



## **BOARD OF GOVERNORS**

### **AUDIT COMMITTEE**

Minutes  
Wednesday 12 March 2025 at 5pm  
Online via Zoom

PRESENT:	Nathan Garat	<u>Meeting Attendance</u>
	Anthony Haines ( <i>Acting Chair</i> )	(2 out of 3)
	Rob Lewis	(3 out of 3)
	Ian Thomson	(3 out of 3)
IN ATTENDANCE	Gillian May	Group Principal & CEO
	Tracy Reeve	Group Director of Governance
	Lucy Gill	Group Finance Director
	Wendy Stott	Group Management Accountant
APOLOGIES	Neil Clarke	External Auditors 'wbg'

### **PART I**

<b><u>MINUTE</u></b> <b><u>No</u></b>		<b><u>ACTION</u></b>
1.	<b><u>Chair's Agenda Item</u></b> The acting chair (AH) confirmed that he did not have anything to raise with Members under this item.	
2.	<b><u>Apologies for Absence</u></b> There were no apologies from Members. The Group FD informed the meeting that MHA would attend the next Audit Committee meeting (25 June) to present the internal audit reports completed to date during 2024/25: key financial controls; and cyber security.	
3.	<b><u>Any Other Business</u></b> There was no other business raised.	
4.	<b><u>Declarations of Interest</u></b> No Member declared a conflict of interest with the agenda.	
5.	<b><u>Minutes of the Previous Meetings</u></b> The meeting considered the minutes of the WFCG Audit Committee meetings of the 27 November and 16 December 2024. These had previously been circulated to all members and <b>were agreed as a true record. They would be taken as signed by the Chair.</b> <b>All Members were agreed.</b>	
6.	<b><u>Matters Arising of the Previous Meetings</u></b> The Group Director of Governance (TR) presented a report which confirmed that all matters arising had been actioned or were on track for timely completion when due. <b>NOTED</b>	
7.	<b><u>Risk Register</u></b> The CEO/ Group Principal (GM) presented the Risk Register for 2024/25 which continued to be reviewed and updated by the Senior Leadership Team. The meeting discussed the highest scoring risks and the updated narrative explaining current risk scores, mitigation and assurance levels.	

- Risk 1 Failure to meet budget forecast (risk score remains at 16 'amber'): Acute risk linked to financial health; the upwards pressure on pay was still a very real concern. GM confirmed that the risk had remained high throughout 2023/24 and was reflected in the year-end position but reminded the meeting that lagged funding and tight control of costs would return the College to a positive EBITDA and financial health in 2024/25. GM confirmed that the financial indicators for the second quarter were on track to meet the year-end forecast. The meeting noted that the in-year growth funding for 2024/25 was expected to be confirmed soon. However, GM highlighted that there was no guarantee of lagged funding being available for colleges after 2025/26 for 16-18 and DfE had already confirmed that budgets for adult learning would not be increased. The pay costs as a percentage of income were still above the 68% target at 69.4% but had shown improvement since the prior year.
- Risk 2 IT Failure with loss of data for staff or students (risk score remains at 16 'amber'): This key risk was now classified as number two on the Risk Register and Governors were reminded that capital had been ringfenced during 2024/25 for essential IT improvements. The systems upgrades (in IT, HR and Finance) to increase efficiency and resilience had been discussed at recent committee meetings and were now being actioned as a priority. GM assured the meeting that good progress was being made on system upgrades.
- Risk 3 Uncertainty and risks associated with emerging national curriculum reforms (risk score remains at 12 'amber'): This key 'acute' risk was being well managed and senior staff continued to be engaged in advisory groups linked to reform. The T level roll out across WFCG was now confirmed and costed with a clear curriculum plan in place. The meeting noted that a revised WFCG Curriculum & Skills Strategy had just been redrafted and would be brought to the Board for approval via the Quality & Curriculum Committee (18 March). The meeting was also reminded of the recent curriculum update at Strode's College with an expanded vocational and level 2 offer from September 2025.
- Risk 4 External Safeguarding Risks (risk score remains at 12 'amber'): The meeting was assured that the Executive Team continued to work with all relevant agencies in relation to any safeguarding incidents.
- Risk 5 Poor student outcome data in some curriculum areas results in a challenge to the Good Ofsted rating and the resulting impact on quality and reputation (risk score remains at 12 'amber'): The CEO confirmed that post Ofsted inspection this continued to be a focus for management to ensure consistency across the four campuses. The CEO reminded the meeting that a more detailed Curriculum Risk Register was a standing report to the Quality & Curriculum Committee.
- Risk 6 Changes to external funding risk future financial sustainability (risk score remains at 12 'amber'): The CEO reminded the meeting of the pro-active approach to adult education in Slough which was now being driven forward following the rebranding of Slough and Langley College. Curriculum planning had been adjusted to maximise the 10% growth allocation in adult funding. The college was also pursuing a number of partnerships with Slough Borough Council and as a member of the Berkshire Prosperity Board to influence future devolution and funding plans.
- Risk 8 Insufficiently developed succession planning/ staff retention strategies (risk score remains at 9 'green'): The CEO reminded the meeting of the clear planning now in place to restructure the senior postholder team across WFCG following the recent resignations of the two principals. Any risks associated with the loss of AD in August 2025 and AE in December 2025 were being well managed and a timeline for a new senior structure had been approved by the Board in February 2025.

The meeting discussed the funding constraints in more detail in relation to the financial factors underpinning Risk 1. GM confirmed that the funding announcement expected on 13 February had been delayed but had now been shared with colleges. The positive news in the announcement had been the headline 3.8% funding increase. GM also confirmed that lagged funding would remain intact for 2025-26. The College had used the DfE funding toolkit and calculated that the increased rate plus lagged funding, better retention and a higher deprivation factor would generate extra funding in 2025/26 of circa £3.4m (an increase of 11.5%). This in turn would improve the EBITDA for 2025-26 and mitigate the key risk in relation to financial stability. However, it had also been announced that the DfE would not be able to fully fund colleges for 16-18 in-year growth 2024/25; they would be funding two-thirds of the actual earned amount. For WFCG this would equate to a receipt of circa £400k rather

than £600k as expected and this in-year funding would not be paid until later in the year with cash received in May. The current cap on adult funding was noted and GM confirmed that WFCG would earn all of the available 10% growth funds but staff were ensuring that there was no additional overtrading. GM highlighted that the changes in adult funding were leading to difficult decisions across the FE sector and many colleges were leaning away from expensive courses with hard to recruit teaching staff e.g. plumbing however, this was contrary to the Skills England agenda. Current thinking was that there might be a change announced during the Autumn Statement with ring-fenced additional funding for Skills England priority provision. GM highlighted the levelling off of any demographic growth for 2025-26 – at all campuses except Slough & Langley College - and informed the meeting that WFCG was likely to be entering a period of consolidation rather than sustained 16-18 growth.

The acting chair (AH) confirmed that there was currently a great deal of volatility and uncertainty in relation to future funding with the 16-18 funding stream remaining the most secure. Governors (NG) sought clarity on which courses were being cut or reduced due to the cap on adult funding. GM confirmed that the SLT were currently undertaking curriculum planning work to look at this. Consideration was being given to any courses with small group sizes at Strode's and Windsor and learners were being transferred into the Slough & Langley provision where possible. GM confirmed that this exercise would look at all areas which were expensive to teach or where the college was struggling to get teaching staff. The meeting noted that the only campus that this did not affect was BCA where there was only full-cost RHS courses and infill. AH highlighted the need to remain mindful in relation to the GLA funding for 2025-26 as it was not yet clear whether they would cut funding levels or reduce the number of providers that they funded.

Governors (RL) suggested that in light of the changes highlighted in the narrative comments to risks 1,3 and 6, there should be consideration given to changing the current risk scores. RL highlighted a typographical error in the cover paper where Risk 6 succession Planning should be risk 8 (this was noted as correct on the risk register). RL also asked GM to review the likelihood table at the end of the risk register as the percentage figures were incorrect in some cases: **'likely' 15-20% should be 15-50% and the explanation for risk score 4 'very likely' should be amended to 51-80%.**

➤ **January 2025 Management Accounts:** The CEO asked the Group Finance Director (LG) to give the Audit Committee a short verbal update on the WFCG January 2025 Management Accounts which provided useful context to audit committee discussions.

LG confirmed that the second quarter accounts were showing positive progress against forecast and targets with increased income and EBITDA tracking ahead of the forecast. LG informed the meeting that she had not yet undertaken a formal mid-year reforecast as the exact figures for in-year growth or the college share of the £50m (for pay review purposes) were not yet finalised. LG confirmed that this would be put into the February 2025 management accounts using the assumed £400k for in-year growth (fund at 66%).

Payroll had been stable over the last three months due to tight controls. The forecast was still for an ESFA Financial Health year-end position of 180 points and a Good grade. LG asserted the importance of cash days which continued to be a focus. The meeting was assured that the cash position was currently ahead of forecast. This had been helped by all of the local authorities settling their term 2 element 3 invoices on a timely basis (apart from Buckinghamshire which was expected any day). LG highlighted the clear messaging to Heads of Department with regard to limiting non-pay expenditure to essential items only. LG asserted her desire to put all of the in-year growth funding (£400k) into cash reserves to replenish the cash position but Exec were aware of ongoing pressure on pay from the trade unions. LG assured the meeting that the current financial position felt very different from the prior year with many positive indicators in year and more expected for 2025-26.

Governors (IT) asked for some additional clarity on how the college would manage the downturn in demographics and the possible flatlining of 16-18 learner numbers. IT sought assurance that management and governors were taking actions early enough to get ahead of any negative curve. GM confirmed that although applications for 2025-26 were currently softening there was no reason to think that any of colleges would decrease in student number next year and Slough & Langley College was likely to continue to grow. The group would be in a period of consolidation rather than decline. GM assured the meeting that this would make the curriculum planning and efficiency work even more crucial to ensure that the delivery was working from a financial viability perspective.

**MINUTE**  
**No**

**ACTION**

The meeting (IT) also sought confirmation on what the long term aim was for cash balances. GM informed the meeting that when the in-year and future year income was confirmed a final forecast 2024-25 and budget 2025-26 would be produced. This budget would be available earlier than in the past and would include information in terms of absolute cash levels; this additional clarity had been suggested by the FE Commissioner Team who were working with LG to improve WFCG's financial reporting.

AH thanked LG for the positive update and commended the progress made in securing timely payments from local authorities for their high needs provision delivered by WFCG.

***The meeting NOTED and APPROVED the updated WFCG Risk Register.***

All Members were AGREED.

***ACTION:***

- i. In light of the changes highlighted in the narrative comments to risks 1,3 and 6, there should be consideration given to changing the current risk scores.***
- ii. The likelihood table on the last page of the risk register to be reviewed with descriptor percentage scores changed as suggested above.***

**GM**

**GM**

8. **Internal Audit Report on Financial Controls**

The Group FD presented the draft findings of this report and informed the meeting that the final report had not yet been issued and management responses had not yet been agreed with internal auditors 'wbg'. The audit had looked at funding income, other income, purchasing, bank reconciliations, fixed assets, financial reporting and petty cash. The meeting was pleased to note that following the review, 'wbg' were confirming a substantial level of assurance over the financial controls in place within the Group. While they had raised a number of good practice points, they also raised 1 medium and 6 low grade recommendations for improvement. LG took the meeting through the notes and subsequent recommendations which would be discussed in detail with *wbg* in attendance at the next Audit Committee meeting (June 2025).

LG outlined the one 'medium' recommendation in relation to crediting petty cash payments; £5,700 of cost transactions/ petty cash were not entered into the Open Accounts system. LG explained that this had occurred due to petty cash payment of bursary money to students who were unable to have UK bank accounts; these students were asylum seekers and funding was for train tickets to get to Slough & Langley College. LG confirmed that the ideal scenario would be to remove all cash transactions; the process had been amended so that train tickets were now bought by the college team using a credit card. It was also noted that the Head of Bursary was also very proactive in helping students to open bank accounts wherever possible; there was now only one bursary student without access to a bank account.

LG outlined the six low priority recommendations:

- *Bank reconciliations not formally signed off:* LG asserted the need for her to complete electronic signatures.
- *Unreconciled items:* there were two unreconciled items totalling £12,200 which were being investigated by the Banking and Systems Officer.
- *Review and approval of goods received notes (GRN):* this needed to be done by an appropriate member of staff i.e. the person raising the order not a member of the Finance Team. LG informed the meeting that although not usual practice this had happened on limited occasions e.g. during the summer break when the Finance Team were mindful of needing to pay suppliers. Members of the Audit Committee asserted the importance of ensuring that the correct person was raising the GRN as completion of the GRN provided the correct audit trail. LG informed the meeting that she was considering whether there needed to be a level of spend where raising the GRN was limited to the Head of Department e.g. with large IT orders for equipment. Governors stressed the importance of ensuring an accurate count of goods received and asked for an update once a resolution to this point had been agreed with *wbg*. LG confirmed that the full management responses would be considered at the next Audit Committee meeting.
- *Approval of invoices:* needs to be completed during the purchasing process (even if



**MINUTE**  
**No**

**ACTION**

PO and GRN has been reviewed and approved)

- *Fixed asset register (2):* as per the external audit recommendation there needed to be a robust process put in place to track the disposal of fixed assets and the fixed asset register needed to accurately record all assets.

The committee chair sought, and was given, confirmation that management were accepting all of the recommendations. Governors (RL) also asked whether the good practice points would also be accepted. LG confirmed that she would need to review these to ensure that there was no detrimental impact on WFCG processes otherwise management would accept them all. LG asserted the value of this key financial controls audit which focussed the finance team on process at the mid-year point; this was useful learning for the end of year audit.

The Chair asked whether this audit had looked at the previous issue of missing petty cash and LG confirmed that the audit had found the correct paperwork to back up petty cash transactions. There had been no recommendation on tightening up security as no issue had been found during the time period considered.

***The draft feedback from the internal audit of key financial controls was NOTED***

***ACTION:***

- Internal auditors (wbg) to present final audit report with WFCG management responses to June 2025 Audit Committee meeting.***
- Update on progress against recommendations to be brought to next Audit Committee meeting.***

**NC (wbg)**

**LG**

**9. Curriculum Efficiency**

The CEO (GM) presented an update on the work which was still ongoing across WFCG to drive forward curriculum efficiency. The meeting noted that, across the group, staff utilisation remained exceptionally high. However, remission for management tasks within teaching roles, as well as reduced hours allocated for trainee and newly qualified teachers, remained significant. The ongoing curriculum planning process was aiming to address this imbalance with the aim of reducing remission costs and improving overall efficiency.

GM informed the meeting that group sizes which had increased proportionally with the rise in student numbers at the start of the 2024-25 academic year had now fallen in line with the benchmark. However, these group sizes were still financially viable (apart from T levels). GM reminded the meeting that this model had not yet been extended to adult provision as there was no FE Commissioner benchmark tool available for adult provision. Audit Committee Members were assured that study hours were carefully aligned with funding bands to ensure revenue maximisation. At BCA, Level 1 learners included school students aged 14-16 who received 180 funded learning hours; this impacted average study hours to take them below benchmark levels. However, Level 3 learners often exceeded the 600-hour programme threshold due to additional independent study and work placements undertaken across the group. GM informed the meeting that at the R06 point WFCG had reported 4,650 learners and 95.55% of these were in the top funding band; this was commended as a strong funding position. The meeting was assured that the aim was to get as close to 100% in the top funding band as possible although some learners would always necessarily be on a smaller programme. There would also always be variation as some learners e.g. ESOL started part-way through the year so would have insufficient time to meet the full 580 hours.

Governors were pleased to note that retention of students remained ahead of the national benchmark and continued to improve year-on-year. This success reflected enhanced recruitment processes and more effective Information, Advice, and Guidance (IAG) services.

Other key points were highlighted as follows:

- There was an opportunity to increase assessor workloads for apprenticeships, supporting further utilisation as provision grows.
- High Needs income was also increasing, currently outperforming benchmarks. This reflected the significant growth in High Needs student numbers at both BCA and Slough & Langley College.

The meeting commended the trajectory which was strong and moving upwards and governors agreed that it would be difficult to secure a larger percentage of learners in the top

**MINUTE**  
**No**

**ACTION**

funding band. Governors (RL) sought confirmation on the difference between band 4a and 4b which both related to 485 hours; the difference was explained as age range as some learners within the model were 18+.

AH asked whether the college had met its T Level target and whether it would need to undertake a reconciliation for 2024-25. GM confirmed that recruitment to T Levels had been a slow start with only six enrolling for the Business T level at Strode's. However, Agriculture and Animal Management at BCA had a stronger start. GM confirmed that there would be no reconciliation or clawback for 2024-25 but the college was considering T Level provision for 2025-26 very carefully as management wanted to avoid any clawback.

The acting audit committee chair sought confirmation from the Group Director of Governance (TR) on whether this item was for approval or noting. TR confirmed that items 8 'internal audit reports' and item 9 'curriculum efficiency report' were both for receipt and noting.

***The curriculum efficiency report was NOTED.***

***ACTION: Amend agenda action for items 8 and 9 from 'Items for decision/ approval' to 'Items for information'.***

**GM**

10. **Register of Outstanding Audit Recommendations**

The Group Finance Director (LG) presented this report for Governors assurance. It was confirmed that all recommendations from the external audit 2023/24 and the ESFA Funding Audit had now been added to this standing report.

LG went through the recommendations on the report and confirmed that progress had been made on all of the recommendations but none was yet fully completed; all were classified as 'amber' on track for completion. The meeting sought confirmation that this standing report to Audit Committee would be updated as recommendations and actions were completed and closed. RL asked that the items should have a target completion date added to allow Audit Committee to monitor timely progress. LG confirmed that the external auditors MHA would review progress against this report during their year-end audit of the financial statements.

***The Outstanding Audit Recommendations Report was NOTED.***

***ACTION: Register of outstanding audit recommendations to be amended to include a target completion date column.***

**LG/ WS**

11. **Fraud, Irregularity and Whistleblowing Report**

The Group Finance Director (LG) presented the report which confirmed that there had been no incidences of fraud, corruption or irregularity perpetrated against the College during the year-to-date 2024/25. The meeting noted that the Whistleblowing report was also a nil return for the period 1 August 2024 to date.

Backed up by clean report from IAS.

***Members NOTED the Fraud Report (nil return).***

12. **Dates and Times of Future Meetings**

The date and time of future meetings in 2024/25 were noted as:

- Wednesday 25 June 2025 at 5pm on Zoom

***NOTED***

13. **Any Urgent Business**

There were no other urgent items of business raised.

**The meeting closed at 6.30pm.**

Chair.....

Date.....