

**MINUTES OF THE MEETING OF THE
AUDIT COMMITTEE
held on Thursday 5th March 2020 at 8.00 a.m.**

Present: Mr Karl Banister, Mr Geoffrey Bowley, Mrs Sarah Ediss, Mr Hugh Stafford-Smith

Apologies: N/A

In attendance: Mrs Sally Bromley, Mr Ian Dumbleton, Mr Chris Harris, MHA MacIntyre Hudson (Agenda item 6/ Minute 4), Ms Andrea John, Mr Dan Lodge, Mr Steve Martell, Ms Nicola Whitehead

In the Chair: Mr Hugh Stafford-Smith

The Chair welcomed Mr Banister to his first meeting as a member of the Committee. All present confirmed they were content with the (albeit lengthy) paperwork provided, They were clear on what was required with the focus to be on risk. (No consent agenda items were proposed.)

1. Declaration of interests

There were no declarations of interests.

2. Minutes of the meeting held on 20th November 2019 were approved.

3. Matters arising

Item 4iii: The Finance Director confirmed that all suppliers had been contacted by the Finance team to ensure they were GDPR compliant. Most had responded with details of their arrangements and the Finance team was due to chase any outstanding responses.

Item 6ai: The Principal reported that the auditor's advice with respect to non-Government grants, for example, from the Mercers' Company, was understood and accepted, though disadvantageous presentationally.

Item 6aiii: The Finance Director confirmed that a second check of the non-payroll journals was being carried out.

4. Assurance: Internal audit reports and EQR Employability

Papers: Internal audit reports on Performance Management and Staff Development, Insurance and Safeguarding and Prevent; EQR on Employability Lettings Policy and Procedures, Property Strategy and key financial controls in relation to capital projects.

The Deputy Principal reported on the recent EQR on Employability as part of the assurance the College sought on the quality of its offer. The audit review had been **positive in recognising the strengths of the provision** in terms of the high priority given to it, the strong business links, high visibility across the College with effective careers events and the development of level 2 work experience. **Areas for development** were framed in terms of the latest EIF (Ofsted framework) and the theme of entitlement relating to how universally the taught employability course should be, 'Digital Footprint' course content and stretch, closer ties still with the tutorial framework and replicating the STEM approach to industry events across the curriculum. **In response**, the NG2U event was being rebranded to flag potential interest to those also considering HE, a full-time work experience coordinator was being advertised with a remit to facilitate the mapping of independent college-wide work experience,

to organize T Level, Transition and BTEC Triple work experience, as well as to support the work experience required for BTEC Doubles and future HE applications (e.g. vets, medics and teaching). Additional interview time was also planned for the Careers Advisor. The Q&C Committee was due to discuss the report in more detail at its March meeting. Members thanked the DP for the positive report.

Turning to **MHA's visit** in January as the first half of the **internal audit programme for 2019/20**, members noted the very satisfactory reports in respect of the first three of the four reviews planned. In respect of **Safeguarding and Prevent**, '**substantial assurance**' had been given with four recommendations, one medium and three 'low'. The latter had recognised the strong safeguarding culture at the college with good levels of awareness supported by appropriate procedures and tools that allowed information sharing across the entire College. Areas proposed for development included amendments to either the design or operational effectiveness of controls in regard to: the use of 'Smoothwall' monitoring software, documentation and planning of teacher training, 'refresher' DBS checks and criminal record checks on individuals who had lived abroad.

The VP (Student Support) explained that the Smoothwall software was in the course of being introduced at the time of the audit visit and would greatly enhance the College's ability to identify and address any issues arising. Confirmation had since been obtained that Smoothwall were independently audited for GDPR compliance and the Use of Computers Agreement would be updated to include the Smoothwall monitoring. Training records were being refined, DBS practice reviewed and the Recruitment Policy updated to reflect the procedure with regard to any member of staff who had previously lived abroad. MyProgress allowed for prompt recording of potential safeguarding issues.

In discussion, Mr Harris acknowledged that in this and the other recent reports, there had been some inconsistency in the MHA approach to drafting and moderating the reports owing to changes in IAS staff but thought that recent training would have resolved this issue.

[8.30am Ms John and Mr Martell left the meeting].

Members noted that there were three 'low' recommendations for **Performance Management and Staff Development**, plus one advisory. Discussion followed on the timing of the appraisal cycle and some inconsistency in target-setting and tracking with the College acknowledging that a review of appraisal in 20/21 would be timely. The VP (Quality and Curriculum) welcomed however that the audit had identified many examples of controls and processes working well in performance management, staff development and staff cover. The advisory recommendations on the college's new '360' feedback system being linked to the five-year Strategic Plan and some refinement of the cover plan were also useful food for thought.

Mr Harris explained that there had been only two 'advisory' recommendations for **Insurance**. No areas of weakness had been identified in respect of the design, operation and effectiveness of the controls in place. The auditors had seen evidence of regular review by the senior management and governors including policy and vfm reviews, updated risk assessments, information updates to the insurer to inform cover and a clear process for claims. The advisory recommendations concerned a clear approach to insurance claims should the FD be unavailable with readily accessible information. Committee members supported the idea of a summary list of the cover available if not readily apparent from the insurance policy and file held in the College safe. **(Action: Finance Director)**.

5. Internal Audit Report Forward Plan

The Principal explained that the forward look of audit reviews generally followed the main risk update in the summer term, with firm recommendations to the Governing Body for the immediate year ahead and a provisional forward look for the subsequent academic year.

Subject to that risk assessment, the following internal audits were proposed for the 2020-2021 academic year:

- Quality Assurance processes, including self-assessment and lesson observations;
- Strategic management, KPIs and Strategic Planning;
- Student Destinations, progression and Outcomes;
- Risk management.

The provisional audits for 21/22 would be brought to the summer meeting of the Committee as part of a five-year cycle agreed with MHA MacIntyre Hudson.

[9.10 am Mr Harris left the meeting]

6. Risk Update

Papers: Potential external risks and EQR Employability (see item 4 above)

The Principal explained that the main risk review of the year would be kick-started at the forthcoming meetings of the Risk Management and Disaster Recovery Groups.

Turning to the **external strategic level risks** members discussed the updates including the potential for the coronavirus affecting the College.

Members noted that the RMG would meet again in May prior to bringing fresh risk assessments for 2020/21 to the Committee. Members thanked the Principal for her informative update.

The Health and Safety Committee had also discussed additional safeguarding measures following government non-statutory 'safety on site' guidelines with a new policy to be brought forward.

7. Review of performance of the Financial Statements Auditor 2018/19

Paper: Performance Indicators report

In concluding business on the Financial Statements Audit 2018/19, the Finance Director reminded members that a provisional discussion at the November meeting of the Audit Committee concluded that the audit had generally gone well and no issues were raised by the auditors in respect of the College's responsiveness on the audit. RSM continued to be appropriately challenging and generally supportive. Members noted that RSM had no plans to change the audit partner (now 5 years with the College) given previous changes at the manager level.

8. Appointment of Financial Statements Auditor for 2019/20

In view of RSM's generally good and competitively-priced service (evidenced by benchmarking with S7 colleges), the College was in favour of recommending the reappointment of RSM for the next accounts (2019/20). That said the Finance Director was alarmed by reports that costs could increase 'significantly' across the sector owing to an anticipated ESFA requirement for additional regularity and going concern checks. The Clerk explained that a recent trawl of Colleges suggested that many auditors, like RSM, were, as yet, non-specific about the increase pending the latest (delayed) accounts direction. However proposed increases of 60 to 80% had been reported and in one instance even

higher. There was some evidence that retesting the market or using a smaller/medium-sized local firm could be of benefit in securing at least some initial savings. Several colleges using RSM had however said they would be reluctant to change auditor given RSM's sector understanding.

In view of the uncertainty, the Committee recommended carrying forward the decision on reappointment until more information was available.

9. Sector update

Paper: SFCA presentation slides from Clerk's conference

The Principal gave an update on a number of issues including funding, student population growth and T levels, drawing attention particularly to the government drive for successful sixth form colleges to play a part in systems leadership. She also reported on encouraging signs in relation to settlement of the pay negotiations.

10. Any other business None

11. Meeting assessment

Papers: Governance Quality Framework

Members were grateful to the additional SMT members having attended to cover the EQR and IAS reports within their responsibility and to the FD and Clerk for the additional research on potential audit costs for the 2019/20 financial statements.

12. Date of the next meeting: Wednesday, 24th June 2020 at 8.00 a.m.

The meeting ended at 10.00 a.m.

Chair.....

Date.....

NCW 6/3/20