

AUDIT COMMITTEE of the Governing Body

**Minutes of the Committee held on Tuesday, 3rd March 2026 at 5.00pm
at Stanmore College and on MS Teams**

Present:

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

Mr Mike Bluestone (MB) – Governor

Mr Mahmood Ladak (ML) – Governor

In Attendance:

Mr Clive Makombera (CM) – RSM, Internal Auditor – for items 1 to 9.

Ms Anjana Jonathan (AJ) – Director of Finance

Ms Justine Gooch (JG) – Director of MIS, IT, Admissions – for items 9.2 and 10. only

Ms Kayee Chan (KC) – Director of Governance

Apologies:

Mr Julian Davies (JD) – Chair of Committee

RESOLUTION

- To confirm Part 1 Minutes of the Meeting of 11 November 2025
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1. Private Meeting with Auditors

- 1.1 The Committee confirmed that a private meeting with auditors was not required at this stage of the meeting.

2. Welcome, Apologies and Introductions

- 2.1 The Chair welcomed members and attendees to the meeting. Apologies were noted as appropriate.

- 2.2 The Chair welcomed Clive Makombera, who would be working with the College as part of the internal audit team going forward following a change in personnel within the audit provider's team.

3. Conflicts of Interest and Declarations

- 3.1 There were no declarations of interest made by governors.

4. Confirmation of Quorum

- 4.1 The meeting was confirmed as quorate.

5. Minutes and Actions from Previous Meeting

- 5.1 The Committee reviewed the minutes of the meeting held on 11 November 2025.
- 5.2 Members confirmed that the minutes were an accurate record.
- 5.3 The Committee then reviewed the action log. It was reported that all actions relating to the year-end accounts had been completed. The only outstanding item related to the review of the security function and the potential outsourcing of provision. It was noted that an initial discussion had taken place, but a more detailed meeting was required to fully consider the operational and staffing implications.
- 5.4 The Committee also noted that the cybersecurity playbook remained outstanding. It was confirmed that this would require further engagement between relevant staff and governors and that a revised timeline would be set. The Committee agreed to update the target completion date for this item to June 2026 to reflect the work required.

6. Management Accounts – January 2026

- 6.1 The Director of Finance presented the six-month management accounts. It was reported that the College was currently delivering a small surplus, albeit below initial expectations.
- 6.2 The Committee noted that the position was primarily driven by the timing of income recognition, particularly Local Authority income, which had not yet been fully realised. It was explained that this income is typically received later in the financial year and therefore had not been included in the current position.
- 6.3 Members discussed cost pressures, particularly in relation to staffing. While the established staffing structure remained within budget, it was noted that difficulties in recruitment had resulted in increased use of agency staff, which was driving higher expenditure. The Committee also noted the impact of the 4% pay award, which had

been implemented from February with back pay to August, and would therefore affect later financial reporting periods.

- 6.4 The Committee explored the broader financial position, including cash flow and balance sheet strength. It was reported that the College continued to maintain a strong cash position, supported in part by capital grant funding, although this would reduce as capital expenditure progressed.
- 6.5 The Chair raised concerns regarding the narrow level of surplus and the limited margin for financial risk. It was emphasised that even relatively small unforeseen costs, such as legal expenses, could materially impact the College's position. Members highlighted the importance of maintaining financial resilience and requested that this concern be clearly communicated to the Finance and Resources Committee for further consideration.
- 6.6 In response, the Director of Finance confirmed that a degree of contingency had been built into non-pay budgets, including provision for potential legal costs.
- 6.7 The Committee noted the management accounts and received assurance on the current position, while highlighting the need for continued vigilance.

7. Internal Audit

7.1 Benchmarking

- 7.1.1 The Committee received the internal audit benchmarking report.
- 7.1.2 It was reported that, based on comparison with a wide range of further education institutions, the College was not an outlier and generally performed well across key areas. The Committee noted positively that the College appeared to be operating at a strong level relative to sector peers.
- 7.1.3 The Chair commended the work of management and internal audit, noting that the outcomes reflected sustained effort over the previous year. The Committee formally requested that its thanks be conveyed to the senior leadership team for their work in achieving this position.
- 7.1.4 Notwithstanding this positive position, the Committee noted that expectations would continue to rise and that ongoing focus was required, particularly in relation to financial sustainability and people-related risks.

8.2 Internal Audit Reports (Draft)

- 8.2.1 The Committee considered the draft internal audit reports relating to financial controls and recruitment.
- 8.2.2 The Chair noted that it was unusual for draft reports to be presented to the Committee, as these would typically be finalised following agreement of management

actions. Members expressed initial concern regarding the findings, particularly where weaknesses had been identified.

- 8.2.3 The discussion focused on the financial controls report, including the identification of risks relating to processes such as payroll and system controls. The Committee explored the potential implications, including whether any issues could give rise to fraud risk.
- 8.2.4 Management provided assurance that, while some control weaknesses had been identified, these were understood and were being actively addressed. It was explained that certain issues were linked to system limitations, particularly in relation to the HR/payroll system, and that manual controls were in place to ensure accuracy of reporting.
- 8.2.5 The Committee also took assurance from the fact that external audit had not identified any evidence of fraud or material misstatement.
- 8.2.6 It was agreed that the reports would be finalised following completion of management responses and that the final versions would be circulated to Committee members for review and confirmation outside of the meeting.

9. Performance and Risk

9.1 Risk Register

- 9.1.1 The Committee reviewed the risk register, with particular focus on financial risks.
- 9.1.2 It was noted that EBITDA had been rated red at the six-month point. The Director of Finance explained that this reflected the timing of income rather than an underlying deterioration in performance. Members explored the potential downside scenario, considering whether the College would remain within acceptable benchmarks if performance did not improve.
- 9.1.3 It was confirmed that, even in a downside scenario, the College would likely remain within sector benchmarks, albeit at a lower performance level.
- 9.1.4 The Committee also discussed the pay to income ratio, noting that this had been rated red. It was acknowledged that this metric had historically been challenging and had not previously achieved a green rating. The current position was again influenced by timing of income.
- 9.1.5 Members were reassured that these risks were being actively monitored and that there was no immediate risk of regulatory intervention.

9.2 KPIs – Attendance

- 9.2.1 The Committee discussed student attendance, noting a significant decline to approximately 67% at the end of January.

9.2.2 Members expressed concern at the level of attendance and queried whether this represented an anomaly or a wider trend. Management confirmed that the figure was accurate and reflected a combination of factors, including students not returning after the Christmas break and wider sector trends.

9.2.3 The Committee was informed that a range of interventions had been implemented, including:

- targeted support plans for students
- increased parental communication
- enhanced monitoring and engagement by curriculum leaders

Early indications suggested a modest improvement in attendance following these interventions.

9.2.4 The Committee also explored whether there was any link between attendance and reported anti-social behaviour. Management advised that most incidents were not directly attributable to College students, although a small cohort of disengaged learners was being actively managed. Members noted that attendance remained a key area of concern across the sector and emphasised the importance of continued focus and monitoring.

9.2.5 Members also queried the presentation of lecturer utilisation data, noting that the reported year-to-date figure appeared low without further explanation. Management clarified the distinction between the year-to-date utilisation measure and the full-year projected figure. The Committee agreed that future KPI reports should include clearer explanatory narrative where performance measures may otherwise be open to misinterpretation.

10. Meeting Review, Learning and Reflection

10.1 The Committee noted that the meeting had been conducted effectively, with appropriate levels of discussion, challenge and assurance. No specific issues were raised in relation to the conduct of the meeting.

11. Date of Next Meeting

11.1 The next meeting will be held on 23 June 2026.

Schedule of Actions:

	Action	Responsible	By When	Progress
20th May 2025				
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	By next meeting June 2026	
9.2.4.1	To address governance related actions from the Follow-up Audit Report.	Director of Gov/ KC	June 2025	Complete
11th November 2025				
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"> Final Financial Statements Letter of Representation External Audit Engagement Letter Regularity Self-Assessment Questionnaire 	DoG/ KC	Next Board Meeting December 2025	Complete
11.2	Include the Emerging Issues paper as an appendix to future Board papers for information.	DoG/ KC	Autumn 2025	Complete
15.1	Confirm whether the change of Board Chair needs to be referenced in the statutory accounts.	DoG/ KC	Next Board Meeting December 2025	Complete
3rd March 2026				
6.5	To ensure that the Audit Committee's concern regarding the College's narrow operating surplus and financial resilience is communicated to the Finance & Resources Committee for further consideration.	Director of Governance / Chair	By next meeting June 2026	
9.2.5	To enhance KPI reporting by including clearer explanatory narrative where metrics may be misinterpreted (e.g. utilisation rates).	Dir. of MIA	By next meeting June 2026	