



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22 SEPTEMBER  
2020 AT 9.00 AM REMOTELY VIA MS TEAMS**

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## MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22 SEPTEMBER 2020 AT 9.00 AM IN REMOTELY VIA MS TEAMS

Present: Kevin Slack (Chair), Hazel Clint, Mike Kapur, Rosslyn Green

In attendance: Richard Eaton (CFO)  
Michael Ford (DPO)  
Heather Simcox (Deputy CEO)  
Jonathan Creed (ICCA – Internal Auditors)  
Sam Lifford (BDO – External Auditors) – private session onwards  
Rose Matthews (Clerk)

An annual training session took place for Committee members, which included a focus on the updated Post-16 Audit Code of Practice, Fraud and Irregularity and the Higher Education Audit Committees Code of Practice.

The Committee acknowledged work had already been undertaken with regard to fraud prevention measures and noted further work was already underway.

It was agreed to invite The Director of Curriculum Performance and Higher Education and the Director of Higher Education to the next meeting to provide a summary of reporting mechanisms for higher education, along with an overview of the HE Risk Register.

Further consideration should be given to a Non-Audit Services Policy.

Members discussed alternative forms of evaluating Board effectiveness and agreed to hold a members' only session as part of the next cycle.

Prior to commencing formal business, Governors met in private with the representatives from ICCA and BDO.

### PART ONE - GENERAL MINUTES

#### 01/20-21 APOLOGIES FOR ABSENCE

There were no apologies for absence.

#### 02/20-21 DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM

All members were eligible and the meeting was confirmed to be quorate.

There were no new declarations.

#### 03/20-21 MINUTES OF THE PREVIOUS MEETING

**RESOLVED:** The minutes of the meeting held on 16 June 2020 were formally approved.

Action	Date
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**04/20-21 MATTERS ARISING**

- 63/19-20.1 The Director of HR had provided a summary report identifying the wider methods of performance management within the Group.
- 65/19-20 The Internal Audit Plan and Strategy for 2020-21 was on the agenda for later in the meeting.
- 66/19-20 Sam Lifford, Director for External Auditors, BDO confirmed the requirements for the subsidiaries would be addressed as part of their fieldwork.
- 69/19-20 The Travel and Subsistence Policy, Procurement Regulations and Tendering Procedures were approved at the Corporation meeting in July 2020.

**05/20-21 INTERNAL ASSURANCE**

The Internal Assurance Plan progress was shared with the Committee and discussed.

**06/20-21.1 INTERNAL AUDIT SERVICE  
EXTERNAL ASSURANCE REVIEW OF SUB-  
CONTRACTING CONTROLS REPORT**

Jonathan Creed, of internal auditors, ICCA presented the External Assurance Review of the Sub-contracting Controls Report.

As a requirement of the ESFA, ICCA undertook an audit of the Group's controls, established to manage its sub-contracted provision in 2019-20.

The review included all aspects of the ESFA's External Assurance Review of Sub-contracting Controls, alongside reviewing recommendations from the prior year.

The report summarised compliance and identified two recommendations.

The external assurance certificate was issued in July 2020 and has been sent onto the ESFA.

**07/20-21.2 PAYROLL AND PURCHASE LEDGER REPORT**

Jonathan Creed discussed the Payroll and Purchase Ledger Report.

The objective of the audit was to provide independent assurance the College had maintained effective control over the Payroll and Purchase Ledger, which are operating 'remotely' during COVID-19 restrictions.

The report provided substantial assurance with adequate design with no recommendations due to the

recommendations of the HR and Payroll Report presented to the Committee in March 2020 being implemented quickly by the CFO.

**08/20-21.3 RISK MANAGEMENT REPORT**

The Risk Management Report was presented by ICCA.

The overall scope was to provide assurance the College had effective risk management and assurance reporting arrangements in place.

The report provided substantial assurance with one recommendation.

The Internal Auditor commended the Group on its comprehensive risk management framework, which is rarely seen at colleges of a similar size and complexity and the amount of management resource it dedicates to risk.

The Committee Chair questioned if management were devoting too much resource to this area. They were assured of the importance of the risk register, which acted as a reminder of the key risks facing the Group, but also the objectivity through Michael Ford's involvement in risk.

**09/20-21.4 FOLLOW UP**

Following on from the verbal update provided at the last meeting, the Follow up Report was presented by Jonathan Creed.

The report provided substantial assurance, with 19 of the 21 recommendations fully implemented. There were two recommendations partially implemented that would be carried forward to 2020-21.

**10/20-21 ANNUAL INTERNAL AUDIT REPORT**

Jonathan Creed, of internal auditors ICCA, presented the Internal Audit Report for 2019-20.

The report summarised the internal audit work carried out over the academic year. The Internal Auditors were satisfied that sufficient internal audit work had been undertaken to allow an opinion to be given on the adequacy and effectiveness of the governance, risk management and systems of internal control.

Based on the work undertaken during the year and the implementation of previous internal audit recommendations, they provided reasonable assurance that controls were operating adequately and effectively and any breakdown identified was not material.

It was noted changes were made to the original schedule, with the addition of the key controls audit and risk management audits. However, no additional days were commissioned from the original plan.

Overall assessments for the year were summarised.

11/20-21

### **INTERNAL AUDIT PLAN AND STRATEGY FOR 2020-21**

The Internal Auditors, ICCA presented the final Internal Audit Plan for 2020-21 and updated Strategy 2021-22, which had been developed in conjunction with the Group's management team.

The Chair questioned if there were enhanced risks due to remote working and whether a focus on GDPR was required.

Jonathan Creed clarified that GDPR related to sharing data and with secure IT systems there had been no evidence of enhanced weaknesses around data protection.

The CFO said the risk was in relation to what is shared electronically and the College had been retraining people on what can and can't be shared.

Mike Kapur queried the 'track and trace' tracking of visitors to site and if this was being retained for 21 days. He asked how the Board could seek assurance this was happening effectively.

The Deputy Chief Executive confirmed the Head of Health and Safety has a process in place and there was no undue concern on the management's part. However, it was agreed to follow up on this and report back to the Committee at the next meeting.

MF

24/11/20

Hazel Clint, the Lead Governor for Health and Safety also agreed to follow up at her next meeting with the Head of Health and Safety.

**APPROVED: The Committee agreed to recommend the Internal Audit Plan and Strategy to the Corporation for approval at its meeting on 19 October 2020.**

KS

19/10/20

12/20-21

### **EXTERNAL ASSURANCE EXTERNAL AUDIT STRATEGY AND PLAN FOR 2019-20 FINANCIAL STATEMENTS**

Sam Lifford of External Auditors, BDO, provided a verbal update to the Committee.

The Audit Planning visit had taken place and the audit was on track. The audit deliverables were being collated by the Financial and Corporate Services Accountant.

The audit was due to commence on 5 October remotely.

There were no issues to date and the full findings would be presented to the November meeting.

The CFO confirmed all was 'on-track' and he was still working to a December deadline rather than the January extension.

**13/20-21 REVIEW OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS**

The Internal and External Recommendations Monitoring Report was shared.

Two recommendations from the Follow Up report have been added and all will be reviewed by October half term.

Rosslyn Green asked if the report could be adapted to include the level of risk attributed to the recommendations. Michael Ford agreed to update.

MF

24/11/20

**14/20-21 RISK MANAGEMENT AND STRATEGIC RISK MONITORING REPORT**

The Risk Management Report was shared with Committee Members and 'high' priority risks identified as detailed in the report and discussed in the meeting.

The risk around Covid-19 was highlighted, alongside the mitigations in place. It was noted a weekly Covid-19 review group took place which all site leaders attended to identify any lessons learned and positive trends across all sites.

The risk in relation to Roundhouse Events had now been closed off.

The Committee were appraised of two new litigation claims.

There were no prevent or safeguarding instances to report.

**15/20-21 AUDIT COMMITTEE SELF-ASSESSMENT FOR 2019-20**

The Clerk shared the key points from the Audit Committee Self-Assessment survey during the summer.

The main points related to succession planning for the Chair and the time required to fully understand and contribute to the Committee.

Succession planning had been on the agenda for the Search and Governance Committee for some time and it was noted a period of transition is required for any new member joining the committee from outside the education sector.

**16/20-21 DRAFT AUDIT COMMITTEE ANNUAL REPORT FOR 2019-20**

The Clerk presented the draft Audit Committee Annual Report for review. The revisions were highlighted and the Clerk would share the final version at the next meeting.

Mike Kapur noted that Covid-19 was briefly mentioned with regard to the committee meetings, but requested a paragraph be included to identify the mechanisms the Audit Committee and the Board had undertaken to monitor the Group's response to the pandemic.

RM

24/11/20

**17/20-21 TERMS OF REFERENCE REVIEW**

The Clerk had undertaken an annual review of the Terms of Reference. Revisions had been made to align to the updated Post-16 Audit Code of Practice.

The Clerk proposed an additional paragraph after circulation to the Committee which attributed responsibility for reviewing the Financial Statements, as outlined in the Higher Education Audit Committee's Code of Practice.

**APPROVED: The Committee recommended the revised Terms of Reference for submission to the Corporation on 19 October for approval.**

KS

19/10/20

*The meeting finished at 11.35 am*

Signed: \_\_\_\_\_ Date: \_\_\_\_\_