

## **AUDIT COMMITTEE of the Governing Body**

**Minutes of the Committee held on Tuesday, 11<sup>th</sup> November 2025 at 5.00pm  
at Stanmore College and on MS Teams**

### **Present:**

Mr Julian Davies (JD) – Chair of Committee

Mr Sundeep Bhandari (SB) – Vice Chair of Governors/ Vice Chair of Committee

Mr Mike Bluestone (MB) – Governor

Mr Mahmood Ladak (ML) – Governor

### **In Attendance:**

Ms Anjana Jonathan (AJ) – Director of Finance

Ms Justine Gooch (JG) – Director of MIS, IT, Admissions

Mr Mike Cheetham (MC) – RSM, Internal Auditor (Teams) – for items 2-6 and 9.2.3 only

Mr Mark Eagle (ME) – MHA, External Auditor

Ms Kayee Chan (KC) – Director of Governance

### **Apologies:**

None

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### **RESOLUTION**

- To confirm Part 1 Minutes of the Meeting of 20 May 2025
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### **RECOMMENDATION TO THE GOVERNING BODY**

- Approve the Final Financial Statements for 2024/25.
  - Approve the Letter of Representation for submission to the External Auditors.
  - Approve the External Audit Engagement Letter
  - Approve the Regularity Self-Assessment Questionnaire
  - Receive and note the Annual Audit Committee Report
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**1. Private meeting with the Auditors**

1.1 N/A – a meeting did not take place.

**2. Welcome, Apologies and Introductions**

2.1 The Chair welcomed all attendees. No apologies were received. Attendance was confirmed as complete for voting purposes.

**3. Ratification of Chair and Vice Chair**

3.1 The Committee ratified the Chair and Vice Chair for the academic year, confirming positions already endorsed at the Board.

**4. Terms of Reference**

4.1 The Committee noted that the Terms of Reference had been reviewed and approved at the Board. No amendments were raised.

**5. Conflicts of Interest and Declarations**

5.1 There were no declarations of interest made by governors.

**6. Confirmation of Quorum**

6.1 The meeting was confirmed as quorate.

**7. Minutes**

7.1 The Committee approved the minutes. No corrections were requested. The Chair confirmed that all actions were either completed or covered within the agenda.

7.2 Action Points review

There were no action points to review.

**8. Matters arising not on the agenda**

8.1 There were no matters arising.

## **9. Performance & Risk**

### **9.1 KPI Review**

- 9.1.1 The Director of MIS, IT & Admissions JG presented the KPI dashboard, highlighting performance patterns and areas where risk interaction was evident.
- 9.1.2 Learner attendance: Members noted attendance pressures across several curriculum areas and sought reassurance that interventions were being implemented. It was confirmed that attendance monitoring had intensified, with earlier escalation to pastoral teams and strengthened reporting cycles.
- 9.1.3 Retention and Withdrawals: The Committee discussed mid-year withdrawal patterns and the impact on in-year funding stability. Assurance was provided that the College was now tracking early leavers more systematically and linking this information to curriculum planning and safeguarding trends.
- 9.1.4 Achievement Forecasting: Governors noted that achievement forecasting methodologies had been enhanced and were more closely aligned to internal progress monitoring, reducing variance between predicted and actual outcomes. Work was ongoing to embed standardised forecasting assumptions across departments.
- 9.1.5 The Committee concluded that KPI reporting had improved in clarity and usefulness, and asked that trends be cross-referenced even more explicitly with strategic risk indicators in future reports.

### **9.2 Risk Register**

- 9.2.1 The Director of Finance AJ presented the updated Risk Register, outlining changes in mitigations and directional movements since the previous meeting. Key points included:
- Financial sustainability remained stable but under close observation due to national funding uncertainties and pay pressure.
  - Curriculum resourcing risks were being mitigated through targeted recruitment, agency deployment and better workforce planning.
  - Capital build-related risks had shifted as the project progressed into new phases, with dependency risks becoming clearer.
  - Data and cyber security risk continued to be managed through strengthened IT controls and system upgrades.
- 9.2.2 Members questioned how internal audit findings and KPI trends were feeding into risk scoring. The Director of Finance confirmed that a more integrated assurance mapping process was being developed to triangulate risk, performance and audit outcomes.

### **9.3 Capital Build KPIs / Risk Register**

9.3.1 The Project Manager IA provided an update on capital programme KPIs and risk alignment. He confirmed that:

- Key milestones remained on track,
- Interfaces between the College and contractors continued to be well managed, and
- Assurance processes between internal audit and capital oversight had been clarified following earlier discussion.

9.3.2 The Committee noted that the earlier query about commissioning an internal audit on the capital build had been resolved, given that the information needed by Internal Audit related more to advisory support rather than formal audit requirements.

### **9.4 Staffing Cost Analysis**

9.4.1 The Director of Finance gave a detailed update on staffing expenditure, utilisation issues and workforce risk.

Areas discussed included:

- Volatility in curriculum demand, leading to uneven staffing needs;
- Recruitment pressures, particularly in specialist subjects;
- Use of agency staff and flexible contracts to manage short-term gaps;
- The importance of maintaining the staffing cost-to-income ratio within sector benchmarks to avoid erosion of financial health.

9.4.2 A governor queried whether the DfE imposed consequences for exceeding the benchmark. The Director of Finance confirmed that the 65% indicator was advisory rather than enforceable and cited correspondence from the FE Commissioner confirming the expectation rather than obligation.

9.4.3 A governor then asked whether outsourcing security functions would help stabilise costs and improve control. The Director of Finance confirmed this was under active review, with early exploration into service standards and cost-benefit analysis. A governor offered professional support offline.

## **10. External Audit**

### **10.1 External Audit Engagement Letter**

10.1.1 External Auditors explained that their firm had recently restructured into two legal entities, necessitating a revised engagement letter. The Committee noted the administrative change and agreed that the Board should approve the letter in line with governance requirements.

## **10.2 Auditor's Management Letter**

10.2.1 External Auditors presented the draft Management Letter. They reported a strong audit outcome, noting:

- No significant deficiencies identified;
- No material issues in key risk areas such as revenue recognition, related parties or management override;
- No unadjusted audit differences above the reporting threshold;
- Efficient cooperation from the Finance team, enabling timely completion.

10.2.2 The audit team confirmed that they anticipated issuing a clean audit opinion, and commended the College's finance function for robust internal controls.

## **10.3 Final Financial Statements**

10.3.1 The Director of Finance introduced the final version of the financial statements, confirming that all audit queries had been addressed. The Committee endorsed the statements for Board approval.

## **10.4 Letter of Representation**

10.4.1 The Committee reviewed the Letter of Representation and supported its submission to the Board.

## **10.5 DfE Financial Assessment Letters**

10.5.1 The Committee received the DfE's financial health assessment and noted the positive rating.

## **10.6 Regularity Self-Assessment Questionnaire**

10.6.1 The Committee reviewed the questionnaire required under the ESFA Regularity Framework and confirmed it was satisfied for submission to the Board.

## **10.7 FE Commissioner Letter**

10.7.1 The Committee noted the contents of the FE Commissioner's letter and confirmed no further action was necessary.

## **11. Internal Audit**

### **11.1 Internal Audit Reports**

11.1.1 RSM presented their latest reports, noting that assurance levels were positive overall and that no high-risk findings had emerged. Areas reviewed demonstrated sound control frameworks with clear recommendations for incremental improvement.

### **11.2 Emerging Issues Update**

11.2.1 RSM introduced their sector “Emerging Issues” briefing, highlighting rising themes across the FE sector including funding volatility, cyber resilience, curriculum sufficiency, workforce pressures and estate optimisation.

11.2.2 Governors agreed the paper was highly valuable and should be included as an appendix to Board papers for wider governor awareness.

## **12. Governance & Compliance**

### **12.1 DfE Accounts Direction / Framework Update**

12.1.1 The Director of Governance reported that there were no substantive changes to the DfE Accounts Direction affecting this year’s reporting cycle and confirmed the College remained compliant.

### **12.2 Annual Audit Committee Report**

12.2.1 The Director of Governance presented the Annual Report, highlighting:

- 83% attendance across the year;
- Full compliance with Terms of Reference;
- Completion of internal and external audit plans;
- Confirmation that the College’s audit arrangements remained appropriate and effective.

12.2.2 The Committee approved the report for the Committee Chair’s sign off and submission to the Board.

## **13. Whistleblowing & Fraud**

13.1 The Committee reviewed the annual log. It was confirmed:

- No whistleblowing reports had been made under the formal policy;
- One complaint had been escalated via DfE channels and was investigated thoroughly, with no findings upheld.

## 14. Policies

- 14.1 No policies were due for review at this meeting. Policy reviews would resume in Terms 2 and 3.

## 15. Meeting Review, Learning and Reflection

- 15.1 Members agreed that the meeting was succinct and papers well presented. On reflection it was highlighted that the changes in Board chairship should be referenced in the Annual Report and Accounts, which would be followed up.

## 16. Date of Next Meeting

- 16.1 The next meeting was scheduled for 10<sup>th</sup> March 2026.

### Schedule of Actions:

	Action	Responsible	By When	Progress
<b>20<sup>th</sup> May 2025</b>				
8.1.6	To produce a deeper analysis report of staffing cost drivers for the next meeting to provide better context on budget pressures.	Director of Finance/ AJ	Autumn 2025	Completed
8.1.8	To monitor and address recruitment challenges, considering different strategies to recruit suitable staff.	Director of Finance/ AJ	July 2025	Completed
8.5.3	Future KPI reporting to include phased targets and comparisons to the previous year to give a more realistic view of progress.	Director of MIS, IT, Adm/ JG	Autumn 2025	Completed
9.1.2	To confirm evidence of the Capital Build impact assessment for staff and students for assurance and to address internal audit.	Director of Finance/ AJ & Director of MIS, IT, Adm/ JG	June 2025	Completed
9.2.3.2 & 9.2.3.4	To develop an actionable playbook for cyber security, especially focused on communications, be developed for use during live incidents and to collaborate with other FE institutions for best practice.	Head of IT Services/ SB	Autumn 2025	

9.2.4.1	To address governance related actions from the Follow-up Audit Report.	Director of Gov/ KC	June 2025	In progress
<b>11<sup>th</sup> November 2025</b>				
9.4	Continue exploring options for outsourcing the security function, including taking up the offer of governor advice.	Dir. of Finance/ AJ	Autumn 2025	
10.	Ensure the following go forward for Board approval: <ul style="list-style-type: none"> <li>• Final Financial Statements</li> <li>• Letter of Representation</li> <li>• External Audit Engagement Letter</li> <li>• Regularity Self-Assessment Questionnaire</li> </ul>	DoG/ KC	Next Board Meeting December 2025	
11.2	Include the Emerging Issues paper as an appendix to future Board papers for information.	DoG/ KC	Autumn 2025	
15.1	Confirm whether the change of Board Chair needs to be referenced in the statutory accounts.	DoG/ KC	Next Board Meeting December 2025	

[Part I of Meeting ended at 6.30pm]

Auditors and the Director of MIS, IT & Admissions were invited to leave the meeting before Part II the confidential meeting commenced.

Kayee Chan, Director of Governance