

## **Heart of Yorkshire Education Group Corporation ('Corporation')**

### **Board of Governors ('Group Board')**

### **Audit Committee ('Committee')**

## **Minutes of the Meeting held on 13 June 2023 ('Meeting')**

**Present:** Nigel Brook ('Chair'), Richard Stiff, Jason Brook, Martyn Shaw  
(from minute 7)

Interim Clerk to the Corporation ('Clerk')

**In attendance:** Jason Pepper ('JP'), Patrick Clark ('PC') (ICCA-ETS) and  
Richard Lewis ('RL')

**Apologies:** None

### **1. Welcome**

The Chair welcomed members and invitees.

### **2. Apologies, declarations of interest and any other business**

2.1. The Chair reported that due notice of the Meeting had been given, that no apologies had been received and that, therefore, a quorum was present.

Accordingly, the Chair declared the Meeting open.

2.2. The Chair asked for declarations of interest. None were made.

2.3. No other business to be considered was raised by those present.

### **3. To receive and approve the Minutes of the meeting of 6 March 2023 and consider any matters arising**

3.1. IT WAS RESOLVED THAT the minutes of the meeting of the Committee of 6 March 2023 were approved.

3.2. The Clerk addressed the outstanding matters arising from the above meeting which were due to have been actioned by this Meeting. Matters arising 1 – 7, 10, 13 and 20 would remain to be actioned after the Meeting.

#### **4. Selby College ESFA Funding Audit Interim Update**

##### 4.1. JP:

4.1.1. Noted the report was draft and the final report had yet to be provided.

4.1.2. Outlined the funds at risk of recovery by the ESFA.

4.1.3. Explained the causes of the likely recovery which related to learner data failings at Selby College pre-merger.

4.1.4. Explained the next steps noting that the final report would not likely be ready by 4 July thereby enabling the completion and approval of the financial statements 2021/22.

4.2. Governors noted their preference that delegated authority relating to approval of the above-mentioned financial statements should be given to the Audit Committee with the Finance Committee attending, rather than the Chair of the Group Board alone, should the final ESFA funding report be received after the final Group Board meeting of the year at which time a quorate Group Board may be difficult to convene.

4.3. IT WAS RESOLVED to recommend delegation of the approval of the financial statements 2021/22 and associated documents to the Audit Committee should the final ESFA funding report be received after the final Group Board meeting of the year.

4.4. Governors discussed the scope for a reduction in the sums clawed back which was agreed to be limited.

4.5. Governors asked for assurance that the identified failings would not be present if the ESFA were to return. JP explained that ICCA-ETS had been commissioned to carry out a review and that he would provide management responses to the ESFAs findings for the Committee.

#### **5. Status of Previous Audit Recommendations**

5.1. JP noted that there were no overdue recommendations and six ongoing.

5.2. Governors were satisfied with the progress made.

## 6. Risk Management, Internal Control and Governance

### 6.1. JP:

- 6.1.1. Outlined the changes to the 2022/23 Risk Register since the last meeting explaining that the residual likelihood of two risks had increased: 1. 'Failure to realise growth in high quality apprenticeship provision' and 2. 'Failure to maintain the solvency of the Group through a financial robust operating model in the face of increased competition, demographic changes and financial pressures'. He outlined the causes but noted the Group was still on track to achieve 'Good' financial health.
- 6.1.2. Noted that there had been positive movement regarding infrastructure risks due to the receipt of substantial capital grant funding.

### 6.2. Governors asked:

- 6.2.1. What would be the effect of the pay award on the Group's predicted 'Good' financial health. JP explained that he expected a marginal improvement on the 3% offered which would help secure the requisite score. He noted his concern regarding strike action.
  - 6.2.2. Whether the Group was adequately prepared for strike action. JP noted his concern regarding the College's ability to open should certain support staff strike. He explained, however, that the Group had contingency plans in place. JP agreed to consider the inclusion of a specific risk regarding strike action in the Risk Register.
  - 6.2.3. JP referred to the draft Risk Register for 2023/24 and noted his opinion that, in the current climate, the Group's risk averse approach may no longer be appropriate.
- 6.3. IT WAS RESOLVED that the draft Risk Register 2023/24 be recommended for approval following a reconsideration by the Group Board of its risk appetite.
- 6.4. Governors asked for assurance staffing issues had been resolved. LC noted that engineering assessor continued an issue but noted that contingency plans were in place including the use of agency staff as necessary. She explained that the Head of Engineering had been replaced which alleviated these issues to some degree.
- 6.5. LC referred to matters arising 7 and 8 and outlined predicted achievement by department. She noted that Engineering was expected to meet the QIP achievement rate target, but Construction was not.

- 6.6. Governors asked whether there were college specific issues relating to Construction achievement rates. LC noted that this data was not yet available but that she would provide it ASAP. She explained that the area was under new management which she hoped would bring improvements.
- 6.7. Governors discussed the inclusion of timescales for risk mitigation. JP noted that this would be very challenging given the inherent uncertainty surrounding some risks.

## **7. Internal Audit Report - Distance Learning Delivery**

- 7.1. PC referred to his distance learning delivery audit report noting that he had given 'reasonable assurance'.
- 7.2. Governors asked:
  - 7.2.1. Whether Patrick was happy with the management responses. PC confirmed he was and stressed the importance of reminding staff of their responsibilities.
  - 7.2.2. The importance of the difference between the planned and actual WYCA learner numbers. JP explained that the Group's delivery partner had unexpectedly backed out but that these were not the final year number and that the gap was expected to close. PC agreed the Group had achieved a good tolerance in relation to the AEB budget.
- 7.3. RL asked whether PC had identified any funding at risk. PC explained that ICCA-ETS did not quantify due to small sample sizes. Rather they identified issues to be corrected. JP noted that he had been assured that the identified issues had been corrected.

## **8. Strategy for Internal Audit 2023/24**

- 8.1. PC outlined the internal audit strategy for the coming year.
- 8.2. Governors:
  - 8.2.1. Requested that the IT review be brought forward to 2023/24 noting the importance of cyber security and business continuity in the event of a successful attack. JP noted that there were practical difficulties in complying due to staff shortages. The Committee insisted on the internal IT reviewing being brought forward to 2023/24.

8.2.2. Noted that the staff cost ratio was still very high compared with the recommended level and noted that this should be considered by the Finance Committee.

8.3. RL recommended the mock funding audit be carried out as early as possible in the event of a further funding audit by the ESFA.

## **9. Financial Statements Audit Plan, Year Ended 31 July 2023**

9.1. RL:

9.1.1. Outlined the purpose of the audit, the timescales involved, subject to a further ESFA audit, the key risk areas of focus and RSM's increased fees.

9.1.2. Referred to the emerging risks document and asked for it to be shared with Group Board members.

## **10. Verbal update on Audit tender**

10.1. JP noted that the audit tender was to be delayed until the Autumn term of the next academic year and that the Group's current providers would act throughout 2023/24. He noted that a tender was necessary in order not to breach the Group's Financial Regulations.

10.2. Governors asked when the last audit was carried out. JP noted it had been four years.

10.3. Governors agreed that it would be sensible to postpone to tender and to wait for the market to settle.

## **11. Committee self-assessment**

The Clerk outlined the self-assessment process and requested Governors provide thoughts on the Committees effectiveness during the year and compliance with its Terms of Reference.

## **12. Review of Terms of Reference**

The Clerk asked Governors to feedback and issues they had identified with the Terms of Reference during the year.

**13. Review of development of members**

- 13.1. The Clerk noted the requirement contained in the Post-16 Audit Code of Practice that the Committee review its skills needs.
- 13.2. Governors requested PDSAT reports training which the Clerk agreed to arrange with the Director of MI.
- 13.3. Governors asked for RSM's funding and funding audit training.
- 13.4. JP agreed to provide members with a guide relating to Cyber Essentials Plus.

**14. Any other business and review of the effectiveness of the meeting**

It was agreed that the Meeting had been effective and it was closed.

The Chair noted that the next meeting of the Committee was to take place in the Autumn of the following academic year with dates to be approved by the Group Board at its meeting on 4 July 2023.



Signed..... Date 07/12/2023

## Actions

No.	Minute	Details	Deadline	Responsibility
1	4.5	JP confirmed he would provide management responses to the ESFAs findings for the Committee.	The next Committee meeting	JP
2	6.2.2	JP agreed to consider the inclusion of a specific risk regarding strike action in the Risk Register.	The next Committee meeting	JP
3	6.3	IT WAS RESOLVED that the draft Risk Register 2023/24 be recommended for approval following a reconsideration by the Group Board of its risk appetite.	ASAP	JP
4	8.2.1	The Committee insisted on the internal IT reviewing being brought forward to 2023/24.	ASAP	JP
5	8.2.2	Governors noted	ASAP	The Clerk

		that the staff cost ratio was still very high compared with the recommended level and noted that this should be considered by the Finance Committee.		
6	9.1.2	RL referred to the emerging risks document and asked for it to be shared with Group Board members.	ASAP	The Clerk
7	13.2	Governors requested PDSAT reports training which the Clerk agreed to arrange with the Director of MI.	The next Committee meeting	The Clerk
8	13.3	Governors asked for RSM's funding and funding audit training	The next Committee meeting	The Clerk
9	13.4	JP agreed to provide members with a guide relating to Cyber Essentials Plus.	The next Committee meeting	JP