

MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE (no.42)
HELD ON 3 JUNE 2025 AT 6.00 PM VIA MICROSOFT TEAMS

Present: R. Wallace (Chair), B. Godby, D. Clayton and R. Morris

In Attendance: J. Sherrington (Vice Principal & Deputy Chief Executive)
Anne-Marie Nixon (Interim Director of Governance)

Auditors: T. Taj (TIAA – Internal Auditors)
E. Gazey (RSM – External Auditors)

Observer: W. Johnson (Principal & Chief Executive)

17. Attendance of College Management

Submitted: Extract from Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee (previously circulated and copy attached to Official Minutes)

17.1 The Committee noted the contents of the extract, and it was

Resolved – that: the College Management Staff and the representatives of the Internal and External Auditors be invited to attend the meeting.

18. Apologies for Absence

An apology for absence was received and accepted from Mr. Newton-Syms.

The Committee noted that the student governor was not in attendance.

19. Declarations of Interest

19.1 **All members and officers present declared that they had no interests, personal, fiduciary or otherwise in any of the business on the agenda for the public meeting.**

20. Minutes of the Audit Committee Meeting held on 11 February 2025

Submitted: Minutes of the Meeting held on 11 February 2025 (previously circulated and copy attached to Official Minutes).

- 20.1 During discussion a member reported that an amendment was needed as neither Mr. Cockerill, nor Ms. Clayton had been present at the meeting.

Resolved - that the minutes of the meeting held on 11 February 2025 be approved as a correct record, subject to the removal of Mr. Cockerill and Ms. Clayton from the attendance list. The Committee authorised the Chair to sign the amended minutes.

21. Framework and Guide for External Auditors and Reporting Accountants of Colleges

Submitted: Summary Report from the Vice Principal & Deputy Chief Executive, Reports from the DfE: College Auditor Framework and Guide 2025-26, College Accounts Direction 2024-25, Regularity Self-Assessment Questionnaire 2024-25 and Good Practice Guide for Colleges and Academy Trusts on Novel, Contentious and Repercussive Transactions (all previously circulated and copies attached to Official Minutes)

- 21.1 The Vice Principal & Deputy Chief Executive guided the Committee through the latest updates to the Framework, highlighting that the Framework and Guide covered audit and regularity reporting in the College sector and applied to all external auditors and reporting accountants who provided statutory audits and regularity reviews to colleges. Members noted that the Framework and Guide had been designed to: explain external auditors' obligations to issue an audit opinion as to whether the college's annual accounts present a true and fair view; prescribe to external auditors, in their role as reporting accountants, the requirements for their regularity review and report, and help governors (especially Audit Committee members), accounting officers, chief financial officers and internal auditors understand the roles and responsibilities of external auditors and reporting accountants.
- 21.2 Ms. Sherrington confirmed that this new framework replaced the Post-16 Audit Code of Practice for accounting periods ending on or after 31 July 2025. The Committee noted that whilst the structure and order of the document had changed from the ACOP, and some actions were now located in the Accounts Direction or College Financial Handbook, the requirements for colleges were largely unchanged.

- 21.3 With reference to the College Accounts Direction 2024-25, Ms. Sherrington drew attention to the minor changes as listed in the report. Ms. Sherrington highlighted that there were more changes coming in the Colleges' Financial Framework for 2025/26, which the college would need to follow, including changes which affected FRS102 reporting. Ms. Sherrington confirmed that the Finance Team would be applying the necessary changes to financial reporting on a timely and accurate basis.
- 21.4 During discussion of the Regularity Self-Assessment Questionnaire for 2024-25, members noted that the threshold for fraud had been reduced to £5k. Ms. Sherrington confirmed that the responses to the questionnaire would be drafted by herself, the Executive Director of Finance and Interim Director of Governance and the draft responses would be submitted for approval.
- 21.5 The Committee noted that the good practice guidance relating to novel, contentious and repercussive transactions had been integrated into the College's Financial Regulations.
- 21.6 Ms. Sherrington drew the Committee's attention to the update relating to the FE Bodies Local Government Pension Scheme (LGPS), highlighting that in November 2024 a guarantee was put in place to provide assurance to LGPS pension fund managers that FE bodies should not be treated as "high risk" employers. The guarantee ensured that in the event of the closure of an FE body in the statutory sector, any outstanding LGPS liabilities would not revert to the fund. Members noted that Lancashire County Council (as the LGPS administering authority) had agreed a rate reduction on this basis with effect from 22/11/2024. The College's contribution rates had reduced from 20.8% to 18.5%, which resulted in a £44k back-dated reduction in contributions to February 2025.

Resolved – that:

- a) the reports be accepted;
- b) the Committee's appreciation of the clear presentation of changes be formally recorded.

22. **Financial Statements Audit and Regularity Audit Annual Plan for the Year Ending 31 July 2025**

Submitted: Report of RSM (previously circulated and copy attached to Official Minutes)

- 22.1 Ms. Gazey introduced the proposed plan, drawing the Committee's attention to the scope, including the use of specialists, liaison with the Internal Auditors and RSM's approach to regularity. With reference to materiality, Ms. Gazey confirmed that this would be c. 10% of total expenditure.
- 22.2 Members noted that the proposed timeline had been discussed in advance with the Vice Principal & Deputy Chief Executive and Executive Director of Finance. Ms. Gazey advised the Committee that the key audit risks arising from the planning work were management override of controls, income recognition (– apprenticeships and ASF) and defined pension scheme. RSM would review the key risks throughout the audit, and they would be updated as appropriate to ensure that all areas of higher assessed risks of material misstatement to the financial statements were addressed as part of the audit. Ms. Gazey guided members through the detailed risk descriptions and RSM's methodology as stated in the report.
- 22.3 The Committee's attention was drawn to the fees for the year ended 31 July 2025.

Resolved – that the Corporation be recommended to approve the Annual Plan for the Financial Statements and Regularity Audit and the fees as detailed in the report.

23. Internal Audit Report - Marketing

Submitted: Revised report from Tiaa (previously circulated and copy attached to Official Minutes).

- 23.1 The Committee noted that the Marketing Audit Report had been considered at the last meeting and had been revised and resubmitted in response to members' recommendations.
- 23.2 Mr. Taj presented the updated report, drawing the Committee's attention to the revisions made. The Committee noted that these revisions had fulfilled the requests made at the previous meeting and that the recommendations were being closely monitored and progress would be reported through the regular report to this Committee.

Resolved – that the revised report be approved and the progress of implementation of recommendations continue to be closely monitored.

24. Internal Audit - Follow Up Report

Submitted: Report from Tiaa (previously circulated and copy attached to Official Minutes)

- 24.1 Mr. Taj presented the report, advising the Committee that of the 11 recommendations made in the previous year, 8 had been implemented and 3 were outstanding. The outstanding recommendations related to level 3 recommendations from the Safeguarding, Cyber Security and Estates Management Audits. Mr. Taj reported that a revised timetable had been proposed to address the recommendation relating to terms of reference for the Safeguarding Operational Group, following the appointment of the new Director of Student Support and Welfare. Ms. Sherrington confirmed that the Operational Group had continued to meet regularly, and the revised terms of reference would be published by the amended date. In response to a member's question, Ms. Sherrington confirmed that there was no safeguarding risk attached to this recommendation.
- 24.2 The Committee noted that a revised deadline (of 11 June 2025) had been proposed for the Cyber Security recommendation relating to the asset management policy. Members noted that the policy had been drafted and was scheduled for approval on 11 June 2025.
- 24.3 With reference to the Estates Management recommendation relating to procedural updates, Mr. Taj reported that managers had requested that implementation be postponed until August 2025. Ms. Sherrington advised members that this was to enable the establishment of a new Health, Safety and Security Committee following the implementation of a new management and reporting structure.
- 24.4 During discussion a member questioned the process of monitoring outstanding actions. Ms. Sherrington confirmed that monthly management meetings were held to track the progress of funding assurance recommendations, and a more rigorous approach was being adopted to ensure that managers responsible for all other recommendations provided clear evidence of implementation to inform the regular report on progress to this Committee. Members noted that some additional audit and reporting-related training had been identified for new managers.
- 24.5 A member questioned whether snapshot audits would be undertaken to ensure that recommendations were being fully implemented in a timely fashion. Ms. Sherrington confirmed that the Quality Unit would be conducting more audits and highlighted the anticipated impact of the new data systems in tracking progress more easily.

Resolved – that:

- a) the report be accepted;
- b) the Committee continue to closely monitor the progress of outstanding actions.

25. Internal Audit Report – Estates Management

Submitted: Report from Tiaa (previously circulated and copy attached to Official Minutes)

- 25.1 Mr. Taj presented the report, advising the Committee that the overall assurance assessment from this review was reasonable assurance. Members noted that Tiaa had found evidence that the College was trying to improve systems to better manage the estates' function. Mr. Taj confirmed that 2 priority 2 recommendations had been made and these were linked. In noting that the second recommendation (relating to the timescale for validation checks to confirm the accuracy of data from Compliance Pod reports) had an implementation date of 31 March 2026, Mr. Taj questioned whether this could be brought forward. Ms. Sherrington highlighted that this action was currently in progress, and the end of March date was when the action would be fully completed.
- 25.2 During discussion members suggested that the management response relating to the timeframe for full implementation be amended to clarify that work was ongoing. Ms. Sherrington undertook to make this amendment. In noting that one of the recommendations concerned reporting to Finance and Resources Committee, a member requested that this audit report and the internal checklist be shared with Finance and Resources Committee at the earliest opportunity.
- 25.3 In concluding the discussion a member questioned why gas had not been included in the scope of this audit. Mr. Taj undertook to ascertain the reason for this and report back to the next meeting. Ms. Sherrington stated that the inclusion of gas in any future audit would be considered as part of the annual planning cycle.

Resolved – that:

- a) the report be approved, subject to the management response to action 2 being amended to clarify that work was ongoing to address the recommendation and would be fully completed by 31 March 2026;
- b) the updated report be presented to the June meeting of Finance and Resources Committee.

26. Internal Audit Report – HR and Payroll

Submitted: Report from Tiaa (previously circulated and copy attached to Official Minutes)

- 26.1 Mr. Taj presented the report, advising the Committee that the overall assurance assessment from this review was substantial assurance. Whilst compliance testing had identified 1 gap, no concerns had been identified. Members noted that there was 1 routine recommendation relating to a general sample testing finding and that the People Team was currently developing a new Authorisation to Recruit (ATR form and process, which would be in place by 31 July 2025.
- 26.2 During discussion Ms. Sherrington advised the Committee that the ATR form had been changed to strengthen data for the iTrent system, which could monitor workflow more clearly. In addition, more robust signing off procedures were being implemented for iTrent data input. In response to a member's question, Ms. Sherrington confirmed that iTrent was a people management system, with data entered by the HR team and a self-service section for staff to update personal details and report absence. The College had not yet activated all the iTrent modules and anticipated activating the recruitment module shortly and this would enhance recoding of recruitment processes.

Resolved – that the report be approved.

27. Internal Audit Report – Subcontractor Controls

Submitted: Report from Tiaa (previously circulated and copy attached to Official Minutes)

- 27.1 Mr. Taj presented the report, highlighting that this had been a very clean audit. The overall assurance assessment from this review was substantial assurance and there were no recommended actions. The Committee commented favourably on the high level of assurance.

Resolved – that the report be approved.

28. Internal Audit Report - Equality, Diversity and Inclusion

Submitted: Report from Tiaa (previously circulated and copy attached to Official Minutes)

- 28.1 Mr. Taj introduced the report, advising the Committee that the overall assurance assessment from this review was reasonable assurance and there were 3 level 2 and 1 level 1 recommendations. During

discussion the Committee noted that there were some overdue policy reviews. In response to members' questions Ms. Sherrington reported that senior managers were looking at how to improve and streamline policy approvals and publication and referred to some best practice model policies accessible through a current governance subscription. All new managers would be involved in the review process.

- 28.2 With reference to the recommendations relating to governor training and the inclusion of EDI data in governance reports, Ms. Nixon confirmed that the training schedule would be presented to the Corporation on 8 July 2025 for approval and that all future governance and Board composition reports would include governors' EDI data.

Resolved – that the report be approved, subject to close monitoring of the recommendations.

29. Myerscough College Annual Internal Audit Report 2024/25

Submitted: Report from Tiaa (previously circulated and copy attached to Official Minutes)

- 29.1 Mr. Taj guided the Committee through the report, highlighting Tiaa's approach and the internal audit planned coverage and output. The Committee recalled that the 2024/25 plan was for 32 days of internal audit coverage and this had been achieved.
- 29.2 Mr. Taj drew attention to the Head of Internal Audit's Annual Opinion, confirming that Tiaa was satisfied that, for the areas reviewed during the year, Myerscough College had reasonable and effective risk management processes in place. The Committee noted that of the 6 reviews, 3 had resulted in substantial assurance and 3 had resulted in reasonable assurance. There had been no reviews resulting in limited assurance.

Resolved – that the Annual internal Audit Report be approved and be included within the Final Accounts Pack for Corporation approval in the autumn term.

30. Internal Audit Recommendations Follow Up 2023/24 and 2024/25

Submitted: Report and associated appendix from the Executive Director of Finance (previously circulated and copy attached to Official Minutes).

- 30.1 Ms. Sherrington drew attention to the latest progress update and the Committee referred to their earlier discussion during consideration of

Tiaa's Follow Up Report. Members reiterated the need for closer monitoring of outstanding recommendations and evidence provided by managers responsible for implementing agreed recommendations.

Resolved – that the report be approved, subject to continuous monitoring of progress all outstanding actions.

31. External Audit Progress Report

Submitted: Report from the Executive Director of Finance (previously circulated and copy attached to official Minutes)

31.1 The Committee noted the detailed commentary attached to actions arising from the Funding Assurance Audit conducted by Wylie and Bisset and the number of completed actions. During discussion a member questioned whether monitoring the recommendations relating to PDSAT reports was part of the regular work schedule for the MIS Team. Ms. Sherrington reported that this was the case and confirmed that the data had been checked prior to the live launch of ProSolution on 2 June 2025.

Resolved – that the progress update be approved.

With the permission of the Chair, Mr. Taj and Ms. Gazey left the meeting at 7.08 p.m.

32. Risk Management and Strategic Risk Register

Submitted: Report and associated appendices from the Vice Principal and Deputy Chief Executive (previously circulated and copy attached to Official Minutes)

32.1 In noting that this report was linked to a report on the confidential agenda, the Chair sought and obtained permission classify the report as a confidential item and move its consideration to the confidential agenda. The reason for confidentiality was commercial sensitivity.

Resolved – that the Risk Management and Strategic Risk Register update be considered as a confidential item.

33. Data Returns Monitoring Report

Submitted: Report from the Vice Principal and Deputy Chief Executive (previously circulated and copy attached to Official Minutes)

- 33.1 Ms. Sherrington advised the Committee that all data returns had been submitted on time, in accordance with the detailed schedule provided.

Resolved – that the report be accepted.

34. Governance Update – Board Composition and Committee Membership

Submitted: Report of the Interim Director of Governance (previously circulated and copy attached to Official Minutes)

- 34.1 In introducing the report, Ms. Nixon highlighted that amendments were needed to the terms of office for Ms. Jones who had served for a 4-year term prior to 30 October 2023 and to the term of office for Mr. Newton-Syms who was currently in his second 4-year term. The Committee agreed to these changes.
- 34.2 With reference to student governors, members noted that curriculum staff were arranging the recruitment process, and a report would be submitted to the Corporation on 8 July 2025. During discussion Ms. Nixon advised the Committee to consider appointing both student governors to the Quality and Standards Committee to inform discussion of the student voice. The Committee welcomed this suggestion and highlighted the need to promote student governor participation and engagement in meetings.

Resolved – that the report be approved, subject to the agreed changes to the record of terms of office report as outlined above and the appointment of both student governors to the Quality and Standards Committee in future.

35. Governance Quality Improvement Plan 2024/25

Submitted: Report from the Clerk (previously circulated and copy attached to Official Minutes)

- 35.1 Ms. Nixon confirmed that this update had been prepared by Mr. Matthews in April and there were no further updates. The Committee recognised the benefit of reviewing the priority areas for further development at the start of the new academic year.

Resolved – that the update be accepted, subject to a review of priorities at the start of the new academic year.

36. Corporation and Committee Schedule of Meetings for 2025/26

Submitted: report from the Interim Director of Governance (previously circulated and copy attached to Official Minutes)

- 36.1 Ms. Nixon drew attention to the proposed schedule before inviting members' questions. The Chair sought and obtained agreement for an additional meeting of this Committee to be held in September to enable the Committee to focus on the most significant movement in a key risk as detailed in the confidential risk report.

Resolved – that Corporation be recommended to approve the schedule, subject to an additional meeting of this Committee being held in September for the reason outlined above.

37. Audit and Governance Committee Schedule of Business 2025/26

Submitted: Report of the Interim Director of Governance (previously circulated and copy attached to Official Minutes)

- 37.1 The Committee noted that the report would be amended to reflect the earlier decision to hold an additional meeting in September.

Resolved – that the report be approved, subject to the inclusion of the September meeting to focus on key risk movement.

At 7.20 p.m. the Committee moved to the Confidential Agenda.