



**AUDIT COMMITTEE  
PART I**

Minutes of the one hundred and sixth meeting of the Brockenhurst Audit Committee meeting, held on Thursday, 16 May via MS Teams.

<b>Present:</b>	<b>Governors</b>		<b>Meetings attended</b>
	Mr S Williams		(3 out of 3)
	Mr J Ede		(3 out of 3)
	Ms V Essex		(1 out of 1)
	Mr G Cooper		(1 out of 2)
	<b>Co-opted</b>		
	Mr G Beards	Chair of the Committee	(2 out of 3)
<b>In attendance:</b>	Ms H Odhams	Principal and CEO	
	Mr L Feingold	Vice Principal, Finance (VPF)	
	Mrs L Payne	Clerk to Corporation	(3 out of 3)
	Mr A Poynor	External Auditor – Alliotts	

**Meeting commenced at 5.30pm**

Minute number	Paper title	Action
106.1	<b>WELCOME AND APOLOGIES</b> The Chair welcomed everyone to the meeting.  This was noted as the Chair’s last Audit committee meeting as he would now be leaving his role as a co-opted member of the committee. Colleagues wished him well in any future ventures and thanked him for his work on the committee.  There were no apologies for absence.	
106.1.1	<b>CONFLICT OF INTEREST</b> No member expressed any conflict of interest with the agenda.	
106.2	<b>COMMITTEE BUSINESS</b>	
106.2.1	<b>Minutes of previous meeting held on 6, February 2024</b> The minutes of the meeting on the 6 <sup>th</sup> February having been previously circulated to members, were agreed as a true record and would be signed electronically by the chair. <b>All Members were agreed.</b>	
106.2.2	<b>Matters arising from the meeting held on 6, February 2024</b> Matters arising had been actioned or would be considered within the agenda.	
106.2.3	<b>Effectiveness of Committee and performance of the Chair</b> Members contributed to the review of effectiveness of the committee, for the academic year 2023/24. Members considered the criteria regarding their performance and agreed it was all satisfactory. They were satisfied that the role of the chair had been carried out effectively. Members agreed to recommend the review of the effectiveness of committee, and performance of Chair, to the board for approval. <b>All Members were agreed.</b>	<b>Refer to Corporation</b>

106.2.4	<p><b>Terms of Reference – Audit Committee</b>  Members considered the audit committee terms of reference. There were no proposed changes to the terms.  Members agreed to recommend the audit committee terms of reference to the board for approval.  <b>All Members were agreed.</b></p>	<b>Refer to Corporation</b>
106.2.5	<p><b>New Chair of Committee 2024/2025</b>  The Clerk advised members that there would be a new chair of the audit committee for the next academic year.  The current chair (Graham Beards) would now be leaving the committee.   The college would elect a new chair of the committee in the first term of the new academic year.</p>	<b>Clerk</b>
106.3	<p><b>EXTERNAL AUDIT</b></p>	
106.3.1	<p><b>External Audit Plan for the Audit of the College’s Accounts and Benchmarking report.</b>  The Vice Principal Finance (VPF) reported on the external audit plan for the audit of the college’s year end accounts. The plan for 2023/24 had set out the external auditor’s approach, and proposed fees for the verification work to be performed on the colleges 2023/24 annual report.   The VPF confirmed that the audit approach was consistent with that of previous years, and the level of planning materially had been set at £476k.   It was noted that the audit of the college’s wholly owned subsidiary WESS would be performed by Scofields as they had audited WESS previously. It was also financially advantageous for the WESS audit to be performed by Scofields as their fee also included the preparation of the accounts and tax computation. The overall cost was noted as slightly less than if the college’s external auditors Alliotts had performed this work. Members enquired whether the accounts could be prepared at the college.   The External Auditor present (Alex Poynor) presented Alliotts report. This was a comprehensive report.  It was noted the main audit at the college would take place on the 7th of October this year for two weeks.   The VPF referred to the matter of ‘going concern’ which had been a historic issue for the college but was not now. The Auditor referred to the ongoing discussion with the VPF on the treatment of current and future provision for losses. One area in particular was discussed, relating to the losses being made at the college’s Marchwood site, in part due in part to the onerous lease there.  Future provision for a loss caused by an onerous lease was discussed, the Marchwood lease had seven years left to run and provision could be made for that onerous lease.   The Chair of the committee suggested this matter was sent to the Resources Committee as if the college was losing money every year on Marchwood and there were seven years left on the lease, there would need to be financial consideration of this.  <b>It was agreed to recommend this matter to the Resources committee.</b>   Members agreed to recommend the external audit plan and audit of the college’s accounts and benchmarking report to the board for approval.  <b>All Members were agreed.</b></p>	<p><b>Refer to Resources.</b></p> <p><b>Refer to Corporation</b></p>

	<i>(The external auditor left the meeting)</i>	
106.4	<b>INTERNAL AUDIT</b>	
106.4.1	<p><b>Internal Audit Report – Spring Term visit</b> The VPF advised members that there were no internal audit report reviews carried out this term. <b>Members noted the report.</b></p>	
106.4.2	<p><b>Internal Audit Recommendations Register</b> The VPF reminded members that the Internal Audit Recommendations Register set out the areas addressed as part of the ongoing cycle of internal audit work. The VPF was pleased to confirm there were no outstanding recommendations from previous reports at this time. <b>The report was noted.</b></p>	
106.4.3	<p><b>Proposed Internal Audit visits for 2023-2024 and 2024-2025.</b> The VPF presented the internal audit plan for 2023/24 and 2025/26.</p> <p>It was noted that for the next academic year there would be an internal audit on cybersecurity, including an information technology health check, and a health and safety review. The following year there would be an audit on cybersecurity again and a safeguarding review. The VPF advised members these areas had not been audited for a while and it was felt time to include them with an internal audit. The Chair of the committee agreed that cybersecurity was a good area to keep a close eye on. He also felt that the status of the ICT system at the college should be considered, as fundamental and needed to be fit for the future. The Principal spoke about the desire to have a Digital Strategy in place which would be helped by this internal audit. <b>Members agree to recommend the report to the board for approval.</b></p>	<b>Refer to Corporation</b>
106.5	<b>RISK MANAGEMENT</b>	
106.5.1	<p><b>Risk Management Register and Action Plan 2023-2024 Update</b> The VPF presented his report. Members were asked to consider and recommend for approval the college risk register and action plan. Members were reminded that the risk register highlighted and prioritised the colleges specific current risks.</p> <p>Members noted the two new risks, first in relation to a failure to appoint a permanent Deputy Principal to provide strategic leadership and direction and second failure to comply with fire safety regulations. It was noted the risk relating to failure to appoint a permanent Principal would now be removed. The existing risks were considered:</p> <ul style="list-style-type: none"> <li>• Failure to recruit motivate reward and retain staff.</li> <li>• Failure to anticipate and respond to curriculum and funding changes.</li> <li>• Failure to absorb the impact of increased employer contributions relating to the teachers' pension scheme.</li> <li>• Failure to adequately manage the increase in energy prices.</li> <li>• Failure to achieve at least 'requires improvement' ESFA health rating to ensure the college did not fall into formal intervention by the SFA.</li> <li>• Failure to manage the operational and financial impact of an increase in student numbers, notably the disconnect between rising resource costs and lagged funding, and the physical capacity of the teaching estates.</li> </ul>	

	<ul style="list-style-type: none"> <li>• Failure to protect against the loss of data and maintain ongoing operations including educational provision and digital communications because of a cybersecurity breach.</li> </ul> <p>The Chair invited questions. Members queried some of the risk scores and asked whether there was a better way of looking at scoring risks. The chair of the committee agreed and felt that one way of assessing the way scoring was working or not, was to see how many risks caused damage and to move away from the numbers-based approach. Members agreed a different format to produce the risk register assessments would be useful and noted the recommendation from the recent 3-year review of governance on the risk register.</p> <p>Members wondered if there were any areas that had impacted on staff and students and the implications of non-compliance of those.</p> <p>Members were concerned to note the number of risks that showed an ‘unchanged’ comment on the assessment and therefore asked what action was being taken in relation to them.</p> <p>The Chair and the Principal spoke about their discussion with the reviewer who conducted the 3-year review on governance, and her view that operational risks should be kept separate from organisational risks. The Chair stressed the need to keep these matters, in the main, separate. We will therefore be reviewing the format and content of the College's Risk Register.</p> <p><b>Members agreed to recommend the risk register to the board for approval at this time.</b></p>	<b>Refer to Corporation</b>
106.5.2	<p><b>ESFA College Financial Handbook 2024</b></p> <p>The VPF presented his report summarising the content and impact of the recently released College Financial Handbook. He reminded members that the recent reclassification of colleges to public bodies in November 2022, changed the colleges financial landscape and obligations, by requiring the college to adhere to the government sector spending rules set out in the Managing Public Money Framework.</p> <p>The handbook aimed to capture this new framework and combine the financial rules and regulations into a single document for the FE sector.</p> <p>Members noted that the College Financial Handbook 2024 would come into effect on the 1st of August 2024. It provided the overarching framework for implementation of effective financial management and other controls as part of colleges obligations as public funded bodies.</p> <p>The VPF informed members that the college’s financial regulations were in line with the new guide, as over the year bite size guides had been issued and the financial regulations had been updated.</p> <p><b>The report was noted.</b></p>	
106.5.3	<p><b>Log of outstanding recommendations from Internal and External Audit reports</b></p> <p>The VPF informed members that the only external outstanding recommendation was around the disposal of fixed assets.</p>	
106.5.4	<p><b>Cyber Security Update</b></p> <p>The VPF informed members of the progress being made by the College in establishing a sound cybersecurity environment focusing on work done by the IT services team to improve the colleges cybersecurity position.</p> <p>The VPF confirmed, that assuming the final pieces of work were completed as expected, the college intended to apply for cyber essentials accreditation in the spring term.</p>	

	<p>Members noted the ESFA funding agreement this year specified the need for the college to carry out an ITHC annually and to report the results back to the ESFA. The VPF spoke about the detailed process that was required, and the vulnerabilities associated with carrying out the ITHC. This was a substantial piece of work that needed to be repeated every year and would be an integral part of the college's cybersecurity processes. It would form part of the colleges internal audit plan and provide assurance regarding the college's cybersecurity resilience. The annual fees were noted as £14k. Members asked about other IT needs including costs associated with the Microsoft upgrade, and how many college computers would need upgrading. The VPF confirmed the position that over the next three to four years it was intended that 700 laptops would be replaced, and the new equipment would need to be sustainable. He confirmed that the increased costs for the Microsoft licences had been budgeted for. It was agreed a Digital Strategy was important now.</p> <p><b>The report was noted.</b></p>	
106.6	<p><b>Evaluation of Meeting</b></p> <p>Members were pleased to complete an evaluation of the meeting. They were happy that the length of the meeting was about right and that the time spent on each agenda item was appropriate for members to make decisions and recommendations. The content and structure of the papers was good and easy to follow, with clear and sufficient information to inform good decision making. They made challenge on the risk register and its format which would be considered. This was an interactive meeting with much added value and appropriate challenge.</p>	
106.7	<p><b>AOB (to be notified to Clerk in advance of meeting)</b></p> <p>No other business was raised.</p>	
106.8	<p><b>Date of next meeting</b></p> <p><b>Thursday, 14 November 2024 at 5.30pm</b></p>	

The meeting ended at 6.30pm