

**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE (no.44)
HELD ON 11 NOVEMBER 2025 AT 6.00 PM VIA MICROSOFT TEAMS**

Present: R. Wallace (Chair), D. Clayton, R. Morris, and R. Newton-Syms.

In Attendance: J. Sherrington (Vice Principal & Deputy Chief Executive)

J. Whiteside (Executive Director of Finance)

Anne-Marie Nixon (Interim Director of Governance)

Auditors: K. Musgrave (RSM – External Auditors) (part of time)

Observer: W. Johnson (Principal & Chief Executive)

J. Booker (Chair of the Corporation)

58. Appointment of Chair

58.1 Ms. Nixon introduced the item and following confirmation that there was one candidate for the role of Chair, requested that Mr. Wallace leave the meeting.

Mr. Wallace left the meeting at 6.09 p.m.

58.2 Mr. Newton-Syms nominated, and Mr. Morris seconded, the appointment of Mr. Wallace as Chair of the Committee for 2025-26.

Resolved – that Mr. Wallace be appointed as Chair of the Committee for 2025-26.

Mr. Wallace returned to the meeting at 6.10 p.m. and was advised of his appointment.

Mr. Wallace took the chair.

59. Appointment of Vice Chair

59.1 Mr. Newton-Syms reported that as he was taking an authorised leave of absence from 1 January - 1 June 2026 he was unable to be considered for the role of Vice Chair. Mr. Morris agreed to be considered for the role during Mr. Newton-Syms absence.

Mr. Morris left the meeting at 6.11 p.m.

59.2 Mr. Newton-Syms nominated, and Mr. Wallace seconded, the appointment of Mr. Morris as Vice Chair of the Committee until June 2026

Resolved – that Mr. Morris be appointed as Vice Chair of the Committee until June 2026.

Mr. Morris returned to the meeting at 6.12 p.m. and was advised of his appointment.

60. Attendance of College Management

Submitted: Extract from Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee (previously circulated and copy attached to Official Minutes)

60.1 The Committee noted the contents of the extract, and it was

Resolved – that: the College Management Staff and the representatives of the Internal and External Auditors be invited to attend the meeting.

61. Apologies for Absence

There were no apologies for absence. An apology for late arrival was received and accepted from Ms. Musgrave.

62. Declarations of Interest

62.1 **Mr. Newton-Syms declared an interest in item 16 Board Composition in relation to his authorised leave of absence. All other members and officers present declared that they had no interests, personal, fiduciary or otherwise in any of the business on the agenda for the public meeting.**

63. Minutes of the Audit Committee Meeting held on 16 September 2025

Submitted: Minutes of the Meeting held on 16 September 2025 (previously circulated and copy attached to Official Minutes).

Resolved - that the minutes of the meeting held on 16 September 2025 be approved as a correct record and be signed by the Chair.

64. Matters Arising from the Minutes

a) Membership of the Committee (Attendance List refers)

The Chair highlighted the urgent need to fill the as soon as possible. During discussion Ms. Nixon highlighted potential routes: advertising via LinkedIn using audit, accountancy and risk as key words; advertise via the College's website; seek support from the DfE and advertise via networks in Lancashire. The Chair undertook to liaise with Ms. Nixon and Mr. Johnson and to also explore asking a Board member to transfer to the Committee to cover the period an external member could be recruited.

65. Discussion re. Committee Reporting Priorities for 2025-26

Ms. Nixon introduced the item, explaining the rationale for inclusion in the agenda as being a further opportunity for members to shape the agenda and discuss the reports and report presentations they would like to focus on in the year.

- 65.1 The Committee welcomed the opportunity to discuss priorities and acknowledged the benefit of the September Special Meeting to conduct a deep dive The Chair questioned the possibility of holding an additional meeting as there appeared to be a lot of audit reports due in March and the Committee undertook to keep this under review. Members agreed to retain the scheduled February meeting.
- 65.2 During discussion the Committee agreed that the schedule needed to remain flexible to change as and when priorities changed or new risks or regulation emerged. Whilst recognising the progress made, Members considered health and safety remained a key priority to provide assurance to the Board. Reference was made to the new Health and Safety Strategy and the work needed to ensure that the health and safety culture was fully embedded. Members recognised the need to allow time for the culture and practices to be embedded and agreed to review the audit schedule for 2026-27 at the June meeting, with a view to scheduling an early audit of health and safety. The outcome of this audit could then be presented to the Committee in November 2026.
- 65.3 During discussion, a member questioned the audit coverage of cyber security and was advised that Finance and Resources Committee received regular updates on the internal checks, and this paper could be shared with this Committee. Ms. Sherrington reported that a new training package was being rolled out across the College and undertook to submit an update report, focusing on outputs to the

February meeting of this Committee. Members noted that they could request deep dives throughout the year into any areas of high risk.

Resolved – that:

- a) **health and safety remain a key area of focus**
- b) **An early audit of health and safety be conducted in Summer 2026, with the outcome reported to the Committee in November 2026;**
- c) **a Cyber Security update report be submitted to the February meeting of this Committee.**

66. Regularity Audit Questionnaire

Submitted: Joint Report from the Vice Principal and Deputy Chief Executive, the Executive Director of Finance and the Interim Director of Governance (previously circulated and copy attached to Official Minutes)

66.1 Ms. Sherrington presented the report, confirming that this had been approved by the Corporation at its meeting on 7 October 2025.

Members noted that all responses were evidence based and the finalised questionnaire had been submitted to RSM as part of the external audit of the Financial Statements for 2024-25.

66.2 During discussion members noted that the Principal and Chief Executive and the Chair of the Corporation were required to sign the finalised report.

Resolved – that the report be accepted.

In accordance with her earlier apologies for late arrival, Ms. Musgrave entered the meeting at 6.43 p.m.

67. Annual Report of the Audit Committee for 2024-25

Submitted: Report of the Committee prepared by the Interim Director of Governance on behalf of the Chair (previously circulated and copy attached to Official Minutes)

67.1 Ms. Nixon guided members through the detailed report, drawing attention to the Committee's work over the last year. Reference was also made to the decision (June 2025) relating to student governors not serving on this Committee and both serving on Quality and Standards Committee. During discussion members concurred that this was a

detailed, accurate description of the work of the Committee during 2024-25 and recommended that the Corporation approve the report.

Resolved – that the Corporation be recommended to approve the report

68. Annual Review of the Terms of Reference for Audit and Governance Committee

Submitted: Report of the Interim Director of Governance (previously circulated and copy attached to Official Minutes)

68.1 Ms. Nixon presented the report, drawing attention to the amendments made to the previous version based on sector good practice and DfE advice.

68.2 During discussion members welcomed the proposed amendments and suggested a further amendment to the statements relating to Search, namely, to remove the final bullet point of paragraph 3.4.2 to enable the Chair and Vice Chair to be involved in the Search activity when the Vice Chair was a member of Audit and Governance Committee.

Resolved – that the Terms of Reference be amended to include the request detailed above and be submitted to the next meeting of the Corporation for approval.

69. Financial Statements for the year ended 31 July 2025 and External Audit Findings Report

Submitted: Report of the Vice Principal, Finance and Deputy Chief Executive and Audit Findings Report from RSM (previously circulated and copy attached to official Minutes)

69.1 Ms. Musgrave guided members through the detailed Audit Findings report, drawing attention to the changes made to materiality to reflect draft year end results. Ms. Musgrave reminded members that the Audit Findings Report would be submitted to the DfE with the audited Financial Statements following Corporation approval in December.

69.2 Ms. Musgrave reported that the audit of the Financial Statements was substantially complete and on schedule to be completed in time to report to the Corporation on 9 December. Ms. Musgrave drew attention to the findings in relation to the key risks of management override of controls, income recognition and defined benefit pension scheme. RSM had found no issues with management override of controls. There were a couple of small issues relating to income recognition, which were not

material. With reference to the defined benefit pension scheme, Ms. Musgrave confirmed that this was an asset position, but the rules of the scheme meant that the College could not recognise this as an asset in the accounts, so it appeared as nil.

- 69.3 In turning to the control recommendations, Ms. Musgrave explained each recommendation in turn, highlighting that the debtors' ledger and suspense account recommendations were minor. Most of the recommendations related to the Funding Audit and Apprenticeships and Skills. Members noted that RSM conducted Funding Audits on behalf of the DfE and therefore these recommendations were based on the very latest DfE advice. Ms. Musgrave advised the Committee that further evidence had been submitted by the College which was being reviewed and these recommendations might reduce as a result.
- 69.4 With reference to the recommendation relating to lack of evidence for one student in the sample, Ms. Musgrave explained how the extrapolated error was calculated, highlighting that the actual amount from the sample was a small value.
- 69.5 In concluding the presentation, Ms. Musgrave highlighted that the audit of the Financial Statements was strong and there were no financial adjustments to be made and thanked the Finance Team for their work and co-operation during the audit.
- 69.6 Ms. Sherrington advised the Committee that whilst the recommendations arising from the Funding Audit were disappointing, the issues were being picked up at speed, and the recommendations had been accepted in full. Reference was made to the improvements in reporting and data management following the implementation of ProSolution over the summer period. Ms. Sherrington confirmed that the Apprenticeships and Skills Team had submitted additional evidence for RSM to review and this report could change.
- 69.7 During discussion a member paid tribute to the work of the Finance Team in having no adjustments to make to the Financial Statements. Members acknowledged that the Apprenticeship funding regulations were complex and management had accepted the recommendations and questioned how the Committee would monitor the progress of these recommendations to ensure that they did not recur.
- 69.8 Ms. Sherrington reported that there was a scheduled Internal Audit of this area later in the year and that there would be an action plan for the Committee to monitor at each meeting. In addition, Ms. Sherrington confirmed that there was an internal project group which would scrutinise and challenge the progress of the agreed actions. Members noted the recent appointment of a highly experienced Executive

Director of MIS who was leading the implementation and development of ProSolution and was already conducting mini audits of different areas of the College to ensure compliance with all regulations. Ms. Sherrington undertook to invite the Executive Director to submit a report on the outcomes of her internal sampling to the next meeting of this Committee for assurance.

- 69.9 At this stage in the meeting the Committee's attention was drawn to RSM's detailed account of emerging issues in the sector. During discussion members agreed that this was a very useful report and requested that it be circulated to all members of the Corporation.
- 69.10 Ms. Sherrington presented the Draft Financial Statements, and all members confirmed that they had read the detailed report in advance of the meeting. A member queried the membership information and Ms. Nixon confirmed that there was an omission in the membership of the Committee which would be corrected straight away. The Chair queried the inclusion of the new mission statement in the opening paragraphs and Ms. Sherrington confirmed that the new mission statement came into effect for the academic year 2025-26.

Resolved – that:

- a) **Ms. Musgrave and her team be thanked for a clear and comprehensive presentation of the audit findings;**
- b) **the Draft Audit Findings Report be accepted, subject to the review of the additional information provided by the Apprenticeships and Skills Team;**
- c) **the Finalised Audit Findings Report and Management Letter be recommended to Corporation for approval;**
- d) **the Financial Statements (subject to any necessary minor amendments) be recommended to Corporation for approval;**
- e) **the Committee's appreciation of the work of the Finance Team in producing accounts with no recommended adjustments be formally recorded and conveyed to the Finance Team;**
- f) **the Committee closely monitor the progress of the recommendations arising from the Funding Audit and the outcomes of internal data audits by the Executive Director of MIS be reported to the next meeting of this Committee for assurance;**
- g) **RSM's Emerging Issues Report. Be circulated to all members of the Corporation.**

70. Teachers' Pension Audit Report

Submitted: Report from RSM (previously circulated and copy attached to Official Minutes)

- 70.1 Ms. Sherrington presented this report, highlighting that this had been a very clean audit, with no exceptions or errors identified and attributing this to the high-level accuracy of the Payroll Officer and the Finance Team.

Resolved – that the report be approved.

71. Internal Audit Progress Report

Submitted: Report of the Executive Director of Finance (previously circulated and copy attached to Official Minutes)

- 71.1 Ms. Sherrington presented the progress update, highlighting that the estates restructure had impacted some of the completion dates and there was an overlap with some health and safety improvement actions, before inviting members' questions.
- 71.2 During discussion a member questioned whether the outstanding recommendation relating to lesson observations had been superseded by the new curriculum blueprint. Ms. Sherrington stated that this had been reviewed and whilst the blueprint had been implemented, there was some merit in continuing to monitor this recommendation until the positive impact of the new blueprint was evidenced.
- 71.3 In response to a challenge relating to the length of time some estates actions had been unresolved, Ms. Sherrington reported that there had been a follow-up audit since the original recommendations had been made and whilst progress had been made, the actions were not yet fully completed. The Chair requested that the report be amended to reflect the progress made in this area. Ms. Sherrington referred to the purchase of new risk management software which could also track and monitor audit actions for greater visibility of outstanding actions and advised members that there would be training for governors and managers in the Spring.

Resolved – that the report be approved, subject to further details relating to progress made in estates being included in future reports.

72. Review of Risk Management Policy and Risk Appetite

Submitted: Report of the Vice Principal and Deputy Chief Executive (previously circulated and copy attached to Official Minutes)

72.1 Ms. Sherrington presented the revised policy and risk appetite, drawing members' attention to the highlighted changes. All members confirmed that they had read the detailed report in advance of the meeting and had no changes to propose.

Resolved – that the Risk Management Policy and Risk appetite be recommended to the Corporation for approval.

73. Data Returns Monitoring Report

Submitted: Report from the Vice Principal and Deputy Chief Executive (previously circulated and copy attached to Official Minutes)

73.1 Ms. Sherrington presented the report, highlighting that all returns had been submitted on time.

Resolved – that the report be approved.

74. Board Composition Including EDI and Skills Audit Update

Submitted: Report and associated appendices from the Interim Director of Governance (previously circulated and copy attached to Official Minutes)

74.1 Ms. Nixon guided members through the detailed report, drawing attention to the current composition (including 2 vacancies for independent governors and 2 vacancies for student governors) and the EDI profile for the Board. Members noted the current terms of office and that Ms. Townsley's first term would end in June 2026. Members highlighted the need to recruit new members to Audit and Governance and Finance and Resources Committees.

74.2 Ms. Nixon highlighted the benefit of reviewing the knowledge and skills categories for the previous year's skills survey before starting the survey for 2025-26. During discussion members suggested that the following knowledge and skills be included: governance, communications, apprenticeships and Further education. Ms. Nixon undertook to make these additions before circulating the survey.

74.3 With reference to the EDI characteristics of the Board compared with staff and student data, members noted that the lack of ethnic diversity and that previous external recruitment consultancy support had not resulted in any applications from minority ethnic backgrounds. Mr. Johnson suggested discussing this further the DfE to ascertain what additional support could be provided. Members noted that other protected characteristics were represented on the Board and

acknowledged the benefit of advertising vacancies through different mediums to attract more diverse applications.

- 74.4 Whilst noting the approval of the establishment of a new Student Council and its role in seeking interest for the role of student governor, members expressed disappointment at the level of student engagement during 2024-25 and highlighted the need for a clear and deliverable package of support for the student governors as soon as they were elected. Ms. Nixon reported that interested applicants were scheduled to observe the first 30 minutes of the Quality and Standards Committee meeting before confirming their applications and confirmed that support would be provided.

Resolved – that:

- a) the report be approved, subject to continuous monitoring of the composition of the Board and appointment of student and independent governors to fill the current vacancies;
- b) the Board Skills Survey be updated to include the knowledge and skills identified by the Committee above (paragraph 74.2);
- c) additional support from the DfE be sought to help ensure more diverse applications for governor roles in the College in future;
- d) the Committee be kept informed about the progress of the appointment of student governors.

75. Governance Self-Assessment Report

Submitted: Report of the interim Director of Governance (previously circulated and copy attached to Official Minutes)

- 75.1 Ms. Nixon presented the report in detail, advising governors that 14/13 returns had been submitted, with one governor reporting that they had submitted twice in error. Members noted that this was the highest return rate in previous years. Ms. Nixon advised members that whilst the outcomes were positive (with no disagree or strongly disagree responses), some sections merited further investigation to try to ascertain why some areas of the Board's work had elicited fewer strongly agree responses than others.
- 75.2 During discussion members welcomed the detailed presentation of the outcomes of the anonymous survey and supported Ms. Nixon's suggestion to seek further clarity on some responses to identify any areas requiring further Board training and development.

Resolved – that:

- a) **the report be accepted and be submitted to the Corporation for approval;**
- b) **Ms. Nixon be authorised to investigate further those areas with the fewest strongly agree responses and report back to this Committee.**

76. Governance Quality Improvement Plan

Submitted: Report of the Director of Governance (previously circulated and copy attached to Official Minutes)

- 76.1 Ms. Nixon presented the report, guiding members through the background to the previous version, the outcomes of the External Governance Review and current priorities. During discussion members agreed that the priorities were the appointment of and support for student governors, the appointment of a Permanent Director of Governance, preparing governors for Ofsted Inspection and reviewing written and oral presentations of reports to ensure sufficient time for members to discuss strategy and local, regional and national collaboration opportunities.
- 76.2 A member suggested that the Committee use the Quality Risk Assessment (QRA) format for the improvement plan and for this to be submitted to the next meeting of the Committee.

Resolved - that the report be accepted and the above priorities be used to draft the new plan using the QRA format.

77. Annual Review of the College's Decision-Making Processes

Submitted: Report of the interim Director of Governance (previously circulated and copy attached to Official Minutes)

- 77.1 Ms. Nixon guided members through the detailed report, drawing attention to the supporting documents (*Corporation Structure; Instrument and Articles of Government; Standing Orders and Code of Conduct*), which had been included as appendices to the report. Members agreed that the report and appendices reflected a true and accurate reflection of the decision-making processes and recommended their adoption to the Corporation.

Resolved – that the report be approved for submission to the Corporation for final approval.

78. Corporation Training Plan 2025-26

Submitted: Report of the Interim Director of Governance (previously circulated and copy attached to Official Minutes)

- 78.1 Ms. Nixon introduced the report, highlighting the benefit of it remaining flexible to accommodate changing priorities and new external programmes of interest to governors. Members noted that the two staff governors had been invited to the ETF Staff Governor Conference in December and Ms. Clayton was scheduled to attend.
- 78.2 During discussion members highlighted the need for all governors to complete the mandatory training in a timely manner and governors with outstanding modules were being reminded of this.

Resolved – that the report be accepted.

At 8.01 the Committee turned to the Confidential Agenda and Ms. Musgrave left the meeting.

Anne-Marie Nixon

Interim Director of Governance

20 November 2025