

# East Coast College

## Audit Committee Meeting 9am 10<sup>th</sup> December 2024 Video Conference

<p><b>Present:</b></p>	<p><u>For the joint meeting with Finance and General Purposes</u></p> <ul style="list-style-type: none"> <li>Audit Committee: Giles Kerkham (GK) Mike Dowdall (MD) and Teresa Sharman (TS) and Associate Audit Committee Governors Andrew Dowsett and Ofure Obomighie</li> <li>Finance and General Purposes: Ian Lomax (IL) Kirk Lower (KL) Andy Tovell (AT) David Blake (DB) and Associate F&amp;GP Committee Governors Peter Blackburn (PB) and Rachael Botley (RB)</li> </ul> <p><u>For the Audit Committee meeting:</u></p> <p>Giles Kerkham (GK) Mike Dowdall (MD) and Teresa Sharman (TS) and Associate Audit Committee Governors Andrew Dowsett and Ofure Obomighie</p>	
<p><b>In attendance:</b></p>	<p>Wendy Stanger (Director of Governance) Lucy Wharry (Head of Finance) Charlotte Burgess (Deputy Head of Finance) Nicola Trevallion (Managing Consultant RSM Internal Audit) Tim O'Connor (Audit Partner Scrutton Bland External Audit.) and for items 4 -6 Omar Richardson (Funding Assurance Audit Mazars) and Mike Kelf (MIS Manager)</p>	
<p><b>A/24/012/1</b></p>	<p><b>Membership and Apologies</b></p>	<p><b>Action</b></p>
<p>The Audit Committee Chair welcomed the new Associate Governors to the meeting and the Finance and General Purposes Committee to the joint meeting.</p> <p>Apologies – re Finance and General Purposes Committee Paul Padda (Principal &amp; CEO) Lynne Doublet and Graham Evans</p>		
<p><b>A/24/012/2</b></p>	<p><b>Declarations of Interest</b></p>	
<p>There were no new declarations of interest</p>		
<p><b>Joint meeting with Finance and General Purposes</b></p>		
<p><b>A/24/012/3</b></p>	<p><b>External Audit Annual Accounts 2023/24</b></p>	
<p><b>A/24/012/3.1</b></p>	<p><b>East Coast College Audit Findings 2023/24 - Letter of Representation and Management Letter</b></p>	
<p><b>A/24/012/3.2</b></p>	<p><b>East Coast College Annual Accounts 2023/24</b></p>	
<p><b>A/24/012/3.3</b></p>	<p><b>ECETA Accounts 2023/24</b></p>	
<p>The External Auditors presented the Annual Accounts and Management Letter. The Audit was a clean unmodified one. It has been a very smooth process which continued to demonstrate the work and improvements the finance team had made and he thanked the Deputy Head and Head of Finance for their support during the audit.</p>		

The Management Letter included two recommendations only and a follow-up on the previous year's recommendations. It was noted that reviews of DBSs had commenced and the cyber security response plan was being implemented.

The Letter of Representation was largely standard and contained the required representations, there may be changes required in the wording prior to the Board regarding The Place lease and the Great Yarmouth redevelopment. The depreciation and change in the economic life of the Great Yarmouth campus will be adjusted from the 2024/25 accounts.

The Accounts demonstrated a strong set of results with increased income at the group level largely due to project income with only a small increase in expenditure and therefore an increased surplus. The balance sheet and cash holdings were strong helped in part by the release of the deferred income.

The Board had concluded that the College was a going concern and the audit supported this conclusion.

The Deputy Chief Executive advised that this year (2023/24) benefited from the closeout of the English European Social Fund (ESF) and the Apollo project funding. Project income in the current 2024/25 year was reduced and the College would see decreased income resulting in a tighter financial position.

Governors queried the accrual for apprenticeship income. The Deputy Chief Executive advised that this was to accrue the cost of apprentices that were out of time.

Governors noted that a rolling programme of DBS reviews was not a requirement and questioned whether this was therefore apt to be in the Management Letter recommendations. This was also an additional cost to the College. The External Auditors advised that it had been a recommendation due to it being College policy and the Director of Governance advised that the Senior Team had agreed with the recommendation and had budgeted for the cost.

Governors challenged whether the College should have a reserves policy and the Director of Governance advised that the College had drafted one based on sector examples and this would be reviewed at the next Finance and General Purposes Committee. The External Auditor advised that the concept of reserve policies was not strong across the sector and that as an exempt charity, the College also needed to consider the Charity Commission guidance as well as the limitations of managing public money.

External Audit presented the ECETA Accounts income was similar but costs were up, but as there were no exceptional adjustments profit had risen. The level of debtors had reduced due to improved management.

The Director of Governance advised that the ECETA Board had reviewed the draft outturn and was to review the final accounts at their December Board meeting.

The Audit Chair and the Chair of Finance and General Purposes Committee concurred that it had been a positive set of accounts with minimal recommendations and thanked the finance and the audit team.

Best wishes and thanks were noted to the Audit Partner who was retiring at the end of December.

**Governors agreed the following action:**

- **Finance and General Purposes to review the proposed reserve policy including level of reserves.**

**F&GP**

<b>A/24/012/3.4</b>	<b>Extracts from the Finance Record</b>	
<p>The Deputy Chief Executive presented the College Financial Forecasting Return extracts which demonstrated the College was assessed as good financial health. The data for return is taken from the Annual Accounts 2023/24.</p> <p>Financial Health and how assessed was discussed and the Director of Governance advised that the Board had confirmed in the reviewed Strategic Plan adopted in July 2024 that its objective was to achieve good financial health.</p> <p>The Finance and General Purposes Committee left the meeting.</p>		
<b>Audit Committee</b>		
<b>Confidential Private Session with the Internal and External Auditors</b>		
<p>The Deputy Chief Executive, Head of Finance, and Deputy Head of Finance withdrew for this item.</p> <p>A private session was held with the Internal, External, and Funding Assurance Auditors.</p> <p>Internal Audit raised no issues. There was a good working relationship.</p> <p>External Audit advised that the audit had been an improvement with a reduction in adjustments and deferred income with constructive discussions on what to include. There was a good working relationship.</p> <p>The Funding Assurance Auditor advised that the audit had seen an improvement from the previous audit and tightening of processes and that the College team had been very helpful.</p> <p>The Deputy Chief Executive, Head of Finance, and Deputy Head of Finance returned to the meeting and the MIS Manager joined the meeting.</p>		
<b>A/24/012/4</b>	<b>To approve the Minutes of the meeting of the Audit meeting held on 2<sup>nd</sup> July 2024 and any other matters raised previously not otherwise included in the Agenda</b>	
<p>The minutes of the meeting of 2<sup>nd</sup> July 2024 were agreed as a true record.</p>		
<b>A/24/012/5</b>	<b>To review the post meeting action log</b>	
<p>The action log was reviewed and it was agreed to keep the action open and in progress until the policy was adopted.</p>		
<b>A/24/012/6</b>	<b>Confidential - Funding Assurance Review</b>	
<p>The Funding Assurance Auditors advised on the audit process and its outcomes. There had been significant improvement since the last review and the review had concluded that the College had substantially met contractual requirements and returned materially accurate data to the ESFA (materiality being based on an overall error rate of 5%). This would reduce the risk of the College getting another audit.</p> <p>Governors noted that the findings across the funding streams were assessed as satisfactory and it was positive to see that the changes made had improved compliance and thanked the College Team.</p>		

	<p>The Deputy Chief Executive advised that the recommendations from the audit would be included on the action tracker. Apprenticeships had also seen an improvement in its Ofsted grading and the College had now appointed a new Head of Apprenticeships.</p>	
<p><b>A/24/012/7</b></p>	<p><b>Internal Audit Reports - Annual Summary and Progress Report with Emerging Issues</b></p>	
	<p>Internal Audit presented the Annual Summary and Progress Report. Audits were currently in progress and the Progress Audit was completed and with management for comment.</p> <p>Governors discussed whether the Procurement Audit should be postponed in light of the impending Procurement Act which would require procedural changes and it was agreed this would be sensible. Other areas for audit were discussed. Project income was discounted as the major project Apollo had already been audited and it was agreed that the general ledger may be an area to review.</p> <p>The Internal Audit Managing Consultant was thanked for her work at the College and wished well in her new role.</p>	
<p><b>A/24/012/8</b></p>	<p><b>Cyber Security</b></p>	
	<p>The Deputy Chief Executive presented the update report and advised that the Incident Response Plan would be brought to the next Committee. The firms being worked with were those recommended by a College that had been subject to a significant cyber-attack. The College had to consider the legal ramifications of an attack as well as the IT and systems issues.</p> <p>Governors discussed the update, the level of cyber-attacks, and that the College would need to assess the level of investment needed to mitigate the risks. There was still a high chance of attack even with all the actions taken to mitigate the risk and it was important that there was a process to manage the cyber-attack and reduce its impact.</p> <p><b>Governors agreed the following action:</b></p> <ul style="list-style-type: none"> <li>• <b>College to be assured that subcontractors had suitable mitigation for cyber-attacks.</b></li> </ul>	<p><b>UR</b></p>
<p><b>A/24/012/9</b></p>	<p><b>Data Protection Annual Report</b></p>	
	<p>The annual report was noted and that there was a moderate level of breaches with no areas of concern.</p>	
<p><b>A/24/012/10</b></p>	<p><b>Annual Report Whistle Blowing and Freedom of Information</b></p>	
	<p>The Annual Report Whistle Blowing and Freedom of Information was noted.</p>	
<p><b>A/24/012/11</b></p>	<p><b>Fraud Register</b></p>	
	<p>The Committee noted the nil return on the fraud register.</p>	

<b>A/24/012/12</b>	<b>Audit Action Plan Review</b>	
<p>The Deputy Chief Executive presented the report and explained that where completion was delayed work was ongoing.</p> <p>The Committee noted the positive progress.</p>		
<b>A/24/012/13</b>	<b>To review the Risk Register</b>	
<b>A/24/012/13.1</b>	<b>Strategic Risk Register</b>	
<b>A/24/012/13.2</b>	<b>Tactical - Finance and General Purposes</b>	
<b>A/24/012/13.3</b>	<b>Tactical – Quality and Curriculum</b>	
<b>A/24/012/13.4</b>	<b>Tactical - People</b>	
<b>A/24/012/13.5</b>	<b>Tactical - Governance Remuneration &amp; Search</b>	
<b>A/24/012/13.6</b>	<b>Tactical - Estates</b>	
<p>The Committee reviewed the risk registers including the date of review and the reviews carried out by the Committees. It was noted that the Finance and General Purposes had queried about risk appetite and that this was an item on the Board's draft away day agenda.</p> <p>The Director of Governance advised that the Estates Committee had not yet met this term but that a substantial project update had been considered by the November Board.</p> <p>The Committee concluded that the risks were being appropriately considered.</p>		
<b>A/24/012/14</b>	<b>Assurance Mapping</b>	
<p>The Director of Governance advised that this had not been formally reviewed due to the work on Ofsted but that this term had seen positive External and Funding Assurance Audits.</p>		
<b>A/24/012/15</b>	<b>Annual Audit Committee Report to the Board</b>	
<p>The Committee reviewed the annual report and agreed to the content and the conclusion.</p> <p>The Director of Governance advised that the conclusions had been reflected in the draft accounts.</p> <p><b>The Committee resolved to agree</b></p> <ul style="list-style-type: none"> <li>• <b>the annual report and agree to its submission to the Corporation.</b></li> </ul>		
<b>A/24/012/16</b>	<b>QD125 - Freedom of Information</b>	
<p>The Director of Governance advised on the updates made to the policy.</p> <p><b>The committee resolved to</b></p> <ul style="list-style-type: none"> <li>• <b>recommend QD125 Freedom of Information Policy &amp; Procedure to Corporation for adoption</b></li> </ul> <p>The External and Internal Auditors left the meeting.</p>		

	<b>Confidential Independent Governors Only</b>	
<b>A/24/012/17</b>	<b>External Audit Extension of Contract</b>	
<p>The Deputy Chief Executive presented the report and the proposal to extend the contract.</p> <p>The Director of Governance reminded the Committee that The Post-16 Audit Code of Practice required Colleges to tender for external audit at least every 5 years.</p> <p>Governors discussed the tender and noted that at the last tender, only one company had tendered. The Director of Governance advised that there were few companies now providing audit services to the sector.</p> <p>Governors discussed that the new partner did not appear to have FE experience and that a prudent option would be to extend the contract for an initial one year only, others queried if one year was long enough to judge performance and that performance should be judged on the whole team. The risk and resource implications of tendering for internal and external audit in the same year were also discussed.</p> <p>The Deputy Chief Executive advised that the College had been assured that the audit team members who completed the audit were not changing only the partner. At the close-out meeting with the current partner, she had raised the number of days contracted as this now seemed excessive given the improvement in the College's systems.</p> <p><b>Governors agreed the following action:</b></p> <ul style="list-style-type: none"> <li>• <b>Deputy Chief Executive and Director of Governance to meet the new External Audit partner to discuss the audit contract and his background and experience.</b></li> </ul> <p><b>The committee resolved to</b></p> <p><b>due to the change in partner, the contract with SB Audit LLP be extended for an initial 1 year only with a decision on the additional 2 years option to be made at the end of the 2024/25 audit. (This is subject to satisfactory discussions between the Deputy Chief Executive and SB Audit LLP regarding a reduction in the number of days per year and consequent costs.)</b></p>		<b>UR/WS</b>
<b>A/24/012/18</b>	<b>Agenda Planning</b>	
<p>Cyber Security</p> <p>Internal Audit Reports</p>		
<b>A/24/012/19</b>	<b>Review of Meeting</b>	
<ol style="list-style-type: none"> <li>1. Confidential Items: Annual Accounts until approved, and ESFA Funding Assurance Review (item 6).</li> <li>2. Risk Management: No additional to that minuted</li> <li>3. Health and Safety: None</li> <li>4. Equality and Diversity: None</li> <li>5. Media: None</li> <li>6. How did the meeting go: Good meeting that demonstrated good progress with the College systems and processes. The meeting with Finance and General Purposes on the Annual Accounts worked well again.</li> </ol>		