

**MINUTES OF THE MEETING OF THE
AUDIT COMMITTEE
held on Tuesday 2nd March 2021 at 8.00 a.m.**

Present: Mr Karl Banister, Mrs Sarah Ediss, Mrs Susan Martineau, Mr Hugh Stafford-Smith

Apologies: N/A

In attendance: Mr Ian Dumbleton, Mr Dan Lodge, Mr Steve Martell (agenda item 6iii), Ms Nicola Whitehead

In the Chair: Mr Hugh Stafford-Smith

All present confirmed they were content with the paperwork provided, They were clear on what was required with the focus to be on risk and forward planning. (No consent agenda items were proposed.)

1. Declaration of interests

There were no declarations of interests.

2. Minutes of the meeting held on 17th November and 7th December 2020 were approved.

3. Matters arising from Minutes 17th November 2020:

Item 5iii: The Principal reported that he had updated the external risk register to take account of the mitigations for new course strands.

(Item 5ix: Software contracts- see matters arising in minutes of 7th December meeting)

The Finance Director confirmed that:

Item 4: the MHA annual report 2019-20 had been updated to show 15 days work completed.

Item 6a vii: Changes to the procurement guidelines had been drafted in preparation for F&GP's summer review of the Financial Regulations.

Item 6a viii: An additional member of staff was now involved in the preparation of journals allowing the Finance Director to provide the final check.

(Item 6a x: Carried forward: Data analytics- for next audit; Register of interests refinement for summer annual review)

Item 6b and 7 (ref Regularity SAQ and Audit Committee Annual report): see mins 4 and 5 of the meeting on 7th December

Item 9: The Clerk confirmed that exchanges to and from other committees would continue to be considered to include SMT. The Deputy Principal was joining for agenda item 6iii.

4. Risk and Assurance: 2020-21 update

Papers: Risk assessment for reopening the College: Spring Term; ESFA Funding Audit 2020- Summary; EQR on Post-19/ Adult Education

The Principal reported on the atypical update given its inclusion of the risk assessment for reopening and the extraordinary ESFA audit. The EQR process had been suspended

nationally for 20-21 owing to Covid but the risk report did include an EQR from the previous cycle not yet seen by the Committee.

a. **The 'reopening' risk assessment was being reviewed to reflect recent HMG guidance in relation to the reopening of schools and colleges from 8 March – to include testing – and to anticipate the full reopening of the College after Easter if possible.**

Members proposed **some additional detail to the assessment** reflecting:

- i. SMT's active monitoring of the risks and mitigating actions to provide additional assurance to its audience- e.g. in relation to keeping up with HMG guidance, ensuring students were well supported and site hygiene. **(Action: Principal)**. They recognised too that the FAQs on the College website sought to provide additional reassurance.
- ii. The actions underpinning teacher assessed grades (TAGs) in place of exams e.g. in terms of gathering and communicating the evidence. **(Action: Principal)**.
- iii. The clear tracking of additional Covid costs **(Action: Principal)**.
- iv. In response to concerns in terms of the expectations on staff of HMG announcements on catch-up summer schools, the Principal explained the possible implications. Details were yet to emerge but it was anticipated that year 7s might be the principal target given the limited average funding available. There would need to be reliance on volunteers to provide the teaching and necessary support functions. Once more was known the Curriculum Committee would consider what was feasible with any provision likely to focus on vulnerable learners. It was agreed that a further point would be added to the risk assessment to reflect concerns about staff workload in response to Covid **(Action: Principal)**.

b. **ESFA Audit:** The Principal referred to the summary results of this very thorough additional audit which provided significant assurance given the absence of any issues with regard to the funding claimed by the College. The timing of the audit had been challenging in a difficult autumn term and all agreed that the team involved, and the Information Services Manager and Director of Information Services in particular, were to be congratulated. A few administrative errors had been identified principally in relation to BTECs but this seemed inevitable given the number of students and records involved. **(Action: Chair to write to the team to thank them for this considerable additional effort in a busy term)**

[8.38 am Mr Martell joined the meeting].

c. **EQR on Post-19/ Adult Education:** The Deputy Principal reported on the report which had provided valuable vindication of all the work done following some earlier issues of concern in this area. The review, which focussed on Functional Skills (Maths and English), Access, and High Needs, had celebrated the strengths of the Adult Education provision at the College.

Key Functional Skills strengths included improved diagnostic assessment and a robust enrolment procedure. Better communication when moving to on-line testing was an area where further improvement would have been beneficial. Key Access strengths included the exemplary management, teaching, learning and assessment. Suggestions for improvements in the online advice and guidance and website were accepted and actioned through the College SAR/QIP. In terms of High Needs, strengths included successful collaborations with other parts of the college (including the A-level Dance project). There were lessons for the QEII screening and interview processes to ensure students were placed on the correct courses.

In response to questions, the Deputy Principal reported that, a year on, he would wish to credit the CPD development undertaken by the Adult Ed Manager who had also worked hard to address the additional Covid challenges in this area. All procedures had been strengthened and better integrated into the College's quality cycle (itself improved) which would provide the evidence of improvement in the form of the QIP updates. The Clerk proposed that the Audit Committee annual report might be a further place to record the additional assurance gained through the review itself and the follow-up report on the action taken to complement any internal audit reviews.

(Action: Clerk)

[8.48 am Mr Martell left the meeting].

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.

This meeting provided an opportunity to have an early discussion ahead of agreement in the summer. Subject to the updated risk assessment, SMT had reviewed the latest version of the previous internal audit forward plan and, with inevitable landscape changes, felt that certain areas were now more pressing for review and others would benefit from a different approach. For 2021/22 the following plan would currently be put forward:

Area	Review
Strategic planning	Management consultancy
Progression	Review by Gatsby Foundation
Recruitment	Internal audit
IT security	Internal audit
Financial planning and budgeting or governance	Internal audit

The plan proposed a differentiation between sources of assurance best to suit the areas covered. For example, the Gatsby Foundation – formed 7 years ago – had been influential in careers and progression guidance. At the College there had been a restructure in this area so it seemed timely to gain an expert perspective on the provision. Members agreed this sounded of value. Similarly, the Principal was interested in gaining the perspective of a management consultancy on strategic planning, possibly from the AoC or an educational specialist, but certainly with a longer term perspective. The Chair proposed a possible provider for the College for the Clerk to explore along with other leads. **(Action: Clerk and Principal)**. In discussion it was thought that four reports might be sufficient for 21/22 and that possibly the strategic planning consultancy would be better taken into 22/23 in preparation for the next cycle of strategic plans.

Members noted this would mean a minimal reduction in days for MHA from the usual allocation with three rather than four audits and wished to ensure that MHA, now with some years of experience of the College, would be able to provide its annual audit opinion on the adequacy of the College's systems and controls. The Committee was also keen to make certain that the IAS was dedicating the appropriate specialists to audit to ensure added value e.g. in the area of cybersecurity, as they had for GDPR review. **(Action Finance Director to verify with MHA in preparation for the summer meeting)**. The Principal noted that IT security was an area considered worthy of being brought forward. One member, a potential future parent, commented on her positive experience this year of the College's recruitment process.

Members considered too the extent to which Covid should be addressed as a separate item, concluding that it would inevitably be covered within each area examined. They noted the

proposals to audit quality assurance and either financial planning and budgeting or governance in 2022/23 as well as the ILR (following a gap in 2021/22 given the double audit in 2020/21). They asked that the summer discussion be informed by a further reminder of the past audits to ensure an appropriate cycle of audit themes. **(Action: Finance Director)** The updated plan for for 21/22 would be brought to the summer meeting of the Committee.

6. Review of performance of the Financial Statements Auditor 2019/20

Paper: Performance Indicators report

In concluding business on the Financial Statements Audit 2019/20, 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. As demonstrated by the performance indicators (PIs) RSM continued to be very knowledgeable, appropriately challenging and generally supportive, especially during the challenging circumstances of the audit during Covid safety measures. Members noted that RSM had no plans to change the audit partner (now 5 years with the College) given the necessary change at manager level following Ms Cole's departure from the firm.

7. Appointment of Financial Statements Auditor for 2020/21

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 (2020/21). The Finance Director explained that a further cost increase was proposed. owing to an ongoing anticipated ESFA requirement for additional regularity and going concern checks. The cost (ex VAT) of the 19/20 external audit was £17,850. For the 2020-21 accounts, the College had been advised that RSM's indicative fee would be £20,000, pending sight of the new Post-16 Audit Code of Practice (P16ACOP) and Accounts Direction as well as an anticipated new standard on going concern.

Members acknowledged that RSM's fees were not out of kilter within the sector and the Committee had been forewarned of the possibility of further increases. They also felt that RSM had, if anything, improved in their performance over the past 12-18 months. That said, the Committee also saw value, as a matter of good governance, in testing the market – maybe not this year – but possibly for the 2021/22 accounts subject to other work pressures. **(Action: Finance Director and Committee to reconsider going forward)**

8. Any other business None

9. Meeting assessment

Papers: Governance Quality Framework

Members were happy with the papers. The Chair commented that his pre-meet with the Principal, Finance Director and Clerk had been useful and worth repeating. The Committee was grateful to the Deputy Principal for having attended to cover the EQR report within his area of responsibility and to the Principal for his update on the latest implications of the Covid lockdown for the college.

10. Date of the next meeting: Tuesday, 22nd June 2021 at 8.00 a.m.

The meeting ended at 9.15 a.m.

Chair.....

Date.....

NCW 16/3/21