



Minutes of the Audit Committee

Date: 15 February 2022

Present: Paul Webley
Jonathan Curtis
Mohammed Hussain

In attendance: Lorraine Swift Vice Principal Finance & Planning
Jeremy Stott Clerk
Diana Bird Vice Principal Curriculum
Susanna Butler Minutes Secretary

Apologies: Nigel Hainsworth, James Parker, Steph Tinsley

Meeting commenced: 18:00

Meeting closed: 19:10

P Webley chaired the meeting in the absence of the Chair and Vice Chair.

01/22 Disclosure of financial and/or personal interest

There was no disclosure of financial and/or personal interest.

02/22 To agree agenda and order of business as circulated

The agenda and order of business were agreed.

03/22 To approved the minutes of the meeting held on 23 November 2001

The minutes were approved as a true record.

04/22 Matters arising

i) 22/21ii) Audit Assurance Plan

Considered under minute 08/22.

ii) 28/21: The reappointment of External Financial Auditors

Considered under minute 06/22.

iii) 30/21: Training on Income and funding streams

Considered under minute 05/22.

iv) 30/21: The role of the Audit Committee in monitoring the new Strategic Plan

Considered under minute 09/22.

05/22 Training: Main sources of income and key funding conditions

The Vice Principal Finance & Planning (VPFP) gave a presentation to give governors a greater understanding of the FE Sector funding.

The main sources of income are for 16-18, high needs, adult skills and apprenticeships. There is also additional grant funding for learning support, work placements, T Levels, teachers pension scheme pension grant, and other money for T Level prep. The funding comes either via funding bodies - the ESFA or WYCA, or via students and employers. Some money is accessed through the advanced learning loan system. Additionally, there are other income streams for areas such as Bradford Works, WYCC projects, ESOL and Access to Work etc.

16-18 represents £4.1 mil of funding which is based on student numbers and planned hours. The number of students this year determines the income for the following year. This funding is made up of programme funding and disadvantage funding which is based on where a student lives and funding for low English and Maths prior attainment. A factor is applied to do with achievement along with a weighting factor - the more resources that are required for a course, the higher the weighting factor. Once a student remains on a course for 42 days, then we retain the funding. Base funding is increasing for 22/23 but we have to deliver more hours.

It was queried on T Levels where we have to deliver more hours if the college has an algorithm in place on how to achieve that without taking on extra teaching staff. The VPFP confirmed that we look at timetables and staff utilisation very carefully to maximise staff hours in areas that are needed.

High Needs funding comes with 16-18 income. Element 1 is normal funding for every student and element 2 is an additional £6k - the minimum extra cost for every student with an Educational Health Care Plan (EHCP). Most students require more than that - eg visually impaired or hearing impaired who are banded and we receive Element 3 from the council.

Adult skills have become much more complex this year due to devolution and contracts being split by student postcode. It represents a pot of £2 mill, but that is now made up of lots of different pots of money making it more challenging.

Apprenticeship funding is similar to Adult Skills. Funds are allocated by employers through the portal so there is no contract value/ cap. Employers may make contributions but there are lots of additional rules for enrolment which make more administration.

Additional grant funding comes from the ESFA or West Yorkshire Combined Authority (WYCA) with one off pots of money. There are separate rules for each element so keeping track of all the different rules is challenging. This income represents less than 10% of our money.

WYCC projects consist mainly of skills projects, aimed at improving skills in lower level jobs or getting people back to work. It involves a high level of admin, but is another stream of income for us.

Other areas of income include rent from Askham Bryan College who rent rooms in the Mill Building; catering income; external exams, etc. We also work with Salt Foundation who are our landlords and we employ their staff on their behalf to run the Victoria Hall with all costs recouped.

Our main risk is in the reduction of 16-18 income, spreading out our income streams helps to also spread our risk.

Members thanked the VPFP for her informative presentation which they found very useful. A member said it would be useful to also gain some understanding of how income figures are pushed to drive more income and the VPFP confirmed that she will arrange some time to look at this on a one to one basis.

06/22 To consider

a) a review of the key performance indicators for External Auditors

The VPFP presented the KPIs which are an annual appraisal of the auditors effectiveness. The outcomes are better than the previous year when the full audit was carried out electronically. This year it was a better mix of electronic and on site auditing. There was some lack of continuity, but this was due to the councils' extended deadline so their audits clashed with ours. This meant we had a different manager but there was a good handover.

b) the reappointment of External Financial Auditors

The VPFP confirmed that the quote from Mazars had not been increased which everyone confirmed they were happy with.

[It was agreed to recommend to the Corporation the reappointment of Mazars as External Financial Auditors for the 21/22 and 22/23 financial years.](#)

07/22 To consider an update on the Risk Register

The VPFP highlighted the updates in red text but no changes had been made to the scores. Also added is a line about the change of Principal, but the College is planning well ahead for that.

The update was received.

08/22 To consider the proposed Audit Assurance Plan including consideration of appointment of internal auditors following tenders received from:

a) TIAA

b) Haines Watt

The VPFP highlighted that it has been agreed we would bring back a traditional internal audit. The Finance Team have missed having that contact and advice so would also welcome this. The College has been out to tender via the CPC framework. There were 12 suppliers on the tender framework but we received 3 responses - 1 was from RSM who said it was below their threshold which left us with 2 proposals. We have used TIAA before and have always respected the way they work and they are good value for money. Haines Watt came out a bit more expensive and what they proposed felt over the top. Each were scored and they came out very close, but TIAA can offer more of what we are asking.

Members confirmed they were happy with TIAA and the draft audit programme.

It was agreed to recommend to the Corporation the appointment of TIAA as internal auditors and the 21/22 Assurance Plan.

09/22 To consider the role of the Audit Committee in monitoring the new Strategic Plan

As this suggestion had come from the Chair who was not present, it was agreed to defer this item to the next meeting.

10/22 To consider a part-year GDPR Report to the 31/12/21

The Clerk highlighted that this report would normally go to the summer meeting, but as we have this extra 3rd meeting, it has been moved across to February which is why it is a part year report. Next year, members will receive a full annual report.

As background, GDPR came into effect in May 2018 and the Clerk is the DP Officer along with a core team of 3 other people to ensure action can be taken in the required timescale. Breach reports come through to a spreadsheet that the whole team has access to. We have a Data Protection Policy which is due a review in 2 years' time. A new protocol out of GDPR is the introduction of a governor email privacy protocol from Sep 2021. The College is looking at delivering suitable staff training on GDPR which will become part of their mandatory training. A member added that we could look at what TIAA might have to offer as part of any add ons.

There have been 5 notifications of a breach which have been assessed by the Data Protection Team and none were serious enough to report to the ICO. We encourage staff to report all breaches, no matter how small, so that they remain aware of their responsibilities.

The report was received.

11/22 To consider a proposed agenda for a joint meeting with the F&R Committee in December 2022

The VPFP explained the purpose for the joint meeting is to deal with the Annual Report as there are several areas that overlap. It is proposed the meeting starts with F&R members to look at items to inform the Going Concern assessment and

then Audit members join later to look at the accounts. The whole meeting could take around 2.5 hrs. Alternatively, we could hold 2 separate committee meetings in the same week. Another benefit of a joint meeting is that both committees would be able to hear from Mazars.

Members agreed to a joint meeting to see how they can integrate.

F&R members will confirm their preference at their next meeting in March when a final decision will be made.

12/22 To consider a WYCC Update Report

The VPFP said this report goes to F&R regularly but that a recommendation from Ron Hill's Governance Review Report was that it should also be received by Audit. There is a risk with WYCC, though we believe that risk is an absolute worst case scenario which is quite low. They are dealing with some hard to deliver contracts which has caused delays and some cash flow issues. There are now 5 colleges in the Consortium. Cashflow issues come from the need to pay providers before income is received from the funding providers but they don't have to pay the 5 College members until they get paid. They have a hard set of accounts to produce hence the close monitoring. The number of projects has reduced as they have been more selective as to what they take on plus the shifting of European funding to UK funds. N Chohan is the Chair of the WYCC and they are planning for when he leaves in the summer.

It has been considered if the risk should be added to the Risk Register under 2g). The risk is reputational as well as financial. In answer to a query, the VPFP confirmed that our share of the risk is officially just £1. We could take on a share of the debt but have no legal responsibility to do so, though it is more about reputation.

ACTION: It was agreed to add this to the Risk Register.

13/22 Any Other Business

i) Dates of meetings to December 2022

- ❖ Tuesday 28 June 2022 at 6.00 pm
- ❖ Tuesday 22 November 2022 at 6.00 pm

This meeting **will** move to December if a joint meeting is decided with F&R or, if not, separate meetings will take place in the same week.