

**AUDIT COMMITTEE
MINUTES OF MEETING 101 HELD ON TUESDAY 15 OCTOBER 2019**

Present: John Gilleard (Chair), Jane Price (Vice-Chair), Philip Wright (Committee member),

In attendance: Managers: Paul Britton (Principal), Alex Eslor (Registrar), Bill Jackson (Director of Network & Information Systems), Tony Wilmot (Director of Finance)
Auditors: Wayne Brown & Rosalind Armstrong (AuditOne)

Clerk: Fiona Bagchi

101.1 Apologies for absence

Apologies were received from Richard Lewis of the College's external auditors RSM UK Audit LLP (RSM).

101.2 Declaration of interests

There was no declaration of interests.

101.3 Election of Chair & Vice-Chair

John Gilleard was elected as Chair of the Committee for 2019/20: proposed Philip Wright, seconded Jane Price.

Jane Price was elected as Vice-Chair of the Committee for 2019/20: proposed John Gilleard, seconded Philip Wright.

Minutes

101.4 Minutes of previous meeting held on 11 June 2019

The minutes of the meeting held on 11 June 2019 were approved.

101.5 Matters arising & actions from the above minutes

(Actions shown below are numbered according to their position in the Action Points table appended to the end of the minutes of the previous meeting. The reference to where the action can be found in the minutes is given in brackets at the end of each item).

- 1 The July 2019 Corporation meeting had approved the external audit plan for the financial year ended 31.7.19, including fees, on the recommendation of the Audit Committee (100.10).
- 2 The College's draft completed regularity SAQ (RSAQ) for 2018/19 was on the agenda (100.11).
- 3 With reference to consideration by the College's senior management team (SMT) of the feasibility of the College adopting RSM's Board Assurance Framework (BAF), it was noted that implementation would entail considerable work and that consideration had been postponed due to other SMT priorities e.g. a funding bid (100.12).
- 4 Revised Committee terms of reference and the Committee's revised standing agenda item list had been approved by the Corporation at its Sept. 2019 meeting on the recommendation of the Committee. The Clerk, however, reported that the phrase 'where these have executive responsibilities for the college at senior level' had not been removed from the membership section of the Committee's revised terms of reference and this amendment would

therefore be presented to the Dec. 2019 Corporation meeting (100.13).

Action: Clerk

It was noted that the Sept. 2019 Corporation meeting had agreed that each of its committees could approve their own standing agenda item lists from 2019/20, taking into account their remit as defined in the relevant committee terms of reference approved by the Corporation.

Action: Clerk

- 5 The Audit Committee terms of reference checklist and the Corporation financial challenge checklist had been approved for use from 2019/20 i.e. the first presentation would be to the Committee's June 2020 meeting (100.15).

Action: Clerk

- 6 The final version of the checklist of mandatory and recommended items to be included on the College website would be presented to the Committee's Nov. 2019 meeting (100.15).

Action: Clerk

- 7 The use of the checklist on page 12 of the RSM risk register analysis report 2018 in addition to the College's approved financial challenge checklist from 2019/20 would be considered, noting that the first presentation of the financial challenge checklist would be to the Committee's June 2020 meeting (100.16).

Action: Clerk

- 8 Meeting dates for 2019/20 had been e-mailed to members, managers and auditors (100.20).

101.6 Annual review of confidential minutes

The Committee reviewed confidential minutes in June 2018 and Dec. 2018, noting that no confidential minutes had been included in the minutes of the Committee's Oct. 2018 or March 2019 meetings.

It was noted in response to members' questions that:

- Minutes which the Corporation classed as confidential might, nevertheless, still have to be disclosed, in whole or in part, under the Freedom of Information Act 2000 where a valid exemption under the Act did not exist at the time that the request was made;
- Where the Committee decided not to release confidential minutes, they could set a date for a subsequent review if they considered that confidentiality might be time-limited.

The Committee agreed that the confidential minutes arising from the Committee's June 2018 and Dec. 2018 meetings should remain confidential.

Rolling implementation plan

101.7 Rolling implementation plan of external auditors' recommendations

The Committee considered the updated rolling implementation plan of external auditors' recommendations.

The Director of Finance, Tony Wilmot, reported that physical verification of educational equipment had been undertaken at the July 2019 financial year end.

The Committee completed its review of the rolling implementation plan of external audit recommendations, noting that the review of tangible fixed assets was being undertaken on a rolling basis.

101.8 Rolling implementation plan of internal auditors' recommendations

(i) Business Continuity Plan (BCP) (Apr. 2019)

The Director of Finance presented the section of the internal audit rolling implementation plan table relating to recommendations arising from the BCP review, reporting that a desk top exercise had been carried out at the College Management Group (CMG) planning day and a further exercise would be undertaken in November 2019, following which, the BCP would be updated as required, taking into account any actions arising, with the revised policy circulated to staff.

(ii) General Data Protection Regulations (GDPR) Follow up (Jan. 2019)

The Director of Network & Information Systems, Bill Jackson, presented the section of the internal audit rolling implementation plan table relating to recommendations arising from the General Data Protection Regulations (GDPR) Follow Up review which showed that all recommendations had been completed, noting that a verbal report on progress had been given at the Committee's June 2019 meeting.

The Committee completed its review of the rolling implementation plan of internal auditors' recommendations.

Risk Management

101.9 Annual review of full risk register

It was noted that the Audit Committee considered the full risk register at its Oct. meeting and the strategic risk register at other meetings.

The Director of Finance presented the College's annual report on the College's risk registers, reporting that the strategic risk register and the individual area specific registers were attached to the report and had been reviewed and updated as appropriate by relevant responsible members of the senior management team. It was noted that the following were attached as appendices to the report: the Strategic Risk Register; the External Factors Risk Register; the Finance Risk Register; the Infrastructure, IT & Premises Risk Register; the Quality of Student Learning Outcomes Risk Register; the Staff Engagement, Performance & Recruitment Risk Register; the Student Experience Risk Register; the Recruitment of Students Risk Register; the Governance & Leadership Risk Register.

The Director of Finance reported that the area specific registers were reviewed by the College's SMT on a termly basis and updated/amended accordingly, taking into account any risks identified at meetings of the Corporation and its committees and at SMT and CMG meetings where the identification of risk was a standing agenda item.

The Director of Finance reported the following significant movements in risk grades since the last report to the Audit Committee:

- With reference to Risk E1 (External factors), the risk likelihood has been reduced taking into account the announcements of the funding increases in per student funding and financial support for increased pension costs for a further year, although the impact level meant that this still remained a significant risk;
- With reference to Risk E3 (External factors), which related to the possibility of a decrease in student numbers, this risk had been removed from the strategic risk register due to a demographic upturn in the number of 16-18 year olds over the next 5 years;
- A new risk E8 (External factors) had been added to the area specific register in relation to potential Brexit impacts e.g. in relation to students' foreign travel/trips, EU staff and students, and catering food supplies;
- Risk FIN02 (Finance) had been updated to include a reference to the ESFA revision of the colleges' financial health grading methodology;
- Risk STA03 (Staff Engagement, Performance & Recruitment Risk) had been removed from the strategic risk register.

The Committee noted that there had been no other significant movements in the identified

strategic risks during the year.

Members discussed in detail whether the 'Target' risk score should be the same as the 'Current risk' score (i.e. Impact x Likelihood) if mitigation was not able to reduce the latter to the former.

The Committee agreed that the redundant phrase on page 3 of the report should be removed before presentation of the report to the Corporation.

Action: TW

The Committee received the Committee's annual risk register report, noting that the report and full risk register would be presented to the Dec. 2019 Corporation meeting as an annex to the Annual Audit Committee Report.

Action: Clerk

101.10 Revised risk management policy for recommendation to the Corporation

The Committee considered proposed amendments to the College's risk management policy, noting that the policy had last been approved by the Corporation in Mar. 2018.

The Director of Finance reported that:

- The internal audit Follow Up review undertaken in June 2019 had recommended that the College's risk management policy should be amended to clarify that risks in the full risk register with a points score of 12 or above were added to the strategic risk register;
- The policy had been revised accordingly, with the revised draft policy reviewed and having been approved by the College's policy review group in June 2019;
- The revised policy also included a reference to the College's Critical Response Plan and Business Continuity Plan in the list of Related Documents.

The Committee agreed to recommend the revised risk management policy to the Dec. 2019 meeting of the Corporation.

Action: Chair

Internal audit matters

101.11 Internal audit 2018/19 Block 3 reports

(i) Enrolments

Wayne Brown of the internal auditors, AuditOne, presented the Block 3 audit report on enrolments, which was discussed.

The Committee noted that:

- AuditOne had undertaken testing to assess compliance over the completeness and accuracy of enrolments onto the student database system, with specific types of eligibility also assessed through compliance testing e.g. in relation to residency, age, study programme, fee remission;
- The report noted an assurance level of Good assurance and concluded that governance, risk management and control arrangements provided a good level of assurance that the risks identified were managed effectively and that a high level of compliance with the control framework had been found to be taking place;
- There were 3 recommendations arising from the review, all of which had been graded Low priority.

The College's Registrar, Alex Eslor, provided an update on actions taken or planned in relation to recommendations arising from the report, with members noting that:

- The action concerning the dating of forms had been implemented i.e. the College had moved to an online enrolment system for 2019/20, with the date of enrolment included in the PDF document retained by the College and copied to the student;
- With reference to the recommendation relating to the recording of student eligibility in complex cases, it was noted that the College's new online enrolment system flagged

complex cases requiring senior staff override, with the need to maintain a further record of the rationale for decisions taken to be considered by Easter 2020 i.e. in advance of enrolment for 2020/21;

- An incorrect end date, which had been funding and benchmark neutral, had been discovered during a sample audit and corrected in the College's Individualised Learner Record (ILLR) post-audit, with the development of additional analytical and reporting processes to be considered by Jan. 2019.

(ii) Follow up

Rosalind Armstrong of the internal auditors, AuditOne, presented the Block 3 Follow up report on recommendations arising from previous audit reports, which was discussed.

The Committee noted that:

- The report recorded that 29 recommendations had been followed up, 18 had been partially implemented and 6 were outstanding;
- After the report had been finalised AuditOne had received evidence that 2 of the partially implemented and 2 of the outstanding recommendations had been implemented at the time of the review i.e. that a total of 22 of the 29 recommendations had been implemented;
- Some further progress on implementation of recommendations had also been made since the report had been finalised i.e. the College's risk management policy, IT policy and BCP had all been updated and were awaiting final approval/ratification.

It was noted in response to members' questions:

- With reference to the acceptance by AuditOne of the non-adoption by management of the recommendation concerning the production of a guidance document for budget-holders that it was considered that such a guide would have duplicated the information for budget-holders already contained in the College's Financial Regulations, that the finance department provided one-to-one training for new budget-holders and guidance on request for existing budget-holders, budget-holders received an Excel spreadsheet detailing budget expenditure;
- With reference to the recommendation that the car insurance register should be updated to include the expiry date of relevant employees' car insurance, that this had been delayed as a result of the delay in the implementation of the College's new HR system and now had an implementation date of Dec. 2020;
- With reference to how the College determined that a staff member was fit to drive, that this was detailed in the College's Driving at Work policy.

The Committee received the internal audit 2018/19 Block 3 reports.

101.12 Annual internal audit report 2018/19

Rosalind Armstrong of the internal auditors, AuditOne, presented the Annual Internal Audit Report for 2018/19, which was discussed.

The Committee noted that:

- No overall audit opinion had been included in the report;
- 5 reviews had been undertaken in 2018/19 i.e. Procurement, Purchasing & Staff Expenses (Good assurance), Business Continuity (Good assurance), Enrolments (Good assurance), General Data Protection Regulations (Good assurance), and a Follow Up review (Good assurance);
- 28 recommendations had arisen from the reviews undertaken in 2018/19, with 9 graded as Medium priority, 19 graded as Low priority and none graded as High priority;
- The Follow Up exercise undertaken as part of the 2018/19 audit had followed up 29 recommendations, with the report recording that 62% of the recommendations examined had been fully implemented, 14% have been partially implemented, 21% were outstanding and 3% were no longer applicable, noting also, in this context the discussion at agenda item 101.11 above concerning the confirmation post-audit that 4 of the partially implemented/outstanding recommendations had been

implemented.

Rosalind Armstrong drew members' attention to the quality assurance section of the report, noting that AuditOne complied with the Public Sector Internal Audit Standards, the target for issuing draft reports within 10 working days had been met in 2018/19, the internal audit plan had been delivered by qualified audit staff, with 40% of the plan delivered by either the Audit Manager or the Head of Internal Audit. It was noted that AuditOne had proposed new key performance indicators for 2019/20 to improve further the measurement of performance.

The Committee received the internal audit report 2018/19, noting that it would be presented to the Corporation as an annex to the Audit Committee's annual report.

Action: Clerk

101.13 Annual performance review of the internal auditors, including cost, & consideration of re-appointment for recommendation to Corporation

(Wayne Brown and Rosalind Armstrong of AuditOne left the meeting).

(i) Cost of internal audit arrangements for 2018/19

The Committee reviewed the cost of the previous year's internal audit, noting that an estimated total cost for the 2018/19 internal audit of £5,270 (excl. VAT) for 15 days' work (£6,324 incl. VAT) had been agreed by the Corporation when approving the 2018/19 internal audit plan. AuditOne has invoiced the College for £6,093.60 to date (Oct. 2019) for audit work undertaken in 2018/19 i.e. the amount invoiced to date was within budget, with a final invoice expected.

(ii) Additional work undertaken by internal auditors

The Clerk reported that, under the Education & Skills Funding Agency (ESFA) *Post-16 Audit Code of Practice 2018 to 2019* (Feb. 2019) the Audit Committee must "inform the corporation of any additional services provided by the external auditor, reporting accountant, internal audit (as applicable) and other assurance providers (as applicable) and explain how independence and objectivity are safeguarded". The Audit Committee reviewed any additional services (e.g. consultancy work) undertaken by the auditors' annually as part of their performance review of the internal auditors' work. The College's Financial Regulations (Mar. 2019) stated, with reference to this requirement, that 'Any work undertaken by the College's auditors in addition to their normal audit duties should not amount to a sum greater than the cost of the annual audit or the sum of £20,000, whichever is the lower'.

The Committee noted that the College commissioned no work from AuditOne in 2018/19 which had not been included in the approved annual internal audit plan.

(iii) Performance review 2018/19

The Committee undertook a review of the performance of the internal auditors during 2018/19, using an agreed performance checklist.

[Confidential minute].

The Committee agreed the internal audit performance checklist for 2018/19, with the following addition under the Staffing & Training heading: [confidential minute]. The completed checklist would be presented to the Chair for signing at the Committee's Dec. 2019 meeting.

Action: Clerk

(iv) Consideration of re-appointment of internal auditors and agreement of their fees for recommendation to Corporation

Having completed the performance review of the internal audit service, AuditOne, at (i) - (iii) above, the Committee noted that a decision on re-appointment for 2019/20 would be considered when reviewing the internal audit plan at agenda item 101.14 below.

(Wayne Brown and Rosalind Armstrong of AuditOne returned to the meeting).

[Confidential minute].

101.14 Draft internal audit plan 2019/20 for recommendation to the Corporation

Wayne Brown of the internal auditors, AuditOne, presented the draft internal audit plan 2019/20.

Wayne Brown reported that a plan of 15 days was proposed and confirmed that the approach taking to producing the draft internal audit plan for 2019/20 included:

- AuditOne's knowledge of the sector;
- A cyclical approach to reviewing significant systems/processes;
- Discussion of possible areas for inclusion in the draft plan with the Director of Finance.

The Director of Finance confirmed that areas for inclusion, in addition to the annual Follow Up review, had also been discussed by the College's SMT, which had identified safeguarding and bursaries as particular areas for review, with a personnel/payroll review also having been included.

It was noted in response to members' questions concerning why the above areas had been chosen for inclusion in the draft plan that:

- There had been recent regulatory changes in respect of safeguarding which had led to the College's Safeguarding & Child Protection Policy being re-written in 2018, the College had implemented a new online safeguarding system and appointed a new safeguarding officer in 2018/19;
- Bursaries were a key area of student support and the College wished to have assurance that its systems were operating to offer maximum benefit to students and in line with ESFA guidance;
- Payroll was an area of significant expenditure and the College's Single Central Record / Recruitment an important area of the College's work, with a new HR system having been implemented in 2018/19.

It was noted in response to members' questions concerning the review of student bursaries that: the College already gauged the impact of bursary spending and also reviewed how other colleges spent bursary funds; the bursary fund had been underspent in 2018/19, noting that expenditure had to conform to ESFA guidelines; underspent bursary funds could be carried forward to the following year.

The Committee agreed that it would be useful for the cover sheet to the draft internal audit plan to list in future the reasons why particular areas had been chosen for inclusion in the draft plan.

Action: TW

The Committee discussed how the need to ensure appropriate cyclical coverage was ensured, noting the table at Appendix A to the plan which showed internal audit reviews undertaken during the previous 6 years, including outcomes. The information provided in the College's assurance map at agenda item 101.15 on the outcome of internal audit reviews and other sources of external and internal assurance from 2014 onwards, including the identification of any assurance gaps, was also noted in this context.

The Committee considered whether it would be useful to have a 3-year strategic audit plan, in addition to a one-year plan, included in the draft internal audit plan in future to provide the Committee with assurance that there would be an appropriate cycle of coverage of key areas over a 3 year period.

Action: TW

The Committee considered the draft plan for 2019/20 at Appendix B and the proposed

timetable for the audit at Appendix C.

The Committee noted that the 2018/19 internal audit plan had recorded a fee of £5,270 plus VAT for 15 days' work, noting that the draft plan for 2019/20 did not include an estimate of fees. Wayne Brown confirmed that the dual fee rate included in the 2018/19 plan would apply for 2019/20. *[Confidential minute]*.

The Committee agreed to recommend the draft internal audit plan for 2019/20 to the Corporation for approval, noting the fee rates applicable.

Action: Chair

101.15 College assurance map

The Committee considered the grading in the assurance map, agreeing that health & safety and security sections of the map should remain Amber.

Members discussed whether the strategic planning section of the map should change from Amber to Green, taking into account significant progress in strategic planning in 2018/19 (e.g. the approval by the Corporation of a new strategic plan with measurable targets), but agreed that, as the Corporation's strategic options review was ongoing, the grade should remain Amber.

The Committee completed its review of the College's assurance map.

Financial statements audit & regularity matters

101.16 Regularity self-assessment questionnaire (RSAQ) 2018/19

The Committee considered the College's draft regularity self-assessment questionnaire (RSAQ) 2018/19, noting that it was referred to by RSM in relation to their regularity assurance work.

The Committee received the College's draft regularity self-assessment questionnaire (RSAQ) 2018/19, noting that the final version, signed by the Chair of the Corporation and the Principal/Accounting Officer, would be presented to the Committee's Dec. 2019 meeting for reference in relation to RSM's 2018/19 regularity statement.

Action: Clerk

Committee & governance matters

101.17 Committee checklist & PIs 2018/19

The Committee completed its annual review of its performance checklist, noting that it was fully compliant, and that performance indicators (PIs) would be presented to the Committee's Dec. 2019 meeting.

Action: Clerk

Annex A

101.18 *It was noted that the following items had been considered earlier on the agenda: agenda items 4-6 (minutes of June 2019 meeting held on 15.6.1/action table and annual confidential minutes review), agenda items 15-17 (assurance map, RSAQ, Committee checklist).*

Annex B: Funding body circulars & new regulations &/or documents from other external bodies

101.19 Review of funding body circulars and new regulations and/or documents from other external bodies

The Committee received the following documents for information:

- ESFA Chief Executive letter to college Chairs on Bournville College (July 2019);
- ESFA/KPMG investigation report into Bournville College (July 2019);
- RSM briefing on College income (2019);
- Letter to College Principals/Chairs of Governors from the Parliamentary Under-

Final matters

101.20 Any other business

There was no other business.

101.21 Risk management – items identified at the meeting

No new items of risk were identified at the meeting.

101.22 Date of next meeting

It was noted that the Committee was next due to meet on Mon. 2 Dec. 2019 at 4.30pm.

101.23 Meeting of Committee with auditors without the presence of senior management

The Committee agreed that there was nothing to be considered under the above heading.

Fiona Bagchi
Clerk to the Corporation

**AUDIT COMMITTEE
MINUTES OF MEETING 102 HELD ON MONDAY 2 DECEMBER 2019**

Present: John Gilleard (Chair), Jane Price (Vice-Chair), Philip Wright (Committee member),

In attendance: Managers: Paul Britton (Principal), Bill Jackson (Director of Network & Information Systems)
Auditors: Rosalind Armstrong (AuditOne)

Clerk: Fiona Bagchi

102.1 Apologies for absence

There were no apologies from Audit Committee members.

Apologies were received from Tony Wilmot (Director of Finance) and from Wayne Brown of the College's internal auditors, AuditOne.

102.2 Declaration of interests

There were no declaration of interests.

Minutes & matters arising

102.3 Minutes of meeting held on 15 Oct. 2019

The Committee approved the minutes of the meeting held on 15 Oct. 2019, including the confidential minutes, with the following amendment: removal of the redundant word 'consider' from the final sentence of minute 101.10.

Action: Clerk

102.4 Matters arising and action table

(Actions shown below are numbered according to their position in the Action Points table appended to the end of the minutes of the previous meeting. The reference to where the action can be found in the minutes is given in brackets at the end of each item).

- 1 Committee terms of reference: the phrase 'where these have executive responsibilities for the college at senior level' had not been removed from the membership section of the Committee's revised terms of reference when they were presented to the Corporation in Sept. 2019 and this amendment would therefore be presented to Corporation in Dec. 2019 (101.5).

Action: Clerk

- 2 The Corporation had agreed that committees could, from 2019/20, approve their own standing agenda item lists. The next scheduled review of the Audit Committee standing agenda item list was in June 2020 (101.5).

- 3 The Audit Committee terms of reference checklist and the Corporation financial challenge checklist had been approved for use from 2019/20 i.e. the first presentation would be to the Committee's June 2020 meeting (101.5).

Action: Clerk

- 4 The final version of the checklist of mandatory and recommended items to be included on the College website would be presented to the Committee's Mar. 2020 meeting (101.5).
Action: Clerk
- 5 The Audit Committee terms of reference checklist and the Corporation financial challenge checklist had been approved for use from 2019/20 i.e. the first presentation would be to the Committee's June 2020 meeting (101.15).
Action: Clerk
- 6 The use of the checklist on page 12 of the RSM risk register analysis report 2018 in addition to the College's approved financial challenge checklist from 2019/20 would be considered, noting that the first presentation of the financial challenge checklist would be to the Committee's June 2020 meeting (101.5).
Action: Clerk
- 7 The annual risk register report full risk register would be considered later on the agenda (101.5).
- 8 The College's revised risk management policy would be recommended to the Corporation for approval in Dec. 2019 (101.10).
Action: Chair
- 9 The completed internal auditor performance checklist, amended as agreed at the Committee's Oct. 2019 meeting, would be signed by the Chair of the Audit Committee at the Committee's current meeting (101.13).
- 10 It had been agreed that it would be useful for the cover sheet to the draft internal audit plan to list in future the reasons why particular areas had been chosen for inclusion in the draft plan (101.14).
Action: Clerk/AuditOne
- 11 The Committee agreed that it would review at its June 2020 meeting whether it would be useful to have a 3-year strategic audit plan, in addition to a one-year plan, included in the draft internal audit plan in future to provide the Committee with assurance that there would be an appropriate cycle of coverage of key areas over a 3 year period (101.14).
Action: Clerk
- 12 The draft internal audit plan for 2019/20 would be recommended to the Corporation for approval, noting the fee rates applicable, in Dec. 2019 (101.14).
Action: Chair
- 13 The signed regularity SAQ was on the agenda, as agreed, for information and reference (101.16).
- 14 The annual performance indicator report remained to be presented to the Committee.
Action: Clerk

Actions arising from the confidential minutes

- 1 The internal audit performance checklist for 2018/19 had been amended as agreed (101.13).

Data Protection & Freedom of Information

102.5 Annual FOI & Data Protection Report

Bill Jackson (Director of Network & Information Systems) presented the College's annual Data Protection and General Data Protection Regulation (GDPR) report for Nov. 2019, which was considered.

(i) Data Protection Report

Members noted that:

- The previous year had been the first full year since the coming into force of the GDPR in May 2018, with the College processes during the first year of operation being reviewed;
- While the Director of Network & Information Systems remained the College's designated Data Protection Officer (DPO), in practice Data Protection issues were managed by a small group consisting of the Assistant Principal (Quality), the Registrar, and the Director of Network & Information Systems;
- The College's GDPR arrangements had been subject to internal audit, receiving Good Assurance from the auditors in Feb. 2019;
- Retention periods have been established for classes of data subject on which the College held data, and had been enacted;
- An annual review cycle for privacy notices and policies was being developed;
- The College continued with its policy of informing new staff of their obligations under the Data Protection Act as part of the induction process;
- In the last year, the Director of Network & Information Systems had also delivered a follow-up briefing on GDPR and lessons learnt to date to a full staff meeting;
- As DPO, the Director of Network & Information Systems required any data breach to be brought to his attention in order to monitor compliance, and improve college procedures and practice;
- *[Confidential minute]*.

The Committee discussed the Director of Network & Information Systems' role as the College's designated DPO, agreeing that the overall management of Data Protection issues by a group of 3 individuals should mitigate in practice any potential conflict of interests arising from the DPO role being undertaken by the Director of Network & Information Systems.

(ii) Freedom of Information Report

Members noted that:

- Since the report date 31st October 2018, the College had received 7 Freedom of Information (FOI) requests;
- FOI requests came variously from individuals, companies, researchers and journalists.

[Confidential minute].

The Committee received the College's annual Data Protection and General Data Protection Regulation (GDPR) report for Nov. 2019.

External audit: rolling implementation plan

102.6 Rolling implementation plan of external audit recommendations (review of tangible fixed assets)

The Committee noted that there was no further update on the report presented to the Committee in Oct. 2019.

Internal audit: rolling implementation plan

102.7 Rolling implementation plan of internal audit recommendations Part I (Business Continuity)

The Principal, Paul Britton presented the Director of Finance's update on the actions taken in response to the Business Continuity review.

The Committee noted that:

- Following a desk top exercise carried out at the College Management Group (CMG) planning day, the College's Critical Response & Business Continuity Plan had been updated;
- A further exercise had been undertaken in Nov. 2019 [*confidential minute*];
- Staff and student training had been delivered through tutorial and full staff meetings;
- Feedback on the test was being collated, would be reviewed by the College's senior management team (SMT), an action plan would be produced to address any issues raised and the Critical Response & Business Continuity Plan updated as required.

It was noted, in response to members' questions concerning students who may have felt anxious about the test, that the pastoral team had reported that sharing the date and time of the test with students had provided reassurance.

The Committee received an update on the rolling implementation plan of internal audit recommendations arising from the Business Continuity review.

102.8 Rolling implementation plan of internal audit recommendations Part II (Enrolment)

The Committee noted that the remaining actions arising from the above review had a spring term implementation date and an update would therefore be presented to the Committee's Mar. 2020 meeting.

Action: WGJ/AE

Risk management

102.9 Review of full risk register - Oct. & Dec. 2019

The Principal, Paul Britton, presented the report on the College's full risk register which had been prepared by the Director of Finance.

The Committee considered the Strategic Register and the individual area specific registers which had been reviewed and updated, as appropriate, by the relevant responsible member of the College's senior management team (SMT) i.e. the following individual risk registers: External; Finance; Infrastructure, IT and Premises; Quality of Student Learning Outcomes; Staff Engagement, Performance and Recruitment; Student Experience; Recruitment of Students; Governance & Leadership.

The Committee noted the following significant movements in risk grades since the last review:

- External Factors (Risk E1 - risk of reduced funding or significant increases in costs due to government policy) - recent funding increases had reduced the risk level although only for one year with this area remaining a significant risk;
- External factors (Risk E3 - decrease in student numbers) - the risk had diminished due to the demographic upturn in the number of 16-18 year olds over the next 5 years, with the risk no longer appearing on the Strategic Risk register;
- External factor (Risk E8 - impact of Brexit) - a new risk which had been added to the area specific register, with potential impact remaining difficult to quantify (potentially including foreign travel, EU staff/students, catering food supplies), with management monitoring developments to enable an appropriate response

In addition, the Committee noted the following movements in the risk register during the year:

- Finance Risk (Risk FIN02 - risk of failing to achieve financial targets resulting in impact on ESFA financial health grade) - the risk had been updated to include reference to the Education & Skills Funding Agency (ESFA) change to the Financial Health grading system under which the grade of 'Satisfactory', previously applicable to the College, had been replaced by 'Requires Improvement';
- Staff Engagement, Performance & Recruitment Risk (Risk STA03 - health and performance issues for staff as a result of work and management pressures which

could lead to poorer outcomes for students) - the overall risk score had been reduced, taking into account the level of support given to staff who experienced difficulties, with the risk removed from the Strategic Risk Register in Feb. 2019.

Members discussed the changes in ESFA health grading noting that it was understood that the calculations of the points score for the three elements used in the ESFA Financial Health grading were being reviewed, particularly with reference to the debt ratio, although the College had been informed that any changes would not take effect until the 2020/21 reporting cycle. It was noted in response to members' questions that: should the College be considered to have a 'weak' Financial Health grading of 'Requires Improvement', this could lead to the ESFA implementing its intervention process; any developments in the ESFA's Financial Health grading methodology would be monitored by the College's SMT; SMT would also continue to monitor the monthly management accounts to ensure that costs were appropriately controlled.

The Committee discussed whether the risk score of 12 for Risk IT10 (conflict of interest relating to the combination of the DPO and Director of Network & Information Systems roles) was appropriate, given the mitigation provided by data protection issues, in practice, being managed by a small group i.e. the Assistant Principal (Quality), the Registrar, and the Director of Network & Information Systems.

The Committee reviewed and received the College's Strategic Register and the individual area specific registers, agreeing that they should be included as an appendix to the Audit Committee's annual report which would be presented to the Corporation in Dec. 2020.

Action: Clerk

Annual Reports: fraud bribery, irregularities & whistleblowing

102.10 Annual report on fraud, bribery, irregularities & whistleblowing

Members noted that, under its standing agenda item list, the Committee received an annual report during the autumn term on any fraud, bribery, irregularities, and whistleblowing events.

Members noted:

- The College had relevant policies and procedures e.g. the College had a Fraud & Bribery Policy, a Whistleblowing Policy, Financial Regulations which included sections on whistleblowing, gifts and hospitality, fraud, corruption and bribery;
- The College had confirmed that there had been no incidences of fraud, bribery, irregularities or whistleblowing events during 2018/19 or to date;
- The risk to the College arising from the implementation of the Bribery Act 2010 appeared to have continued to remained low in 2018/19 e.g. overseas activities mainly related to established educational trips and visits, the College made use of a single agent in relation to the recruitment of overseas students, there were no associated persons who undertook work for the College; there were no donations/gifting, the College had financial regulations and relevant policies and procedures.

The Committee noted that the College has confirmed that there had been no fraud, bribery, irregularities or whistleblowing incidents in 2018/19 or to date.

Financial matters incl. annual financial statements / regularity audits & review of annual members' report & financial statements

102.11 2018/19 Financial Management Control Evaluation (FMCE)

The Committee noted that:

- While submission of the FMCE was no longer a funding agency requirement, the Sixth Form Colleges' Association (SFCA) had noted that colleges might wish to continue to complete the questionnaire for self-assessment purposes, providing assurance to the Audit Committee;
- A review of the College's updated FMCE was an annual standing agenda item for

the Audit Committee;

- The College had assessed the individual sections and the overall effectiveness grade as Good in the 2018/19 FMCE;
- The FMCE improvement plan had not been completed as areas requiring action which were noted in the table were already included in the rolling implementation plans of auditors' recommendations which were reviewed by the Committee at each meeting.

The Committee considered the draft FMCE 2018/19, agreeing the following amendment: the answer to Area 1, Section 2 (Operational Oversight), Question 3a (Do the finance and MIS functions have the necessary resources to enable them to fulfil their duties as set out in the Financial Regulations?) should be 'Yes'.

Richard Lewis of the external auditors confirmed the references in the draft FMCE which stated that RSM anticipated issuing an unqualified audit opinion on the 2018/19 accounts.

Members noted that the FMCE report contributed to the Audit Committee's annual opinion on controls in its annual report to the Corporation

The Committee received the College's completed 2018/19 Financial Management Control Evaluation (FMCE) questionnaire, noting the self-assessed overall effectiveness grade of Good.

102.12 The College's annual report & financial statements

It was noted that the Education & Skills Funding Agency (ESFA) Post-16 Audit Code of Practice 2018 to 2019 (Feb. 2019) stated that the Audit Committee must 'assess and provide the corporation with an opinion on the adequacy and effectiveness of the corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets'.

It was also noted that, under its terms of reference, the Committee received the College's annual report and financial statements for the year ended 31 July to inform its review of the financial statements auditors' audit findings report and to consider the regularity assurance engagement conclusion, the statements on corporate governance, responsibilities of members of the Corporation and the system of internal control.

The Committee noted that the F&GP Committee would also consider the annual report and financial statements at its Dec. 2019 meeting, for recommendation to the Corporation.

The Committee reviewed the report of the Corporation (including the public benefit statement and risk analysis), the statement of corporate governance and internal control, the Corporation's statement on regularity and compliance with funding body terms and conditions of funding, the statement of the responsibilities of the members of the Corporation, the independent auditors' report to the Corporation, the statement of comprehensive income (SOI), the balance sheet as at 31 July, the statement of changes in reserves, the statement of cash flows, and the Notes to the financial statements.

It was noted that the College had declared an operating deficit of £157,000 (2017/18 surplus £140,000) after charging depreciation of £735,000 (2017/18: £777,000).

The Committee noted that the financial statements recorded that the College continued to adopt the going concern basis in preparing the financial statements, which was considered to appropriate.

It was noted that RSM considered that the accounting policies adopted by the College were appropriate for the circumstances of the College and consistent with the FE and sixth form college sector (Note 1 to the accounts).

Members considered Note 6 (Staff costs and key management personnel remuneration), noting that RSM considered that the disclosure relating to the Principal's remuneration, (including the relationship between the Principal's emoluments, expressed as a multiple of all other employees based on full-time equivalents, for both basic salary and total remuneration) met the ESFA's requirements.

Members considered Note 16 on Retirement Benefits, noting that the College's employees belonged to 2 principal post-employment benefit plans i.e. the Teachers' Pension Scheme (England and Wales (TPS) for academic and related staff and the East Riding Pension Fund (ERPF) for non-teaching staff, both of which were multi-employer defined-benefit plans. Members noted, with reference to the ERPF that there had been a net increase in the College's share of the overall scheme the College, which had been mitigated to some extent by the College engaging with its actuaries concerning the adoption of bespoke assumptions. RSM had reviewed the assumptions for reasonableness and benchmarked them against other pension schemes in the sector, finding no issues on which to report

The Committee noted RSM's statement as regularity reporting accountant that, in the course of their work, nothing had come to their attention which suggested that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 had not been applied to purposes intended by Parliament and that the financial transactions did not conform to the authorities which governed them.

The Committee agreed minor typographical amendments to the College's draft annual report and financial statements for the year ended 31 July 2019.

Action: Clerk/TW

It was agreed that the Audit Committee's advice to the Corporation and the Principal as Accounting Officer should be that the College has adequate and effective assurance arrangements and framework for governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

Having completed its review of the College's annual report and financial statements for the year ended 31 July 2019 and taking into account the positive outcome of the 2018/19 internal audit report and of the financial statements audit findings report to be considered at agenda item 13, the Committee agreed to recommend that it would appropriate for the Chair of Corporation and the Principal to sign the statement of corporate governance and internal control, and the statement on regularity, propriety and compliance with funding body terms and conditions of funding and for the Chair of Corporation to sign the statement of responsibilities of members of the Corporation.

Action: Chair

102.13 Financial Statements Audit Findings Report, incl. update on ESFA investigations

Richard Lewis of financial statements/external auditors RSM UK Audit LLP presented the Final Audit Findings Report for the year ended 31 July 2019.

Members considered the report and noted that RSM anticipated issuing an unqualified opinion on the financial statements and no modifications to the regularity assurance report, following satisfactory clearance of outstanding matters.

The Committee reviewed RSM's audit findings report, noting in particular that:

- RSM had confirmed that in all material respects the accounting treatment adopted by the College, including the disclosures made in the financial statements, were in accordance with the requirements of FRS 102 and the Statement of Recommended Practice (SORP);
- The report set out the risks which had informed the audit plan and reported against them, noting no significant issues;
- The report included statements that there were no audit/ accounting /regularity

/impropriety issues to bring to the Corporation's attention and a statement of unadjusted/adjusted errors e.g. under unadjusted misstatements, a reference to the GMP (guaranteed minimum pension) equalisation;

- The report noted that the GMP equalisation liability had not been accounted for in the College's financial statements on the advice of the scheme actuary;
- RSM had assessed the likely impact of the above using the information available and concluded that the estimation of the possible liability was not material to the College's financial statements, showing the estimated liability of £16k as on unadjusted misstatement to the financial statements;
- The report concluded that there were no material issues arising from the regularity review to bring to members' attention;
- With reference to significant deficiencies in internal control which came to RSM's attention during the course of the audit, 2 recommendations had been made in the report i.e. one relating to the fact that the College's procurement policy did not explicitly mention the link between conflicts of interest when assessing procurement and one relating to the need for Corporation approval of novel expenditure;
- Management had provided appropriate responses to the 2 deficiencies in internal control noted above.

The Committee noted the useful emerging issues report from RSM, which was attached as an appendix to the audit findings report.

The Committee thanked RSM for their work on the 2019 financial statements/external audit and regularity engagement.

The Committee received the annual audit findings report from financial statements/ external auditors and regularity reporting accountant, RSM, noting that the auditors anticipated issuing an unqualified audit opinion, and agreeing that the report should be presented to the Corporation as an appendix to the Committee's Annual Report.

Action: Clerk

102.14 Letters of representation to RSM

The Committee considered the financial statements audit and regularity assurance engagement letters of representation to RSM UK Audit LLP and agreed to recommend them to the Corporation.

Action: Chair

102.15 Determine documents to be sent to the ESFA

The Committee noted that: the Director of Finance would submit the College's signed annual report & financial statements and the Finance Record to the ESFA via the latter's portal by the deadline of 31 Dec. 2019; a copy of the signed annual report & financial statements would also be placed on the College website by the deadline of 31 Jan. 2020.

Action: TW/Clerk

Funding body circulars & new regulations &/or documents from other external bodies

102.16 Documents/links from external bodies: ESFA IFMC & Financial Planning Handbook briefing

It was noted that, under its standing agenda item list, the Audit Committee received, for information, relevant funding body circulars and new regulations and/or documents from other external bodies, if any, at each meeting.

The Committee received a briefing note, e-mailed on 26 Nov. 2019, from the Head of Prevention (Provider Market Oversight) at the Education & Skills Agency (ESFA) on the introduction of the ESFA's Integrated Financial Management for Colleges (IFMC) and the publication of a revised, second edition of the ESFA Financial Planning Handbook (2019).

The Committee noted that:

- The ESFA's Financial Planning Handbook v.2 (2019) stated that the IFMC return consolidated into one return, 4 previous financial returns i.e. the Dec. finance record return (which would be submitted to the ESFA for the last time in Dec. 2019), the July financial plan return, the cashflow against debt serving return and the cashflow template introduced earlier in 2019;
- Paragraph 20 of the Financial Planning Handbook v.2 (2019) states that the IFMC must be approved by the Corporation and signed by the Principal as Accounting Officer;
- In 2019/20, the deadline for colleges to submit the IFMC return to the ESFA was 28 Feb. 2020 but from 2020/21, the submission date would be 31 Jan. annually;
- The Clerk would recommend to the Corporation that the meeting of the Corporation's Finance & General Purposes (F&GP) Committee scheduled for Tues. 25 Feb. 2020 should be cancelled and replaced by a Corporation meeting at which the IFMC would be considered for approval and that from 2020/21, a Jan. meeting of the Corporation should be scheduled annually, replacing the F&GP Committee meeting normally held in Jan.

The Committee noted that colleges would still be required to submit audited annual financial statements, the external auditor's audit findings report and the Audit Committee's annual report by 31 Dec. annually.

The Committee received, for information, an ESFA briefing note on the ESFA's Integrated Financial Management for Colleges (IFMC) return.

Governance reports

102.17 Audit Committee's annual report to Corporation, the Principal & the ESFA

The Clerk reported that section 23 of the Education & Skills Funding Agency (ESFA) *Post-16 Audit Code of Practice (ACOP)* (Feb. 2019) stated that the Audit Committee must 'produce an annual report for the corporation, summarising the committee's activities relating to the financial year under review . . . submit the annual report to the corporation before the statement of corporate governance and internal control in the annual accounts is signed'

The Committee considered its draft report for 2018/19 to the Corporation and the Principal as Accounting Officer, agreeing that its opinion as stated in its report was that: 'Based on the reports of and discussions with both the internal auditors and the financial statements and regularity auditors, together with our own enquiries, the Audit Committee's opinion is: that reliance can be placed upon the adequacy and effectiveness of Wyke Sixth Form College Corporation's assurance arrangements, its framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets; that the Corporation's responsibilities, included in the annual financial statements, have been satisfactorily discharged'.

It was noted that the following documents would be attached, for information, as Appendices to the Audit Committee's annual report: internal audit report, financial statements audit findings report, full risk register, regularity engagement report.

The Audit Committee agreed to present its annual report for 2018/19 to the Dec. 2019 Corporation meeting, recommending that the Corporation approve its submission to the College's funding/regulatory body the Education & Skills Funding Agency (ESFA).

Action: Chair

102.18 Summary report against the AoC Governance Code

The Committee noted that the Association of Colleges (AOC) *English Colleges' Code of Good Governance* (Mar. 2015) (the *Code*) included:

- An initial statement of the core values and expectations that provide the context for the way in which college governance was conducted and a list of the 10 key

governance principles that supported the values and were vital to successful implementation.

Members noted that adoption of the code was voluntary and that, while the Corporation had not adopted the Code, the Audit Committee received an annual report mapping the College's practice against the Code's 10 principles, for review and information.

The Committee considered the summary table mapping the College's practice against the AoC's English Colleges' Code of Good Governance 10 principles and agreed the grades shown in the table

The Committee noted that the table showed that the College was either compliant in relation to the Code and/or was compliant but further enhancement was possible/in progress.

102.19 DfE mandatory items for website checklist

The Clerk reported that an update on the above would be given to the Committee's Mar. 2020 meeting.

Action: Clerk

Information Pack

102.20 Signed copy of Regularity Audit Self-Assessment Questionnaire (RSAQ) presented to the Oct. 2019 meeting

It was noted that the signed version of Regularity Audit Self-Assessment Questionnaire (RSAQ) which had been presented to the Oct. 2019 meeting had been included with the papers for the Committee's Dec. 2019 meeting for information and reference.

Final matters

102.21 Any other business

Rosalind Armstrong of the internal auditors explained AuditOne's free internal audit recommendation tracking software which was available to AuditOne's clients.

102.22 Risk management – items identified at the meeting

Members noted the following item of risk had been discussed at the meeting but noting also that this was already included in the risk register considered earlier in the agenda: proposed changes to the ESFA's financial health methodology which might affect the College's financial health rating.

102.23 Date of next meeting

It was noted that the Committee was next scheduled to meet on Tues. 3 Mar. 2020 at 4.30pm.

102.24 Meeting of Committee with auditors without the presence of senior management (The Principal, Paul Britton, and the Bill Jackson (Director of Network & Information Systems) left the meeting).

Richard Lewis, of the College's external auditors, RSM UK Audit LLP, discussed the conduct of the audit with the Committee, with members noting in discussion that: RSM had a positive relationship with the Director of Finance and his team, which made dialogue possible; errors in the financial statements were few, with mainly presentational points being raised during the audit; the Director of Finance was both responsive and forward

thinking e.g. as evidenced by the Director of Finance's discussions with the East Yorkshire Pension Fund actuaries concerning pensions assumptions (following discussion with RSM) and the bank concerning the need for a covenant waiver.

Richard Lewis commented on the introduction of the Education and Skills Funding Agency's (ESFA's) new Integrated Financial Management for Colleges (IFMC) return, which had been noted above and which needed to be completed by the Director of Finance, approved by the Corporation and submitted to the ESFA by 28 Feb. 2020, highlighting, in this context the importance of colleges monitoring of their financial plans.

The Committee thanked the auditors for their work.

Fiona Bagchi
Clerk to the Corporation

**AUDIT COMMITTEE
MINUTES OF MEETING 103 HELD ON TUESDAY 10 MARCH 2020**

Present: John Gilleard (Chair), Jane Price (Vice-Chair), Philip Wright (Committee member),

In attendance: Managers: Jenny Anderson (HR Manager), Paul Britton (Principal), Bill Jackson (Director of Network & Information Systems), Tony Wilmot (Director of Finance)
Auditors: Wayne Brown (AuditOne, internal auditors)

Clerk: Fiona Bagchi

103.1 Apologies for absence

Apologies were received from Richard Lewis of the College's external auditors, RSM UK Audit LLP (RSM).

103.2 Declaration of interests

There were no declarations of interests.

Minutes & matters arising

103.3 Minutes of meeting held on 2 Dec. 2019

The minutes of the meeting held on 2 Dec. 2019 were approved.

103.4 Matters arising and action table

(Actions shown below are numbered according to their position in the action points table appended to the end of the minutes of the previous meeting. The reference to where the action can be found in the minutes is given in brackets at the end of each item).

- 1 The Oct. 2019 minutes had been amended, as agreed (102.3).
- 2 The revised membership section of the Committee's terms of reference had been approved by the Corporation at its Dec. 2019 meeting (102.4).
- 3 The next scheduled review of the Audit Committee's standing agenda item list would be in June 2020 (102.4).

Action: Clerk
- 4 The Audit Committee terms of reference checklist would be presented to the June 2020 Audit Committee meeting (102.4).

Action: Clerk

The Corporation financial challenge checklist would be used with reference to 2019/20 (102.4).

Action: Clerk
- 5 The final version of the checklist of mandatory items to be placed on the College website would be e-mailed to members (102.4).

Action: Clerk
- 6 Review the use of the checklist on page 12 of the RSM risk register analysis report 2018, for use in addition to the financial challenge checklist (102.4).

Action: Clerk

- 7 The College's revised risk management policy had been approved, on the recommendation of the Committee, by the Corporation at its Dec. 2019 meeting (102.4).
- 8 The cover sheet to the draft internal audit plan would list in future the reasons why particular areas had been chosen for inclusion in the draft plan (102.4).
Action: Director of Finance
- 9 The usefulness of the inclusion of a 3-year internal audit strategy, in addition to a one-year plan, to provide the Committee with assurance that there would be an appropriate cycle of coverage of key areas over a 3 year period, would be considered when the 2020/21 draft plan was being formulated (102.4).
Action: Director of Finance/AuditOne
- 10 The 2019/20 internal audit plan had been approved by the Corporation, on the recommendation of the Committee, at its Dec. 2019 meeting (102.4).
- 11 The Committee's performance indicator report would be e-mailed to members (102.4).
Action: Clerk
- 12 The updated rolling implementation action plan of auditors' recommendation was on the agenda (102.6).
- 13 The College's risk register had been presented to the Corporation as an appendix to the Audit Committee's Annual Report, which had been presented to the Corporation at its Dec. 2019 meeting (102.9).
- 14 Minor typographical amendments had been made to the College's draft annual report & financial statements, as agreed, with the final version been considered by the Corporation at its Dec. 2019 meeting (102.12).
- 15 The annual report & financial statements, including the statement of corporate governance and internal control, the statement on regularity, propriety and compliance with funding body terms and conditions of funding and the statement of responsibilities of members of the Corporation, had been signed at the Dec. 2019 Corporation meeting (102.12).
- 16 RSM audit findings report had been presented to the Corporation as an appendix to the Audit Committee's Annual Report, which had been presented to the Corporation at its Dec. 2019 meeting (102.13).
- 17 Letters of representation to RSM as financial statements auditors and in relation to the regularity engagement work had been signed at the Dec. 2019 Corporation meeting on the recommendation of the Committee (102.14).
- 18 The Director of Finance had submitted the College's signed annual report & financial statements and the Finance Record to the ESFA via the latter's portal by the deadline of 31 Dec. 2019 (102.15).
A copy of the signed annual report & financial statements had been placed on the College website by the deadline of 31 Jan. 2020 (102.15).
- 19 The Audit Committee annual report for 2018/19 had been presented to the

Dec. 2019 Corporation. meeting, which had approved its submission to Education & Skills Funding Agency (ESFA) (102.17).

- 20 An update on the checklist of mandatory items to be placed on the College website mandatory items for the website checklist had been given at action 5 above (102.19).

Rolling implementation plan of auditors' recommendations

- 103.5 **Rolling implementation plan of internal auditors' recommendations and**
103.6 **Rolling implementation plan of issues arising from external auditors' audit findings reports 2017 & 2019**

The Committee agreed that the above items should be considered later on the agenda.

Internal audit

- 103.7 **Internal audit 2019/20**

(i) Progress report

Wayne Brown of the College's internal auditors, AuditOne, presented a progress report on the 2019/20 audit, noting that one report had been finalised and issued in 2020 to date (i.e. the report arising from the review of the College's Single Central Record), with audit planning memorandums having been developed and review dates agreed for 2 further reviews i.e. the reviews of Student Finances Support/Bursaries and Payroll.

The Committee received a progress report on the 2019/20 internal audit.

(ii) Single Central Record

Wayne Brown reported that the Single Central Record review was a compliance review, with the scope including specific testing on the maintenance of the Single Central Record e.g.

- Compliance testing to ensure certain checks / processes had been completed by the College in line with requirements specified by the Department of Education (DfE) and within the College's policies relating to pre-appointment checks;
- A review of the content of the Single Central Record and the College's policies to ensure that the requirements specified by the DfE had been met; and
- A review of the Single Central Record to check that it had been adequately and accurately maintained.

The Committee noted that the report arising from the review of the College's Single Central Record stated that 'Governance, risk management and control arrangements provide a good level of assurance that the risks identified are managed effectively. A high level of compliance with the control framework was found to be taking place. Minor remedial action is required'. It was noted that 4 recommendations had arisen from the review: one graded Medium priority and 3 graded Low priority.

It was noted in responses to members' questions concerning the recommendation graded Medium priority that:

- All staff were Disclosure & Barring Service (DBS) checked;
- In line with DfE guidance, unless a new staff member was a member of the DBS update service, the College always undertook its own DBS check even where the staff member concerned had a recent DBS letter in connection with employment at another institution (although a copy of any existing DBS letter would be taken in addition to the College undertaking a new check);
- The DBS responded to requests for checks in a reasonable timeframe;
- The College ensured that any staff members starting before all DBS checks were in place had clear supervision arrangements but it had been accepted, as outlined in AuditOne's report, that this should always be documented.

It was noted with reference to the 3 recommendations graded Low priority that:

- The College had updated its 'New Starter Checklist' to record the date that the prohibition for teaching check was undertaken;
- The College's Recruitment and Selection Policy and Procedure would be revised to include a section of the specific process to be followed where all pre-employment checks had not been completed prior to an individual's start date and the Engagement of Volunteers Policy would be revised as agreed in the recommendations table;
- With reference to College policies generally, a 'next review date' section was not currently shown on College policies but the Corporation's Personnel Committee considered a review schedule of HR policies at each meeting, with the normal review date being 5 yearly or on legislative or other change.

The Committee received and discussed the report arising from the Single Central Record review undertaken by the College's internal auditors, AuditOne.

(Jenny Anderson (HR Manager) left the meeting)

Rolling implementation plan of auditors' recommendations

103.5

Rolling implementation plan of internal auditors' recommendations

The Committee agreed that the above items should be considered at this point on the agenda.

(The Principal, Paul Britton, joined the meeting).

(i) Enrolments (Oct. 2019)

Bill Jackson (Director of Network & Information Systems) presented an update on management responses from the College Registrar, Alex Eslor, to recommendations arising from the review of enrolments review undertaken in Oct. 2019.

Members noted that:

- The recommendation relating to dated forms had been implemented;
- The recommendation relating to confirming eligibility at the point of enrolment, would be considered as part of planning for enrolment for 2020-2021 i.e. by the beginning of summer term 2020;
- With reference to the recommendation that actual end dates should be recorded in line with the specification of the Individualised Learner Record (ILR), the College had developed a new process following the release of the Nov. re-sit results, which had reduced the opportunity for error caused by students end dates for Maths and English GCSE courses being recorded incorrectly.

(ii) BCP (Apr. 2019)

Tony Wilmot (Director of Finance) presented an update on the management responses to recommendations arising from the Business Continuity review undertaken by the internal auditors in Apr. 2019.

The Committee noted that:

- The College had tested aspects of the plan in Nov. 2019 [*confidential minute*];
- The test had gone well, with feedback sought at a subsequent College Management Group (CMG) meeting and the policy updated to reflect issues raised and relevant actions planned [*confidential minute*];
- A further test would be scheduled [*confidential minute*];
- The updated plan would be presented to the Audit Committee for information.

Action: Director of Finance

The Committee discussed the plan with reference to the Covid-19 pandemic, with the Principal reporting that a number of scenarios had been added as appendices to the plan and the addition of a medical scenario appendix could be considered.

The Principal reported in response to members' questions concerning the College's response to the Covid-19 pandemic that:

- Government posters had been placed around the College and tutors' notices to students had included information on good hygiene;
- With reference to any visits overseas made by staff or students during the half-term holiday, information provided had included Government guidance on actions to take following a recent visit to category 1 or 2 areas;
- A student trip to southern Italy, which should have taken place during the current week, had been postponed on the advice of the Department for Education (DfE), as had a planned trip to Kilimanjaro;
- The Venn Partnership Limited group of colleges was setting up a Covid-19 working group to share approaches and information;
- It was expected that national guidance would be issued for schools and colleges should closures be required during the forthcoming examination period.

The Committee completed its review of the rolling implementation plan of issues arising from the internal auditors' audit findings reports.

103.6 Rolling implementation plan of issues arising from external auditors' audit findings reports 2017 & 2019

(i) Rolling implementation plan arising from external auditors' audit findings report 2017

The Director of Finance reported that the tangible fixed assets register was reviewed on a rolling basis with computer equipment and educational equipment to be reviewed in July 2020.

(ii) Rolling implementation plan arising from external auditors' audit findings report 2019

The Director of Finance reported that:

- The recommendation that all future novel expenditure transactions should be pre-approved by the Corporation had been considered at the Dec. 2019 Corporation meeting and agreed;
- The revised Financial Regulations, including a reference to the register of interests and procurement, had been approved by the Corporation at its Feb. 2020 meeting.

With reference to the additional action agreed by the Audit Committee at its Dec. 2019 meeting that declarations of interests should be added as a standing item to any College's tender opening ceremony documentation and written evidence relating to the tender opening ceremony should record whether those involved had declared any interests, the Director Finance reported that an amendment had been made to the tender sign off sheet to show that this had been considered.

The Committee completed its review of the rolling implementation plan of issues arising from the external auditors' audit findings reports 2017 & 2019, noting that the College had confirmed that all recommendations arising from the latter had been completed.

(Bill Jackson (Director of Network & Information Systems) left the meeting).

Internal financial control

103.8 **Statement of Internal Financial Control Checklist**

The Committee received the College's completed Statement of Internal Financial Control Checklist for information, noting actions being undertaken during 2019/20 i.e. finance team cross-skilling and work on the College's fixed asset register.

Risk management & assurance map

103.9 **College's strategic risk register**

It was noted that under the Audit Committee's standing agenda item list, a review of the

College' strategic risk register was a termly standing agenda item for the Committee, with the full risk register reviewed at the Committee's second autumn term meeting.

The Director of Finance presented the College's strategic risk register, which had been updated in Feb. 2020, reporting the following changes in the full risk register since the Dec. 2020 Audit Committee meeting:

- Risk E9 (External Factors) – a new risk had been added to the area specific register in respect of any impact on the College should the Covid–19 virus become more widespread, including any impact on planned overseas College trips;
- When the risk register had been updated in Feb. 2020, the above risk had been assessed as having a total risk score of 8 and it therefore did not appear on the strategic register being presented to the Committee's at its March 2020 meeting as the strategic risk register included only risks with a score of 12 or over;
- The Director of Finance considered it likely that the risk score of Risk E9 would have been higher had the register been updated nearer to the current meeting;
- There had been no other significant movements in the risks faced by the College since the Dec. 2020 Audit Committee meeting.

The Committee discussed potential risks arising from any significant increase in student numbers with reference to the College's current and future accommodation needs, *[confidential minute]*.

The Committee completed its review of the College's updated strategic risk register.

103.10 Updated College assurance map

It was noted that, under the Audit Committee's standing agenda item list, the Committee reviewed, at its spring term meeting, the design and effectiveness of the assurance framework to inform internal audit planning for the following academic/financial year through review of the College's assurance map and that, during the autumn term, the Committee also reviewed the assurance map when considering the draft internal audit plan.

The Committee noted that:

- The College's assurance map set out areas of required and actual assurance (provided both internally and externally) highlighting any areas of assurance 'gap' (or overlap) to allow total assurance resources (including internal audit) to be optimised and that areas of assurance covered by the assurance map included corporate governance, finance, teaching and learning, human resources, IT/information governance;
- The map had been updated since it was reviewed by the Audit Committee at its Oct. 2019 meeting to include the outcome of internal audit reviews undertaken during 2019/20 to date, with references to reports from external agencies prior to 2014 remaining unless superseded;
- The following sections were currently shown as Amber: strategic business planning, health & safety, security.

The Committee discussed in detail the areas in the map rated Amber.

The Committee noted that the Corporation was due to hold a strategic planning event on 24 March 2020.

Action: Principal/Clerk

With reference to health and safety, the Committee noted the progress made recruiting additional staff to work as first aiders, with a first aid rota developed, and that PAT testing had been completed. It was noted that improvements in health and safety reporting to the Corporation were planned, including the presentation of an annual health and safety report which included trend data.

Action: TW/AW/Clerk

It was noted in response to members' questions, that:

- While there were legal requirements with reference to the number of first aiders in relation to the total number of staff employed, there were no similar requirements in relation to student numbers;
- First aid training was made available to students, which was of particular use, for example, to students training in health and social care, but only staff were used as College first aiders

The Committee noted that the Amber status of the Security section of the map related to the ongoing review of the tangible fixed assets register, which had been discussed earlier on the agenda at agenda item 103.6.

The Committee completed its review of the College's updated assurance map.

Financial statements & regularity assurance audit

103.11 Performance of financial statements/external auditor & regularity assurance engagement accountant, incl. review of cost of the 2018/19 audit

It was noted that, under its standing agenda item list, the Audit Committee reviewed, at its March meeting, the performance of the financial statements/external auditor & regularity assurance engagement accountant, including a review of cost of the audit, for the previous financial year.

(i) Cost of 2018/19 audit

The Committee considered the cost of the financial statements/external audit and regularity assurance engagement work and work in relation to the Teachers' Pension Scheme (TPS) certificate undertaken by RSM UK Audit LLP (RSM).

[Confidential minute].

The Director of Finance confirmed that actual total cost of the audit for the year ended 31 July 2019 was as stated in the 2019 external audit plan.

(ii) Auditor independence

It was noted that paragraph.13.4 (Auditor independence) of the College's Financial Regulations stated that: 'As required under the Audit Code of Practice, the Audit Committee must inform the Corporation of any additional services provided by the external or internal auditors and explain how independence and objectivity have been safeguarded. Any work undertaken by the College's auditors in addition to their normal audit duties should not amount to a sum greater than the cost of the annual audit or the sum of £20,000, whichever is the lower'.

The Committee reviewed RSM's independence, noting that no additional work had been undertaken by RSM during the relevant year other than the audit work notified in the 2019 audit plan i.e. financial statements/external audit work, regularity assurance engagement work, and work in relation to the Teacher' Pension Scheme (TPS) certificate report.

(iii) Performance review

The Committee reviewed the performance of RSM as external auditors using its agreed performance checklist, agreeing that the response to all statements should be Green (positive) except at Questions 9 and 16, where the appropriate response was 'Not applicable'.

The Committee completed its review of the cost of the financial statements/external audit and regularity engagement work for the year ended 31.7.19, noting that this was as agreed, and reviewed the performance of the auditors, RSM, using the performance checklist, noting the overall outcome of the review had been positive. The Committee agreed that the Chair should sign the completed performance checklist.

Action: Chair/Clerk

103.12 Re-appointment of RSM as financial statements/external auditor & regularity assurance engagement accountant, subject to agreement of 2020 audit plan & fees

The Clerk reported that, following a positive performance review of the external auditors at its spring term meeting, the Committee's practice was to consider for recommendation to the Corporation the annual re-appointment of the external auditors, subject to agreement of their fees when the external audit plan was considered for approval during the summer term.

The Committee considered the need to go out to tender for auditors on a regular basis, noting that 5-yearly was often considered good practice. It was noted, in this context, that RSM had been the College's auditors in excess of 5 years. Members discussed the number of audit firms which might want to consider taking part in any tender exercise for external auditors, given the size of the College contract.

The Committee discussed the College's current contract with RSM noting that: RSM's fees were competitive; they were locally based; they had good sector knowledge; were a significant provider of audit services to the further education and sixth form college sectors; their emerging issues briefings added value to the audit.

Members noted that, should going out to tender be considered desirable, it would need to be undertaken during the spring at the latest to allow sufficient time for the tender process to be undertaken and for the Committee to make a recommendation on any appointment to the Corporation in time for the annual audit plan to be presented to the July Corporation meeting for approval, which might require a Special Audit Committee meeting to be held between the Committee's spring and summer term meetings.

The Committee discussed re-tendering and the appointment of external auditors and it was agreed that, in the first instance, the Director of Finance should discuss the issue of external auditors and re-tendering with the Venn Partnership Limited Finance Directors' group.

Action: Director of Finance

Funding agency circulars & new regulations &/or documents/links from other external bodies

103.13 Documents/links from external bodies

It was noted that, under its standing agenda item list, the Audit Committee received, for information, relevant funding body circulars and new regulations and/or documents from other external bodies, if any, at each meeting.

The Committee noted that:

- The Education & Skills Funding Agency (ESFA) Financial Planning Handbook (Nov. 2019 v.2) had been received by the Feb. 2020 Corporation meeting in connection with its review and approval of the College's Integrated Financial Management for Colleges (IFMC) return to the ESFA, noting that the handbook was available at: <https://www.gov.uk/government/publications/financial-planning-handbook>
- The ESFA had yet to issue the Post-16 Audit Code of Practice applicable to 2019/20 and the 2019/20 Regularity Self-Assessment Questionnaire (RSAQ).
- The Financial Reporting Council (FRC) annual review of UK Corporate Governance Code (Jan. 2020), which was applicable to companies with a premium listing, had concluded that companies needed to improve their governance practices and reporting if they were to demonstrate their positive impact on the economy and wider society, highlighting the need for boards to look at strategy, culture and stakeholder engagement - see <https://www.frc.org.uk/news/january-2020/annual-review-of-the-uk-corporate-governance-code>
- The Corporation had due regard to the above Code insofar as it was applicable to the sixth form college sector.
- A Commonwealth Audit Committee/KPMG review of the Commonwealth Secretariat and tendering had found that the Secretary General had circumvented usual competitive tendering rules.

The Committee received, for information, the above documents/links.

Annex A

103.14 Agenda items 3-4 (minutes & action table)

It was noted that the above items had been considered earlier on the agenda.

Final matters

103.15 Any other business

It was noted that there was no other business not already on the agenda.

103.16 Risk management – items identified at the meeting

Members considered items of risk considered at the meeting [confidential minute].

103.17 Date of next meeting

It was noted that the next meeting of the Committee was scheduled for Tues. 9 June 2020 at 4.30pm.

103.18 Meeting of Committee with auditors without the presence of senior management

The Committee agreed that a meeting of the Committee with auditors without the presence of senior management was not required.

Fiona Bagchi
Clerk to the Corporation

**AUDIT COMMITTEE
MINUTES OF MEETING 104 HELD ON TUESDAY 9 JUNE 2020**

Present: John Gilleard (Chair), Jane Price (Vice-Chair), Jackie Goodman (Committee member)

In attendance: Managers: Paul Britton (Principal), Tony Wilmot (Director of Finance)
Auditors: Rosalind Armstrong (AuditOne, internal auditors), Richard Lewis & Karen Musgrave (RSMUK Audit LLP, external auditors)
Corporation observer: Tony Douglass

Clerk: Fiona Bagchi

Items to note

104.1 Apologies for absence

The Chair welcomed the following Corporation members to the meeting: Jackie Goodman as a temporary member of the Audit Committee and Tony Douglass as an observer.

The Committee noted that Philip Wright had retired from the Corporation and the Audit Committee in May 2020 and recording their thanks for Mr Wright's many years of service as an Audit Committee member, including as Chair and Vice-Chair of the Committee.

Apologies were received from Wayne Brown of the College's internal auditors, AuditOne.

104.2 Declaration of interests

There were no declarations of interest.

Items for approval

104.3 Minutes of meeting held on 10 Mar. 2020

The minutes of the meeting held on 10 Mar. 2020 were confirmed.

104.4 Matters arising and action table

(Actions shown below are numbered according to their position in the action points table appended to the end of the minutes of the previous meeting. The reference to where the action can be found in the minutes is given in brackets at the end of each item).

- 1 The Corporation had agreed that committees could, from 2019/20, approve their own standing agenda item lists. The Audit Committee draft standing agenda item list 2020/21 was on the agenda for review (103.4).
- 2 The Audit Committee terms of reference checklist was on the agenda, together with a report on use of the Corporation financial challenge checklist (103.4).
- 3 The final version of the checklist of mandatory and recommended items to be included on college website for 2019 showed that the College was compliant. The checklist for 2019/20 would be presented to the Committee during autumn term 2020 (103.4).

Action: Clerk

- 4 It was noted that the risk register on page 12 of RSM's 2018 risk register analysis report, being mainly concerned with risk relating to apprenticeships, was of less relevance to the College than the financial challenge checklist

(103.4).

- 5 It had been agreed that it would be useful for the cover sheet to the draft internal audit plan to list in future the reasons why particular areas had been chosen for inclusion in the draft plan (103.4).

Action: Clerk/Director of Finance

- 6 A 3-year strategic internal audit plan, in addition to a one-year plan, would be developed for 2020/21 (103.4).

Action: Director of Finance /AuditOne

- 7 The comparative Committee performance indicator report would be presented to the Committee during autumn term 2020 (103.4).

Action: Clerk

- 8 The College's updated Critical Response & Business Continuity Plan was on the agenda (103.5).

- 9 The offsite strategic planning event scheduled for 24 March 2020 had been cancelled due to the Covid-19 pandemic but a strategic planning Corporation meeting had been held by Zoom on 5 May 2020 (103.10).

- 10 Improvements in health & safety reporting to the Corporation, including an annual report with trend data, were planned for 2020/21 (103.10).

- 11 The Chair had signed the completed external auditors' performance checklist in March 2020 (103.11).

- 12 *[Confidential minute]*.

Items for recommendation to the Corporation

104.10 External audit plan for financial year ending (y.e.) 31 July 2020

It was agreed that the above item should be considered at this point on the agenda.

Richard Lewis of RSM UK Audit LLP (RSM), introduced his colleague Karen Musgrave, reporting that, as a result of his promotion to Partner and taking into account his long-standing association with the College and in line with RSM's ethical standards, Karen Musgrave would be taking over as Audit Principal.

The Chair congratulated Richard Lewis on his promotion and welcomed Karen Musgrave to the meeting.

(Richard Lewis left the meeting).

Members noted that:

- The purpose of the plan was to explain the scope of the audit of the financial statements and the regularity assurance engagement, RSM's approach, and the key risks on which the work would be focussed;
- RSM's primary responsibility was to form and express an opinion as to whether the College's financial statements, prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education* and the UK GAAP, showed a true and fair view;
- RSM's other responsibilities comprised reporting on going concern matters and reporting in accordance with the Post-16 Audit Code of Practice (ACOP), noting that publication of the 2019/20 ACOP was still awaited;
- RSM was responsible for providing a regularity assurance conclusion, addressed jointly to the College and the Secretary of State for Education acting through the Department for Education;

- RSM would also provide an independent reasonable assurance report in connection with the Teachers' Pensions (TPS) contributions;
- The financial statements audit approach would focus on those areas of the College that were considered significant to the results for the period and the position at the balance sheet date and the appropriateness of the going concern assumption used in the preparation of the financial statements.
- RSM liaised with internal audit e.g. reviewing the work of internal audit reports 2019/20;
- IT specialists would be used as part of the audit, as necessary;
- Planning materiality had been set based on around 2% of total expenditure for the year, based on the most recently available financial information, and would be updated after receipt of draft year-end financial results

The Committee noted the timetable for the audit and that the key areas of proposed audit focus/risk included the following: income recognition, pension scheme liabilities, going concern; management override of controls.

Members noted that RSM's approach to the going concern review would include: review of financial plans (including cashflow projections and sensitivity analysis) and budgets and forecasts prepared on behalf of the Corporation to support the going concern assumption; review of bank covenants; management's analysis of the potential impact of the Covid-19 outbreak on the College.

The Committee noted that: proposed fees for the financial statements audit and the TPS report were shown on page 9 of the plan; there could also be a one-off fee with regard to the implications of Covid-19 in respect of work required on management's assessment of the basis of preparation of the financial statements and disclosures, with the additional fee in respect of this expected by RSM to be in the region of between £1,000 and £2,000; in addition, as the ESFA had yet to publish the ACOP applicable to 2019/20, RSM were estimating that there could also be additional fees related to a change in regularity framework.

It was noted in response to members' questions concerning the fee for the financial statements audit that this allowed for 2 drafts of the financial statements which the Director of Finance considered adequate.

The Committee considered RSM' UK Audit LLP's external audit plan for the year ending 31 July 2020, including fees, and agreed to recommend it to the Corporation for approval.

Action: Chair

Items for review

104.5 Review of College's strategic risk register

It was noted that, under the Audit Committee's standing agenda item list, review of the College' strategic risk register was a termly standing agenda item for the Committee, with the full risk register reviewed at the Committee's second autumn term meeting.

The Director of Finance, Tony Wilmot, presented the College's updated strategic risk register, noting in particular the significant movement in risk grade since the Committee's Mar. 2020 meeting in relation to External Factors (Risk E9) and that:

- It had been noted at the Committee's Mar. 2020 meeting that a risk had been added to this area specific register in respect of the Covid-19 virus outbreak, with the closure of the College taking place shortly after the meeting in line with Government and Department of Education directives.
- As the situation developed the potential impact on the College had been discussed at both senior management team, (SMT) and College Management Group (CMG) level and plans had been formulated to deal with the expected outcome i.e. closure of the College;
- This early planning had put the College in a good position to both protect students

and staff from the virus whilst also continuing to deliver learning to the students remotely, with plans also developed to provide extensive pastoral support to students;

- Throughout the period of closure, the situation and developments had been closely monitored by SMT and, where necessary, changes made and actions taken to limit, as far as possible, the impact on both students and staff;
- The College had now put plans in place, approved by Corporation, for the phased re-opening of the College, initially for staff only, then for specifically targeted student groups;
- While the pandemic would affect other specific areas such as finance and student recruitment, these were encompassed in the External Factors risk;
- There had been no other significant movements in the risks faced by the College since the last Audit Committee meeting.

The Committee discussed whether current increased government spending as a result of Covid-19 might result in future college funding being reduced or static and whether this should be reflected in the risk register. It was noted in response to members' questions that: increased funding was guaranteed for 2020/21; the risk of reduction in government funding was already the highest scoring risk in the External Factors register, with a score of 15; a reduction in student enrolments for 2020/21, as a result of the pandemic, was also possible but the risk of a reduction in student numbers was also already included in the register.

It was noted in response to members' questions, with reference to Risk IT04, as to whether the likelihood of a breach of the General Data Protection Regulations (GDPR) should have a lower score given that policies and procedures had now been in place for nearly 2 years, that a breach, nevertheless, remained a possibility and the risk had been graded accordingly. It was noted that the College had considered the data protection implications of sharing data as part of any in-house track and tracing system should staff or students test positive after a return to the College site.

The Committee reviewed and received the College's updated strategic risk register.

104.6 Critical Response & Business Continuity Plan

It was noted that, under the Audit Committee's standing agenda item list, the Committee reviewed the College's Critical Response & Business Continuity Plan annually at its June meeting.

Members noted that:

- The College's critical response & business continuity plans had been approved by the Corporation in July 2015, with approval subsequently delegated to the College's senior management team (SMT) and with the plan later combined into a single document;
- An updated draft of the Critical Response & Business Continuity Plan was being presented to the Committee, for information and discussion;
- Changes from the previous version of the plan had been tracked, for ease of reference, and included minor updating changes and the addition of new section on the prolonged closure of the College site.

Members noted in discussion that the government imposed lockdown as a result of the Covid-19 pandemic, which had resulted in the closure of the College buildings, had provided another opportunity to review how the Critical Response & Business Continuity Plan worked in practice.

It was noted in response to members' questions as to what would happen should all the management response team be unavailable (e.g. self-isolating) that, recent experience had indicated that it should be possible for the team to continue to work remotely but, should this not be possible in whole or in part, it should be possible for members of the College Management Group (CMG) to assume management response team roles, if necessary.

Members discussed with management how to determine an appropriate point at which it could be considered that the incident was over and the College in recovery. The importance of considering lessons learnt as a means of improving the plan further was emphasised in discussion.

The need to update the management response team contact details at Appendix B to ensure that they were correct from 1 Sept. 2020 (e.g. to reflect the new Vice-Principal and Assistant Principal roles) was noted, together with the need to ensure that the appendix included both external as well as internal contact details for all members of the management response team.

Action: Director of Finance

The Committee reviewed and received, for information, the College's draft updated College's Critical Response & Business Continuity Plan.

104.7 Rolling implementation plan of external audit recommendations

The Director of Finance reported, with reference to the action concerning the updating of the College's tangible fixed assets register, which had arisen from the external auditors' audit findings report 2017, that the tangible fixed assets register was reviewed on a rolling basis with computer equipment and educational equipment to be reviewed in July and Aug. 2020.

The Committee reviewed and received the updated rolling implementation plan of external audit recommendations.

104.8 Rolling implementation plan of internal audit recommendations (College & AuditOne versions)

The Committee considered the updated rolling implementation plan of internal auditors' recommendations arising from the Enrolments, Single Central Record and Business Continuity reviews, together with a table provided by the internal auditors, AuditOne, which tracked the implementation of recommendations arising from internal audit reviews. The Committee noted that the College's rolling implementation plan showed that all actions had been completed, including the action concerning the addition of a new appendix to the Critical Response & Business Continuity Plan to cover the actions to be taken in the event of College closure due to a pandemic, as noted at agenda item 104.6 above.

The Committee reviewed and received the updated rolling implementation plan of internal audit recommendations.

104.9 Internal audit 2019/20: progress report & Block 2 report

Rosalind Armstrong of internal auditors, AuditOne, presented the progress report & Block 2 report on Student Finances Support/Bursaries arising from the 2019/20 audit.

Members noted that:

- With reference to the progress report, 2 reviews had been completed to date i.e. Single Central Record/Recruitment (the report arising from which had been considered at the Committee's Mar. 2020 meeting) and Student Finances Support/Bursaries, which was on the agenda;
- The Safeguarding and Follow Up reviews were at the planning stage and the Payroll review was at the fieldwork stage and was expected to be completed shortly;
- There had been no changes to the audit subjects of the agreed 2019/20 internal audit plan but, as a result of government restrictions imposed due to the Covid-19 pandemic, the auditors had been unable to complete on-site visits and, as a result had reviewed each audit contained in the 2019/20 Internal Audit Plan with management to determine if they were suitable to be progressed remotely, with it being concluded that they were;
- The report arising from the review of Student Finances Support/Bursaries stated

that 'Governance, risk management and control arrangements provide **substantial assurance** that the risks identified are managed effectively. Compliance with the control framework was found to be taking place'.

- 2 Low priority recommendations were noted in the Student Finances Support/Bursaries report, which were both shown in the management response as having been implemented with immediate effect.

The Committee considered and received the progress report & Block 2 report on Student Finances Support/Bursaries arising from the 2019/20 audit.

Items for recommendation to the Corporation

104.10 External audit plan for financial year ending (y.e.) 31 July 2020

It was noted that this item had been considered earlier on the agenda.

Items for approval

104.11 Audit Committee standing agenda list for 2020/21

The Committee completed its annual review of its standing agenda item list and agreed the minor updating amendments recommended by the Clerk.

Action: Clerk

104.12 Audit Committee terms of reference checklist 2019/20

The Clerk reported that: the June 2019 meeting of the Audit Committee had approved a checklist for use annually from 2019/20 which reviewed the Committee practice against its terms of reference; the draft completed checklist showed that the Audit Committee was compliant with its terms of reference in 2019/20 to the date of the report; possible actions to improve compliance were shown, where appropriate, in the final column of the checklist.

The Committee considered and approved the completed checklist showing the Audit Committee's compliance in relation to its terms of reference in 2019/20.

Items for review &/or recommendation to the Corporation

104.13 Audit Committee terms of reference

The Clerk reported that: an annual review of the Committee's terms of reference was a standing agenda item for the summer term meeting of the Audit Committee, with the Committee recommending any changes it considered necessary to the Corporation for approval; the Committee's terms of reference reflected the requirements of the Education & Skills Funding Agency's (ESFA) *Post-16 Audit Code of Practice (ACOP) 2018 to 2019* (Feb. 2019); the ESFA had not issued any update to this document during 2019/20 to date, with a revision currently expected to be issued in July 2020; the Clerk was therefore recommending no amendment to the Committee's terms of reference at this time.

The Committee completed its annual review of its terms of reference, agreeing that no changes were required.

Items for information

104.14 Audit Committee members' length of office & skills mix

The Clerk reported that: under its standing agenda item list, the Audit Committee received an annual report at its June meeting on members' length of office and skills; the Committee had an approved membership of 5 members, 4 of whom should be Corporation members with a fifth member who could be a Corporation member or an external co-opted member; the quorum for meetings was 3 members; the Chair had been a member of the Committee for just under 6 years and the Vice-Chair for under 4 years; following Philip Wright's retirement from the Corporation and the Committee in May 2020, there were currently vacancies on the Committee for 3 permanent members.

The Committee noted that: the ESFA's *Post-16 Audit Code of Practice 2018 to 2019* (issued Feb. 2019 and in force from 1 Aug. 2018) stated that 'collectively, members of the committee should have recent, relevant experience in risk management, finance and

assurance'; the Committee membership met this profile, with the Chair being a qualified accountant.

The Committee received the annual report from the Clerk on Audit Committee members' length of office & skills for information.

104.15 Documents/links from external bodies

The Committee noted that the ESFA's Post-16 Audit Code of Practice and Regularity Self-Assessment Questionnaire 2019-20 had not been published to date.

The Director of Finance reported that, due to the Covid-19 pandemic, the ESFA would be issuing new templates for a simplified 2020-21 financial return to be submitted by colleges by 31 July 2020.

The following documents/links were received for information and reference: College Accounts Direction for y.e. 31 July 2020; July 2020 financial return to the ESFA; RSM Further Education emerging issues (spring 2020)

104.16 Corporation financial challenge checklist

It was noted that the checklist, taken from RSM briefing FE risk management 2018, would be completed by the F&GP Committee and presented to the Corporation during autumn term 2020.

Action: Clerk

Final matters/items for decision

104.17 Any other business

There was no other business.

104.18 Risk management – items identified at the meeting

No new items of risk had been identified at the meeting.

104.19 Date of next year's meetings to be e-mailed to members, managers & auditors

Date of next year's meetings would be e-mailed to members, managers and auditors.
Action: Clerk

104.20 Meeting of Committee with auditors without the presence of senior management

It was agreed that there was nothing to discuss under this item.

Fiona Bagchi
Clerk to the Corporation