



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 NOVEMBER 2020  
AT 10.00 AM REMOTELY VIA MS TEAMS**

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## MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 NOVEMBER 2020 AT 10.00 AM IN REMOTELY VIA MS TEAMS

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

In attendance: Mandie Stravino (CEO)  
Jenny Brandham (Director of Higher Education) – 29/20-21.2 only  
Richard Eaton (CFO)  
Michael Ford (DPO)  
Amanda Jogela (Director of Curriculum Performance) – 29/20-21/2 only  
Heather Simcox (Deputy CEO)  
Jonathan Creed (ICCA – Internal Auditors)  
Sam Lifford (BDO – External Auditors)  
Leanca Lugar (BDO – External Auditors)  
Rose Matthews (Clerk)

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

### PART ONE - GENERAL MINUTES

#### 24/20-21 WELCOME & INTRODUCTIONS

The Chair welcomed the Chief Executive as an observer to the meeting, along with Jenny Brandham and Amanda Jogela who were joining to present the Higher Education overview.

Also joining the meeting was Leanca Lugar of BDO.

#### 25/20-21 APOLOGIES FOR ABSENCE

There were no apologies for absence.

#### 26/20-21 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.

#### 27/20-21 MINUTES OF THE PREVIOUS MEETING

**RESOLVED:** The minutes of the meeting held on 22 September 2020 were formally approved.

Action Date

**28/20-21      MATTERS ARISING**

11/20-21      Michael Ford advised all visitors were required to complete an online questionnaire ahead of any site visits and reminders continued to be circulated with regard to site restrictions and attendance.

The Head of Health and Safety continually monitored the situation and shared information with the local authority.

The Internal Audit Plan and Strategy was approved by the Corporation at its meeting on 19 October 2020.

13/20-21      Michael Ford had updated the Internal and External Recommendations Monitoring Report to include the level of risk attributed to the recommendation.

16/20-21      The Clerk confirmed a paragraph had been included on Covid-19 within the Audit Committee Annual Report.

17/20-21      The Audit Committee Terms of Reference were approved by the Corporation at its meeting on 19 October 2020.

**29/20-21      INTERNAL ASSURANCE**

**29/20-21.1      FINAL ANNUAL INTERNAL AUDIT REPORT**

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

Based on the work undertaken and management implementation of the previous audit recommendations, the internal auditors provided reasonable assurance the systems of internal control were operating adequately and effectively.

No significant governance issues were identified. The Group's Risk Management Framework continued to operate adequately and effectively.

Four substantial assurance opinions were issued, with three high priority recommendations raised.

The Committee had approved 43 days to support the Audit plan and the days allocated were listed in the report.

The Chair asked how the Group's report compared to other colleges. Jonathan explained it was predominantly green, with 14 recommendations out of eight reviews, which formed a good return. It was a substantial plan that reflected the size and complexity of the Group.

**29/20-21.2 HIGHER EDUCATION OVERVIEW & HE RISK REGISTER**

The Director of Higher Education shared her overview of higher education within the Group.

The higher education governance reporting structure was discussed and how this provided an outturn into the Annual Self-Evaluation Document, which is written against the HE Strategy and KPIs and features through the committees.

An overview of the policy structure and procedure journey was shared, along with course monitoring.

A separate HE risk register was discussed, which would be presented regularly to the Committee moving forward.

The key risks were highlighted and discussed.

Mike Kapur questioned if HE students could be streamed on the student survey. The Higher Education Director explained the NSS survey was externally ran and the provider informed the Group who they would survey. Internal surveys are carried out as an early indicator.

Rosslyn Green asked if the presentation could be shared after the meeting. The Clerk agreed to distribute.

Clerk 24/11/20

The Chair asked how many HE learners there were in the Group and it was noted there were around 500.

He went onto ask how the delivery operated. The Higher Education Director explained students were fully enrolled with Derby College and there was no need to attend other sites. Integration with university departments was however, encouraged.

Governors also questioned why the Group had chosen the universities it had, and it was noted this was because of the offer they provided, for example, engineering, etc.

The CFO also highlighted to the Committee the Government's latest plan post April to provide more technical qualifications, which would mean more competition from both universities and colleges.

Jenny Brandham and Amanda Jogela left the meeting.

**30/20-21 EXTERNAL ASSURANCE**

**FINANCIAL STATEMENTS AND EXTERNAL AUDIT**

Sam Lifford, of External Auditors, BDO, explained the Audit approach had not changed since the last meeting in June.

There had been a number of adjustments throughout the course of the audit, which predominantly were balance sheet reclassifications and one adjustment to the income and expenditure account of approximately £250K.

There were no significant findings to report back, however, there were some key areas where work remained ongoing. These related to the ESFA final funding requirement, going concern - which had not yet commenced and pensions – with the final confirmation awaited on the pension fund.

A final review of the financial statements was yet to take place as the versions submitted to the Committee were yet to be updated with final audit comments.

Rosslyn Green questioned the pensions adjustments and asked if any more people had been missed or were receiving enhancements. She asked if it was an ongoing position.

The Chair asked if there were many potentials out there and the CFO explained it was historic pensions agreements with some starting at 2005 onwards. There could be some additional liabilities but these would reduce in time. He agreed to look into this and report back at the next meeting.

CFO

16/03/20

The CFO explained he had investigated this and it related to an ex member of the leadership team of a former college the group had merged with and their spouse's survivors pension.

Rosslyn had picked up some adjustments on the financial statements and would send these over separately to the CFO.

The Chair asked when the final set of financial statements had been agreed, if the CFO could circulate to the Committee ahead of the Corporation meeting.

CFO

Dec 20

Rosslyn went on to ask about the Audit fees. She questioned the additional fees for Covid-19 and asked what additional testing had taken place.

Sam Lifford explained this related to the work around going concern with Covid-19. She said she expected the work on application to be lower, particularly in relation to OFS changing their level of materiality.

There was only one point on the subsidiaries which related to going concern of MBS and whether it would require a modification to the audit.

The Chair said in legalistic terms if the company was not going to trade moving forward there would be no need to produce an end of year set of audited accounts.

**The Regularity Self-Assessment questionnaire was reviewed by members, who were happy to recommend to the Corporation for signature.**

**31/20-21      AUDIT COMMITTEE ANNUAL REPORT FOR 2019-20**

The Clerk presented the final Audit Committee Annual Report, the draft of which had been presented at the previous meeting in September.

An update had been included which outlined the sources of the Committee and the Board's ongoing methods of assurance throughout the Covid-19 pandemic.

**Members recommended the Audit Committee Annual Report for 2019-20 to the Corporation at its meeting on 14 December 2020.**

Mike Kapur left the meeting.

**32/20-21      CLERK'S NETWORK PRESENTATION ON COVID-19 RISK AND FRAUD**

The Clerk shared a presentation by RSM delivered at the Clerk's Network on Board Assurance in the Covid-19 environment.

The presentation highlighted themes for the Committee to test the risks Covid-19 presented and the effect this had on the Committee's oversight of risk.

A number of questions were raised as part of the presentation. Members challenged the management on the key themes and were reassured by the robust action taken.

**33/20-21      REVIEW OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS**

The Internal and External Recommendations Monitoring Report was shared.

The Committee noted there were five ongoing actions.

**34/20-21      ANNUAL REPORT ON RISK MANAGEMENT**

The Annual Risk Management Report was shared with Committee Members.

Four key risks had been closed off through successful implementation of preventative controls.

The Chair questioned some of the capital repairs at Broomfield and it was noted a further update would be presented at the Corporation meeting in December.

35/20-21

**RISK MANAGEMENT AND RISK REGISTER REVIEW**

Michael Ford presented the latest Risk Management Report and updated Register.

As expected, Covid -19 dominated this and its impact was embedded in each risk.

Even though there were a number of significant recommendations in place, the Group were unable to reduce the residual risk. It was being reviewed on a daily basis as government guidance updates were received.

Roslyn Green queried the Covid-19 risk on the HE risk register and noticed this did not align with the Group one. Michael agreed to review and bring back to the next meeting.

MF

16/03/21

*The meeting finished at 11.50 am*

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