Sullivan and Elaine French) recommendations and following a discussion, Committee endorsed the Board's proposals and recommended these to Corporation for approval.

ACTION: Chair/ELF

- Elaine French confirmed that she had met with Buzzacott, the proposed new audit firm for their initial audit planning meeting and plans to commence some initial investigative work, notwithstanding that the new firm would not be in post, until formally approved by the Corporation Meeting on 9th July. It was also noted that several of the S7 Colleges also used Buzzacott for their External Audit work and that a more detailed plan and discussion would be held before the end of term, once the appointment has been approved by the Governing Body.
- There will also be a handover meeting with Mazars, the existing External Audit firm in due course before the handover date (1st October) – which was able to participate in the Tender process, as they have not signed up to the agreed sector framework.
- It was also confirmed that the firm with the cheapest quotation had not been selected.

7. External Auditors

a) Audit Strategy Memorandum – to follow meeting with new External Audit Team, subject to approval by Corporation.

To follow: Service Level Agreement to be issued in due course which Elaine French agreed to circulate to the Committee. ACTION: Elaine French

8. Risk Management - Executive Summary

a) Risk Register and Management Action Plan

b) Corporation Assurance Framework Map

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

- The Committee reminded SLT the action regarding the provision of more information in the cover sheet was outstanding regarding total risks, definitions, and changes since the last report (including an additional column for arrows – up, down, no change), together with interventions of there was no change in risk rating scores, explanations regarding reasons why (or why not) remedial action to reduce risk had/had not been taken etc and SLT confirmed that this would be updated next time. The risk appetite column is also due to be added and will be included in the next version. **ACTION: Elaine French**
- Risk MA1 – has been updated regarding the critical incident plan training – as reported above.
- Risk F2 - not maintaining Student number – the Committee queried the comment in the mitigation column – monitoring Student behaviour outside the College and the Principal explained that this linked to risk in terms of the impact on College reputation and hence application numbers.
- Regarding the College’s reputation and in response to the Committee questioning how SLT monitors this, the Principal explained that there was regular feedback via surveys obtained from stakeholders (Staff, Students, Parents, employers and LSIP Board), monitoring application numbers year on year, marketing strategies etc. It was also noted that during the whole Staff inset in September, reputation was discussed and that Staff are also aware and feedback on reputational input from their local communities. Ofsted also completes a stakeholder survey which is included in the overall College review.
- In response to a question from the Committee regarding the “red” markers and Elaine French explained that there were the two separate sections in the map areas, with the first section demonstrating the sources and levels of assurance, with “red” indicating a cause for concern, whilst the second section acts as a reminder of the risk level – high, medium or low, to provide context of assurance.

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

9. Preparation of Financial Statements Audit 2025

Elaine French reminded the Committee of the process and preparations prior to commencing the external audit, with the end of year being 31st July 2025.

10. Policies and Other Documents

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

a) Risk Management Policy

It was noted that the Executive Summary paper had been omitted from the papers and Elaine French agreed to circulate this to the Committee Members after the Meeting. **ACTION: Elaine French**

In summary, Elaine French confirmed the following revisions to the Policy:

- Improved clarity regarding wording
- Added risk appetite statements as per recommendations from Risk management internal audit.

In response to a question from the Committee, regarding risk appetite it was noted that this didn’t quite align with the Risk Register and it was agreed that SLT would update the document where

possible to align both (and include the risk category applicable within the risk appetite column).

ACTION: Elaine French

It was also queried whether the categorisation of “low”, “very low” etc should be specifically define and a suggestion was made to consider details regarding impact of having a risk with a low appetite/tolerance eg financial risk. It was also suggested that regarding this assurance, consideration could be given to having a scoring narrative rather than numeric scores – however it was thought that the latter made it easier to measure and assess risk. It was agreed that this could be revisited at next year’s review point with summary terms for risk appetite and register.

ACTION: Elaine French

In conclusion regarding the appetite statements, the Risk Management framework ensured that risks were evaluated, mitigated where possible and it was suggested that the wording “change to mitigated to acceptable level” within the document. **ACTION: Elaine French**

Subject to the points made above, the Policy was recommended to Corporation for approval.

ACTION: Elaine French

- b) **Critical Incident Plan** – deferred to next meeting and reference was made to the Matters Arising discussion recorded earlier.

11. Fraud Report and Whistleblowing incidents – 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.

12. Date of Next Meeting: TBC

13. Any Other Business

a) Meeting Assessment and Annual Self-Assessment of Committee Performance

The Committee considered the various questions and points listed on the annual self-assessment schedule and it was suggested that a google form could be drafted, with scoring per question/point form 1 to 5 with 5 being high, together with a box for comments (where relevant). To be considered for next year too. **ACTION: S & G/LEP (Post the meeting a google form was circulated to the Committee Members based on the existing questions, plus scoring options where appropriate and commentary boxes for self-reflection, being a pilot for potentially implementing for next year’s whole Committee review process).**

The Committee queried whether 360s per Committee were carried out and that feedback could be obtained from Committee members before the Summer Term meetings (rather than the current open discussion at the meeting) and it was thought that this may not be supported by other committees/Governors – it was agreed that this suggestion could be discussed at a future S & G Committee meeting. **ACTION: S & G**

The Committee suggested adding another question in future “Do we support the annual audit process from SLT’s perspective?”. **ACTION: S & G to consider during next review.**

c) Review of Committee Terms of Reference

The Committee reviewed the current term of reference and agreed that these remained adequate, subject to checking compliance with the latest DfE Joint Audit Code etc and if the Corporation decides to pause internal audit for next year. **ACTION. SLT/LEP**

Other questions from Committee:

- Risk Register plus Health and Safety Annual Report – goes directly to corporation rather than via a Committee – to be reviewed going forward with next Risk Register review/update – and consider reporting via Finance or Audit Committee to ensure monitoring is carried out. Risk Register should also be updated to include where the risk assurance is obtained per risk and where it is reported. Bring updated Risk Register taking these points into account to next Audit Committee **ACTION: SLT**

13. Confidential Business – none.

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

Louise Pennington 12/06/25