Audit Committee
Thursday 04 December 2025, 6:10-8:25pm
Block 1 Boardroom (1.204)

Meeting papers link: 04 December 2025 (GovernorHub)

Committee members:
Shabir Chagan
Ian Hughes (Committee Chair)
Alison Jarrett (Committee Vice Chair)
Grant Johnson

In attendance:
Nathan Coughlin, Bishop Fleming (Items 1-9)
Andy Hanson, Chair of F&R Committee (Items 1-3)
Louise Tweedie, RSM (Items 1-9)
Steph Morley, Director of Governance
Andrew Woodford, CFO & Vice Principal (except 8.3/8.4)

APPROVED MINUTES

Item	Discussion	Action
1	**Welcome** The Chair opened the meeting and welcomed all in attendance, in particular A. Hanson who had been invited, as Chair of the Finance & Resources (F&R) Committee, to provide feedback from their recent meeting and be part of the discussion under Item 3 (External audit and annual report/financial statements). The meeting was confirmed as quorate.	
2	**Procedural matters**	
2.1	Apologies There were no apologies as all committee members were in attendance.	
2.2	Declarations of interest There were no declarations of interest for this meeting.	
2.3	Confidential item(s) The Committee was advised the following items would be held in Confidential session: - Item 8.3: Fraud update - Item 8.4: Staffing update - Item 10.1: Internal audit performance	
2.4	Approvals since last meeting There were none to report at this time.	
2.5	Minutes of last meeting and actions/matters arising The Committee **approved** the minutes of the meeting held on 25 September 2025 as a true record With the exception of the actions relating to restructuring the risk register dashboard on PowerBi (due March 2026), all actions were reported as closed/completed.	

3 Spotlight: External audit and annual accounts

3.1 Key issues for discussion

N. Coughlin presented the external auditor's 'Key Issues for Discussion Document' (KIDD) for the audit of the college's 2024/25 finances and preparation of the corresponding annual report/financial statements. He provided a comprehensive overview of the key points arising from Bishop Fleming's audit work and the following was highlighted/discussed:

- The audit had progressed well, with all requests for additional information met by the college
- A clean and unmodified opinion had been issued
- There were no adjustments made as a result of audit findings
- There were no identified issues of fraud or failure of control to report
- The sector risk areas and those specific to the college were noted
- Pensions had been appropriately accounted for and, although not a recognised asset, an improved position was noted

The Committee referred to the brought forward item related to fixed assets recording and A. Woodford advised this would be addressed via the introduction of the new integrated finance system, with the necessary adjustments made for depreciation as required.

The Committee referred to the imminent clawback of Free Meals in FE funding due to underspending during the COVID/lockdown period noted in the annual report. A. Woodford confirmed the DfE had been advised of the need to make the repayment, but confirmation had not yet been received regarding how and when this should be paid. He advised a focus for the Head of Inclusion this year would be to promote the free meals programme and increase uptake across the college to avoid further funding clawback.

As Chair of the F&R Committee, A. Hanson confirmed he had no further comment to make and that the Committee had been satisfied with the information provided and subsequent discussion at its meeting on 27/11/25.

The Committee **noted** Bishop Fleming's Key Issues for Discussion Document 2024/25 and formally thanked the staff members and auditors who had worked together to ensure a smooth process.

3.2 College annual report and financial statements 2024/25

A. Woodford introduced the item and confirmed the status of the documents provided to the Committee:

- Draft members' report and financial statements 2024/25
- Summary of assurance systems of internal control and corporate governance
- Teacher Pensions report and signed end of year certificate (EOYC)

The Chair advised he had provided his feedback directly, which was largely formatting and language-related, and A. Woodford confirmed the amendments would be made prior to circulation with the meeting papers for the Corporation.

A. Woodford confirmed the letters of representation had been received and that a presentation for the Corporation summarising the key themes of the annual report/ financial statements had been produced and reviewed by the F&R Committee.

A. Woodford reported the college had ended the year in a good financial position, with no major variances to the agreed budget, and performed well against its financial indicators. He referred to the debtors noted in the annual report/financial statements and advised the largest item had since been paid by the local authority. He noted the more favourable capital position was the result of capital funding being received earlier than forecast and that the change from cash to asset-based security for an existing bank loan would see the college record increase available cash later this year.

A. Woodford advised the following:

- The auditors had confirmed the college as a going concern
- The college's main strategic risks were the recruitment of staff, pressures on accommodation and student retention
- The information for the streamlined energy and carbon reporting (SECR) and governance requirements was included within the annual report
- The surplus made by Halesowen College Enterprises (HCE) Ltd during 2024/25 would be gift-aided to the college
- A letter of support had been provided by the college confirming it would not call in HCE's debt within the next 12 months
- The college was required to submit its approved annual reports/financial statements and associated documents to the DfE by 31/12/25

The Committee sought further clarification regarding the inter-company debt between the college and HCE, and the need for an annual letter of support (rather than writing off the debt). N. Coughlin advised this had been explored in depth and, to ensure no negative financial impact on either HCE or the college, the best solution was the annual year-end process of a letter of support. He confirmed this situation was not unique to the college and was common across the sector.

The Committee **noted** the draft Halesowen College annual report and financial statements 2024/25 and **recommended** approval by the Corporation, subject to the amendments referred to at the beginning of the item. **AW**

At the end of this item, the Committee undertook a private session with the Internal and External Auditors. A. Woodford left the meeting for this part of the item and returned for Item 3.3.

3.3 <u>HCE Annual report and financial statements 2024/25</u>

A. Woodford referred to HCE's annual report/financial statements for 2024/25, noting they had been approved by the HCE Board, reviewed by the F&R Committee and would be presented to the Corporation at its upcoming meeting.

It was noted the membership and officers of the HCE Board were incorrect on the version shared with the Committee. It was confirmed the correct version had been signed off by the HCE Board/reviewed by the F&R Committee and would be checked prior to sharing within the Corporation meeting pack. **SM**

The Committee **noted** HCE's Directors' annual report and financial statements for 2024/25.

A. Hanson left the meeting at this point.

3.4 <u>Annual report of the Audit Committee</u>

The Chair presented the draft Audit Committee's annual report for 2024/25, which he advised must be considered by the Corporation prior to approval of the annual report/financial statements at its upcoming meeting. He confirmed the report had been updated to reflect both the external auditor's KIDD and RSM's annual report.

The Committee asked if attempted fraud should be referenced within the report. It was agreed, as the annual report related to activity within the 2024/25 financial/academic year, that the attempted fraud incident would not be referenced within this report; however, the Chair would provide a verbal update to the Corporation at its upcoming meeting.

The Committee **approved** the 2024/25 annual report of the Audit Committee, and the opinion of the Audit Committee therein, for presentation to the Corporation at its upcoming meeting. **IH**

4 Audit plans and reports

4.1 <u>Internal audit</u>

L. Tweedie presented the following internal audit reports:

a) Follow-up report 2024/25

- The report reviewed 29 audit recommendations from the previous year's internal audit programme: 23 had been fully completed and 2 had been superseded
- Of the 4 carried forward actions, 3 were medium level and 1 was low
- An opinion of a positive level of assurance and reasonable progress had been issued

The Committee referred to the action relating to the Learner Number Systems employer sign-off and it was confirmed this related to updating the wording on the template used, rather than a sign-off issue.

The Committee **noted** the follow-up audit report for 2024/25.

b) Annual report 2024/25/internal audit opinion

The following opinion had been issued: '*The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective'*.

The Committee was advised this was the opinion received by the vast majority of FE colleges.

The Committee **noted** the internal audit annual report for 2024/25.

c) Progress report – December 2025

- Nothing to report as no internal audit activity had yet been undertaken (as per the agreed internal audit plan)

The Committee noted the sector update provided within the meeting pack and it was agreed the link to an article regarding the role of the audit committee and risk management would be shared with committee members. **SM**

4.2 <u>Audit action tracking – progress report</u>

A. Woodford presented the latest audit action tracking report, which he advised had been updated to reflect the follow-up audit findings (see Item 4.1) via the additional column of 'audit opinion' previously requested by the Committee.

The Committee referred to the outstanding actions from the Estates audit and asked for an update relating to the system used to manage estates workload and strategy. A. Woodford informed the Committee a new system – Compliance Pod – had been introduced to improve the process and that a further update would be provided at the next meeting. It was acknowledged the update of the Estates Strategy had been postponed due to the developments regarding the college's capital projects. **AW**

5 Risk register 2025-26

A. Woodford presented the live risk register dashboard via PowerBi and advised a new risk had been added at the request of the F&R Committee - the impact of delay in receiving the LUF monies on the college's financial health score. It was noted proposals would be presented to the Corporation at its upcoming meeting in relation to this. He confirmed a separate cyber security risk had been incorporated as per the Committee's request at the last meeting.

The Committee referred to the new risk and asked if there was an attached deadline for spending the LUF. A. Woodford confirmed the deadline as March 2028 and that the funds had been received by the local authority (although no formal paperwork regarding the transfer of funds to the college had yet been signed).

The Committee asked if a risk update would be provided to the Corporation at its upcoming meeting – A. Woodford confirmed an update, including the action plan, would be presented to the Corporation. **AW**

S. Morley advised the Autumn term had been the first full round of meetings where the risk register had been on the agendas for all committees and that risk discussion was now being embedded as a standing item.

6 Annual reports and reviews

6.1 Annual review of confidential items/minutes

S. Morley presented the annual review of confidential items discussed during meetings the previous year and the proposals for retention and release of minutes and related documents.

The Committee **endorsed** the proposals and **recommended** the presentation of the report to the Corporation. **SM**

6.2 FOI/Data Protection

See Item 8.2.

7 Policy and compliance

7.1 Data Protection Policy

A. Woodford presented the updated Data Protection Policy for review and recommendation to the Corporation.

The Committee noted required amendments and clarifications, which were agreed would be made prior to presentation to the Corporation.

AW

The Committee **recommended** the approval of the updated Data Protection Policy by the Corporation, subject to the amendments discussed.

7.2 Anti-Fraud Policy
A. Woodford presented the Anti-Fraud Policy for approval, which had been updated to reflect the new requirements introduced by the Economic Crime & Corporate Transparency Act 2023.

The Committee **approved** the updated Anti-Fraud Policy.

8 By exception reports

8.1 Cyber security
There was nothing further to report at this time.

8.2 Data protection and FOI
A. Woodford presented the 2024/25 annual report for data protection and Freedom of Information, and the following was highlighted/discussed:

- There had been an increase in the number of reported data breaches, the vast majority of which were low-level and related to emails being mistakenly sent to the incorrect recipients
- Data protection training was delivered to all staff on an annual basis, plus additional training for staff members involved in an identified breach

The Committee asked if any of the breaches involved the same staff member. A. Woodford confirmed there was one staff member connected to multiple breaches – additional training had been provided and action would be taken via the appropriate policy if the issue persisted.

The Committee noted the primary reason for breaches (email) and asked if there were any reported incidents of physical breaches. A. Woodford advised physical breaches were much less common and were typically printing left on the printer if they did occur.

The Committee referred to the incident relating to papers being left in a bin and asked if this was on or off campus. A. Woodford confirmed the bin was within the campus and it had not been possible to identify who had been responsible – strong reminders about the importance of the safe disposal of confidential material had therefore been incorporated into the Principal's bulletin.

The Committee **noted** the 2024/25 annual report for data protection and FOI, and it was agreed the names of the people making FOI requests would be removed from the report. **AW & SM**

8.3 Fraud, bribery and money laundering (CONFIDENTIAL)
A separate minute of this item was taken.

8.4 Staffing update (CONFIDENTIAL)
A separate minute of this item was taken.

8.5 Governance and regulatory compliance
There was nothing further to report at this time.

8.6 Health and safety

A. Woodford presented the update report for health and safety. He noted the improved position compared to the previous report and highlighted the areas where there was improvement still to be made. He also mentioned the emphasis on encouraging near-miss reporting and the plans to carry out a 'spot and report' campaign.

The Committee asked for further information to the referenced delay to the fire alarm sounding within the campus. A. Woodford advised this had been recently discussed by the internal Health & Safety Committee – the alarms had been set to a 5-minute interval. This meant the Estates team would receive the immediate notification of the alarm sounding (to undertake initial investigation); however, it would not be heard within the building/campus until after the 5-minute mark. He confirmed this had now been adjusted to 1-minute.

The Committee noted the reduced number of assaults and asked if any reason for this was known. A. Woodford advised, although Whittingham Road was a busy campus, any problems between students were not translating into negative physical behaviours.

The Committee referred inaccessible links within the report and outstanding actions within the plan. A. Woodford confirmed the links would be updated and that the outstanding actions were now in hand. **AW**

The Committee requested detail regarding the fire drill taking longer than the college target and it was agreed this would be provided at the next meeting. **AW**

8.7 Office for Students (OfS)
S. Morley advised the OfS had very recently published consultation regarding changes to requirements for registered FE colleges; however, she had not yet read through the proposals so could not confirm the detail.

8.8 Procurement
There was nothing further to report at this time.

8.9 Whistleblowing
A. Woodford presented the 2024/25 annual report for whistleblowing, noting those that had been treated as whistleblowing matters or referred to other policy processes as appropriate.

The Committee **noted** the 2024/25 annual report for whistleblowing.

9 Any other business
There was no further business for discussion and the Chair closed the general session of this meeting.

10 Confidential session

10.1 Internal audit annual performance review
A separate minute of this item was taken.

There was no further business for discussion and the Chair closed the meeting at 8:25pm.

2025/26 meeting dates:

- ~~25 September 2025 (risk focus)~~
- ~~04 December 2025~~ (annual accounts focus)
- 05 March 2026
- 21 May 2026

Actions from this meeting:

Audit Committee – 04 December 2025				
Ref	**Item**	**Action**	**Owner**	**Timescale**
1	3.2	Annual accounts: Present amended annual report/financial statements to Corporation	AW	17/12/25
2	3.3	HCE accounts: Ensure correct version of HCE accounts are shared with Corporation	SM & AW	10/12/25
3	3.4	AC annual report: Present Committee's annual report to Corporation	IH	17/12/25
4	4.1	Internal audit update: Share link to role of audit committee (from RSM report) with members	SM	ASAP
5	4.2	Internal audit update: Provide an update on Compliance Pod implementation	AW	Next mtg
6	5	Risk: Provide a risk update to the Corporation, including action plan	AW	10/12/25
7	6.1	Confidential items review: Present Confidential items report to Corporation	SM	17/12/25
8	7.1	Policy review: Present amended Data Protection Policy to Corporation	AW	17/12/25
9	8.2	By exception reports: Remove names from FOI request list (and future reports)	SM & AW	ASAP
10	8.2	By exception reports: Update links in the H&S report	AW	31/01/26
11	10	Internal audit review: Provide feedback from discussion to RSM	AW	31/01/26