

## Special Audit Committee Minutes

Meeting held on Tuesday 9<sup>th</sup> May 2023 at 5.15 pm, SRC301

*Governors:* Rachel Beeken, Subhash Chaudhary (Chair) and Mark Wilson

*Apologies:* No apologies for absence from committee members

*Officials:* Fiona Sharp (Chief Financial Officer), Michelle Stephenson (Interim Group Head of Finance) and Sarah Thompson (Clerk to the Corporation)

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### A23/15 **Agenda Item 1 – Welcome, Apologies for Absence, Declarations of Interest, Notification of Items of Other Business**

There were no apologies for absence from committee members and no declarations of interest in items on the agenda. No additional items of business were notified for consideration at the end of the agenda.

### A23/16 **Agenda Item 2 – External Auditor Appointment**

Etc.'s current contract for external audit services with RSM was due to end following completion of the audit of the 2021/22 financial statements. A tender process had been undertaken to identify a new external audit provider and two submissions had been received. The current external audit service provider, RSM, had not tendered as the current Audit partner, Claire Leece, would reach the maximum permitted ten years as audit partner in 2024 and RSM were unable to offer an alternative Audit partner locally.

Prior to this meeting, Audit Committee members had reviewed submissions and attended presentations delivered by the two tenderers and had agreed scores for the two submissions. Beever and Struthers were the preferred external audit service, having met all aspects of the agreed criteria. Clarification was still required in relation to travel expenses and staff turnover levels.

As there was a short turnaround prior to commencing the audit of the 2022/23 financial statements, it was proposed to extend the contract with RSM for one further year and for a new external audit service provider to take up post from January 2023. Proposed costs from RSM had been circulated to members and were tabled at the meeting. In response to a query, it was confirmed that RSM would support a handover to the new audit firm, alongside Etc. staff.

It was **agreed** to recommend to the FE Corporation that:

- i) RSM be appointed to deliver external audit services relating to the audit of the 2022-23 annual accounts;
- ii) subject to clarification of travel expense costs and staff turnover levels, Beever and Struthers be appointed to deliver external audit services from January 2023 for a period of

three years (subject to annual review), with the option to extend the contract for a further 24 months.

**A23/17      Agenda Item 3 – Internal Auditor Appointment**

Etc.'s current contract for internal audit services was due to end in July 2023. A tender process had been undertaken to identify a new internal audit provider and one submission had been received, from TIAA. The current internal audit provider, AuditOne, had not tendered as they had decided to withdraw from the education market.

Prior to this meeting, Audit Committee members had reviewed the submission provided by TIAA and attended a presentation delivered by representatives. All members confirmed that they had been impressed by TIAA, who were deemed to have exceeded the required standard. It was clarified that TIAA had committed to a fixed price for three years. Costs during any contract extension would be discussed at the time but would not exceed the Consumer Price Index (CPI) and would be capped at a maximum of 5%.

It was **agreed** to recommend to the FE Corporation that TIAA be appointed as internal audit service provider from 1 August 2023 for a period of three years (subject to annual review), with the option to extend the contract for a further 24 months.

**A23/18      Agenda Item 4 – Any other business**

There were no items of additional business.

**A23/19      Agenda Item 5 – Approval of Documents for Public Inspection**

It was **agreed** that the agenda would be made available for public inspection. Supporting documents were all deemed confidential for reasons of commerciality.

**A23/20      Agenda Item 6 – Date, time and venue of next meeting**

Tuesday 6 June 2023, 5.30 pm, SRC 301

**Approved at a meeting held on 6 June 2023**