

AUDIT COMMITTEE MEETING

MACCLESFIELD COLLEGE

TUESDAY 12 NOVEMBER 2024 – 9:30AM

ELT MEETING ROOM/TEAMS

Clerk: Ms S Gardiner

Director of Finance to join the meeting once the Audit Committee has ascertained if there are any matters that the auditors wish to pass to the committee from their perspective whilst no college staff are in the room.

The Internal and External Auditors confirmed that there were no matters to pass to the committee from their perspective.

Attendance	M Wright, N Hodkinson, P Hunter, G Bristow, M Bowers,
Attendance Non-Committee Members	A Farrar – Director of Finance Internal Auditors – Danial Hassan External Auditors – Alexander Hogg, Scott Gillon
Apologies	I Lees

ACTION	RESPONSIBILITY
Cashflow projections to September 2025 are to be provided to Wylie & Bisset, together with current net liabilities.	AF
Validera to provide an updated version of the Internal Audit Annual Report with errors removed	Validera
The Audit Findings Report for the year ended 31 July 2024 will be recommended for approval at the Corporation meeting on 3 December 2024 if above information received and report updated.	AF/SG
The letters of representation will be shared at the Corporation meeting on 3 December 2024 for signing by the Chair of the Corporation and the Principal.	AF/SG
To receive a copy of the draft Report and Financial Statements for the Year ended 31 July 2024. This will formally be considered by the Corporation at its meeting on 3 December 2024.	AF/SG
The Chair of the Corporation and the Accounting Officer are required to sign the Self-Assessment questionnaire to meet audit and DfE requirements.	AF/SG

The Annual Risk Management Report for the period 1 August 2022 to 31 July 2024 will be recommended to the Corporation for approval.	AF/SG
Audit Committee Members recommended the Annual Review of Risk Appetite report to the Corporation meeting of 3 December 2024.	AF/SG
The Audit Committee recommended the Annual Report of the Audit Committee to the Corporation meeting to be held on 3 December 2024.	AF/SG
The Terms of Reference will be recommended to the Corporation meeting for approval at the meeting on 3 December 2024.	SG

MINUTES

Item Title

1 Welcome and Apologies for Absence

Apologies for absence were received for I Lees.

2 Declaration of Members' Interest

There were no declarations of Members' interest.

3 i. Financial Statements/Regularity Audit (Year ended 31 July 2024)

To receive from Wylie and Bisset the Audit Findings Report for the year ended 31 July 2024

The External Auditor (AH) presented the External Audit Findings Report for the year ended 31 July 2024, prepared by Wylie and Bisset.

AH referred to the executive summary on page 4, that confirmed key matters. AH reported the year-end financial position for 31 July 2024. AH confirmed that they are satisfied that the going concern assumption is appropriate. AH confirmed that Wylie and Bisset anticipate issuing an unqualified opinion on the accounts of Macclesfield College for the year ended 31 July 2024. AH confirmed they have made two high level recommendations in relation to the year ended 31 July 2024. One high level recommendation has been brought forward from the prior year audit and has been dealt with.

AH referred to section 3.4 of the report stating the Corporation highlights a material uncertainty with respect to the going concern assertions. On review of the accounting policy this does not collate, it states that the Corporation considers that the financial headroom is adequate. AH noted that the auditors did not agree with this and found there is a level of uncertainty in the accounting policy.

A detailed discussion followed regarding the financial position of the College since the audit was completed. AF confirmed that all capital projects/supplier invoices were reconciled prior to grants being received. The College has now received the majority of these payments, improving the cashflow position. SG advised that in order for the auditors to review the going concern assertion, the College will need to provide up to date cashflow projections to September 2025 and net current liabilities. Once these had been reviewed, the Auditors will be in a position to review the audit findings and carry out stress tests against the assumptions made. SG advised that the Corporation would also need to undertake their own stress tests, CJ (Chair of the Corporation) agreed to this.

CHALLENGE: A Member queried the College loan strategy. Are we able to extend in order to lower outgoings? AF confirmed that the College is unable to increase or extend the loan due to the reclassification under the DfE. Payments are manageable in order to pay the remainder within the time scale set.

The Audit Findings Report for the year ended 31 July 2023 will be recommended for approval at the Corporation meeting on 3 December 2024, should all reviews and updates have taken place.

ii. To receive a copy of the letters of Representation which the Corporation will be invited to approve at its meeting on 3 December 2024.

AH presented the Letters of Representation and confirmed that the representation was standard for the sector. **The letters of representation will be shared at the Corporation meeting on 3 December 2024 for signing by the Chair of the Corporation and the Principal.**

iii. To receive a copy of the draft Report and Financial Statements for the Year ended 31 July 2024.

This will formally be considered by the Corporation at its meeting on 3 December 2024.

iv. Annex C Macclesfield College Self-Assessment Questionnaire

A Farrar presented Annex C Macclesfield College Self-Assessment Questionnaire. It was explained that this document is to be accurately followed in order to ensure compliance with the DfE regulations.

AH requested that a final copy be provided prior to final sign off.

The Chair of the Corporation and the Accounting Officer are required to sign the Self-Assessment questionnaire to meet audit and DfE requirements.

4 Internal Audit Reports

i. Apprenticeship/onboarding

The two reports for review are the outstanding audits from 2023/2024 that were completed after the last Audit Committee meeting.

D Hasson from Validera, the Internal Auditors provided the following levels of assurance and number of recommendations for each assignment:

Audit Assignment	Overall Assurance	No. of recommendations	Green	Amber	Blue
Apprenticeship – On boarding	Substantial	3	3		
Follow – up	Substantial	N/A			

Green - Desirable improvements to enhance value, the control, risk management or governance frameworks or strengthen their effectiveness. Minimal adverse impact on the achievement of objectives.

Amber - Attention to be given to resolving the position, as the organisation may be subject to significant risks.

Blue - These suggestions are of a good practice nature and do not represent any immediate risk to the organisation but may help it ensure that it remains effective and meets with external stakeholder expectations in the future.

There were a number of areas of good practice that were noted in the Apprenticeship report:

- Progress Reviews are completed and signed by all three parties;
- The College selects End Point Assessment (EPA) organisations from the Apprenticeship Provider and Assessment Register (APAR)
- EPA are taken once the minimum duration has been met;
- Final/Exit progress review confirm both the employer and College are confident that the apprentices earning is complete.

DH advised that all recommendations had been accepted by the College and the Chair wished to note that all recommendations have been actioned.

ii. Follow up

From the Follow Up audit, the internal auditors were able to confirm that all recommendations had been captured. For outstanding recommendations, the original deadline date for each recommendation has been retained where an extension has been required. The updated deadline date has been recorded on the internal tracker.

Two recommendations were received stating that completion dates are to be recorded clearly.

5 Internal Audit Annual Report

The internal auditors reaffirmed that the responsibility for arrangements should remain fully with management and that Internal Audit can only provide 'reasonable assurance' that there are no major weaknesses based upon the work undertaken.

DH advised that the report provided contained an error within its findings, therefore the Audit Committee were unable to approve this report.

6 Internal Audit Plan 2024/2025

The Internal Audit Plan/Strategy for 2024/2025 was proposed as the following:

- Corporate Governance (5 days)
- Business Continuity (4 days)
- Payroll, Expenses and Benefits (6 days)
- Counter Fraud Health Check (5 days)
- Student Records (5 days)
- Follow Up (3 days)
- Audit Management (3 days)

The plan included a total of 31 days.

A Farrar requested that the planned audit for finance be deferred to January 2026 due to new processes currently being imbedded, alongside a new finance system. **This request was agreed and approved by the Internal Auditors and Audit Committee.**

CHALLENGE: A Member queried whether the vacancy of Head of Finance, together with the new finance system is a risk for the College. A Farrar confirmed that a robust recruitment process is in place for the Head of Finance position and it is hoped that this position will be filled in early 2025.

The Audit Committee reviewed and approved the Internal Audit Plan for 2024/2025, on the basis of the above amendment.

7 Minutes and matters arising

The minutes of the meeting held on 26 June 2024 were approved as an accurate record. No matters remain outstanding.

8 Fraud, GDPR and RIDDOR reportable incidents

There were no matters relating to fraud, GDDP or RIDDOR reportable incidents to report.

9 Internal Audit Recommendation Tracker

The Chair presented the schedule of outstanding recommendations.

The 'Follow up' audit in 2023/2024 concluded that all recommendations had been captured.

The outstanding actions are now all from the 2023/2024 audits, with the exception of two that relate to the cyber security review. The deadline for this recommendation has been extended due to software update delays. AF requested that all actioned recommendations from 2022/23 be removed from the tracker. **This request was approved by the internal auditors and the Audit Committee.**

CHALLENGE: A Member queried whether the College has an external programme, Cyber Essentials, in place? AF will review and clarify this with D Few (IT Manager). DH added that the DfE will in due course make this programme mandatory for all providers.

10 Risk Management

- i. To receive the Annual Risk Management Report for the period 1 August 2023 to 31 July 2024 and to recommend it to the Corporation meeting of 3 December 2024.**

The Annual Risk Management Report was shared in advance of the meeting. AF noted that the College adopted a new strategic risk register for us in 2022/23 which has been developed throughout 2023/24.

The Annual Risk Management Report for the period 1 August 2023 to 31 July 2024 will be recommended to the Corporation for approval.

- ii. To receive the Annual Review of Risk Appetite, in accordance with the requirements of the Risk Management Policy. Members are invited to consider the report, and determine the recommendation to be made to the Corporation meeting of 3 December 2024**

The 'Annual Review of Risk Appetite' was considered, in accordance with the requirements of the Risk Management Policy.

Audit Committee Members recommended the Annual Review of Risk Appetite report to the Corporation meeting of 3 December 2024.

iii. To receive an updated copy of the Risk Register

The Chair presented the Risk Register and advised that there had been no significant changes. The Risk Management Meeting is to be held at the end of November and the Director of Finance will provide a full update at the next Audit Committee Meeting.

CHALLENGE: A Member queried whether T Levels should be added to the register as a risk?

The Chair stated that at this current time, Colleges are unable to state whether this is a risk as no further updates from the Government has been received. DH added that he will be able to liaise with the ESFA to obtain guidance, if any, on this point.

The Chair will raise this ongoing concern at Board level to review whether the education reforms need to be added to the risk register.

The Audit Committee accepted the changes to the updated Risk Register.

11 Annual Report of the Audit Committee to the Corporation

To recommend the above report to the Corporation meeting of 3 December 2024, for approval. Members should note that the report contains the annual self-assessment of the Committee, in appliance with Audit Committee minutes 9/05.

The Audit Committee recommended the Annual Report of the Audit Committee to the Corporation meeting to be held on 3 December 2024.

12 Terms of Reference

To undertake the annual review of the terms of reference of the Committee and to make any necessary recommendations to the Corporation meeting of 3 December 2024.

The Audit Committee reviewed the Terms of Reference for the Audit Committee as part of the annual business cycle. The Director of Governance recommended minor title changes to the Audit Committee Terms of Reference. **The Terms of Reference will be recommended to the Corporation meeting for approval at the meeting on 3 December 2024.**

13 Date and time of the next meeting

The next Audit Committee will take place on 18 March 2025 at 9:30am.