



**AUDIT COMMITTEE
MINUTES OF MEETING 105 HELD ON TUESDAY 13 OCTOBER 2020
BY VIDEO-CONFERENCING**

Present: John Gilleard (Chair), Jane Price (Vice-Chair), Tony Douglass (member)

In attendance: Managers: Paul Britton (Principal), Tony Wilmot (Director of Finance)
Auditors: Carl Best (AuditOne, internal auditors)

Clerk: Fiona Bagchi

The Chair, John Gilleard, welcomed Tony Douglass to his first meeting as a member of the Audit Committee and also welcomed Carl Best of the internal auditors, AuditOne, who was standing in for Rosalind Armstrong.

105.1 Apologies for absence

No apologies were received from Committee members.

Apologies were received from Karen Musgrave (RSMUK Audit LLP, external auditors) and from Rosalind Armstrong (AuditOne, internal auditors).

105.2 Declaration of interests

There were no declarations of interest.

Items for decision &/or approval

105.3 Election of Chair & Vice-Chair for 2020/21

John Gilleard was elected as Chair of the Audit Committee for 2020/21: proposed Jane Price, seconded Tony Douglass.

Jane Price was elected as Vice-Chair of the Audit Committee for 2020/21: proposed John Gilleard, seconded Tony Douglass.

105.4 Minutes of meeting held on 9 June 2020

The minutes of the meeting held on 9 June were confirmed.

105.5 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 final version of the report on the checklist of mandatory and recommended items to be included on the College website would be presented to the Committee's Nov. 2020 meeting (104.4).

Action: Clerk

- 2 The draft internal audit plan would in future list the reasons why particular areas had been chosen for inclusion in the draft plan e.g. on the basis of risk (104.4).

Action: AuditOne

- 3 The draft 3-year strategic internal audit plan was on the agenda (104.4).
- 4 A comparative Committee performance indicator (PI) report would be presented at the Committee's Nov. 2020 meeting (104.4).
Action: Clerk
- 5 RSM UK Audit LLP's external audit plan for the year ending 31 July 2020, including fees, had been approved at the July 2020 Corporation meeting (104.10).
- 6 The College's Critical Response & Business Continuity Plan had been updated, with full contact details for the Director of Network & Information Systems (NIS) to be added (104.6).
Action: Dir. of Finance
- 7 The Committee's standing agenda item list had been updated, as agreed (104.11).
- 8 Due to the Covid-19 pandemic, the Chair of the Corporation had decided to cancel scheduled F&GP Committee meetings to permit the holding of shorter and more frequent Corporation meetings during 2020/21 i.e. 3 Corporation meetings per term. The F&GP Committee had therefore not met to date to consider the checklist taken from the RSM briefing FE risk management 2018 (104.16).
Action: Clerk
- 9 It was noted, with reference to Corporation & committee meeting dates for 2020/21, that some meetings had been re-scheduled in response to the Chair of the Corporation's decision to hold shorter and more frequent Corporation meetings in 2020/21 (104.19).

105.6 Annual review of confidential minutes

The Committee undertook its annual review of confidential minutes, noting that the Clerk was recommending the release of the confidential minutes at minute 102.24 of the minutes of the Committee's Dec. 2020 meeting.

The Committee completed its annual review of confidential minutes, agreeing to release minute 102.24, on the recommendation of the Clerk, and to release the confidential minute at 102.7 concerning testing of the College's Critical Response & Business Continuity Plan.

Action: Clerk

Items for review

105.7 Annual review of College's full risk register

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

The Director of Finance, Tony Wilmot, presented the College's full risk register (i.e. the strategic risk register plus the individual area registers), which was discussed.

The Director of Finance reported that: throughout the summer the situation concerning Covid-10 has been continually monitored and detailed risk assessments had been carried out to enable re-opening of the College for the new academic year; *[confidential minute]*.

Continuing uncertainty concerning the progress of the pandemic during 2020/21 was noted, with specific areas likely to be affected, such as finance and student recruitment, included in the External Factors risk register.

The Director of Finance drew members' attention to the following risks:

- New risk IT12 (Infrastructure IT and Premises), relating to IT infrastructure, placed on the strategic risk register by the new IT Manager, with actions being taken to reduce the risk to its target level;
- Risk STA02 (Staff Engagement, Performance and Recruitment), while there was an increased likelihood of absence during the Covid-19 pandemic, most staff could work from home;
- With reference to risk STA03, while remote working had involved most staff to some extent, the risk score had not been increased because training and support had been provided.

It was noted in response to members' questions concerning possible financial and reputational risk arising from the use of agency staff while permanent teaching staff were self-isolating, that the Director of Finance had included a contingency for increased staffing costs in the 2020/21 budget and that, to date, teaching staff self-isolating had been able to teach remotely from home, with agency staff in the classroom facilitating lessons.

It was noted in response to members' questions concerning data protection and remote working that this was already covered by Risk IT04.

The Committee discussed the need to recognise, in the risk register, the risk of the absence of key management staff (e.g. the Director of Finance) as a result of the pandemic, discussing in this context whether any of the colleges in the Venn Partnership Ltd group of sixth form colleges had the capacity to be able to provide some assistance in the short term in such a case, given that it could take time to recruit interim staff at senior management levels. The Clerk to the Corporation reported that she had provided the HR Manager with information on how to recruit a Clerk in the short or longer term, in the event of her absence, using a cover facility provided through the Clerk's Mailbase.

Action: Dir. of Finance

The Committee discussed the need for the risk register to recognise that continuing uncertainty arising from the duration of the pandemic meant that the the period of time when additional costs would be incurred could not currently be quantified.

Action: Dir. of Finance

The Director of Finance drew members' attention to the development of the format of the College's Covid-19 risk assessment document, following review by the College's Covid-19 Governance & Leadership Group, noting that this would be considered when the format of the College risk register was next reviewed. It was noted that Tony Douglass, as a member of the College's Covid-19 Governance & Leadership Group, had seen the College's Covid-19 risk assessment document but that the other 2 members of the Audit Committee had not and it was agreed that they should be sent a copy.

Action: Clerk

The Committee completed its annual review of the College's full risk register.

105.8 External audit: rolling implementation plan of recommendations

The Committee considered the College's rolling implementation plan of external auditors' recommendations. The Committee noted that the rolling review of tangible fixed assets was ongoing annually, with computer equipment and educational equipment reviewed in July/August 2020 as part of the year end process.

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

105.9 Internal audit: AuditOne audit recommendations report

The Committee considered an Excel spreadsheet provided by the internal auditors, AuditOne, tracking the implementation of recommendations arising from internal audit

reviews.

The Committee received a report from the internal auditors, AuditOne, on the implementation of audit recommendations.

105.10 Internal audit 2019/20: final reports arising from 2019/20 plan

The Committee received the 3 final reports arising from the 2019/20 audits undertaken by the internal auditors, AuditOne:

- The Follow up review of previous recommendations (July 2020), noting that 76% of recommendations had been fully implemented and noting the re-instatement of recommendations arising from the Business Continuity Plan review, which would be considered at the 2021 Follow up review;
- The compliance audit of Safeguarding (July 2020) had resulted in Good assurance being awarded, with 1 recommendation graded Medium and 1 recommendation graded Low arising from the review;
- The Payroll review (Sept. 2020) had resulted in Substantial assurance being awarded, with 3 recommendations graded Low arising from the review.

The Committee received the 3 final reports arising from the 2019/20 audits undertaken by the internal auditors, AuditOne.

105.11 Internal audit 2019/20: annual report for presentation to Corporation

The Committee considered the annual internal report from the internal auditors, AuditOne, which summarised the work undertaken in 2019/20. It was noted that the independent assurance provided by the internal auditors contributed to the assurances in the Statement of Corporate Governance and Internal Control included in the College's annual Report & Financial Statements, which the Committee would consider at its Dec. 2020 meeting.

Members noted that the annual internal audit report 2019/20 did not contain an overall opinion but noted that, of the 5 reviews undertaken during the year:

- The Safeguarding & Single Central Record-Recruitment reviews had received an assurance grade of Good;
- The Student Finances Support/Bursaries, Payroll and the Follow up reviews had received an assurance grade of Substantial;
- AuditOne used a 4 point scale of Substantial, Good, Reasonable, and Limited assurance.

The Committee completed its review of the annual internal report 2019/20 and agreed to present the final version of the report to the Corporation as an Appendix to the Audit Committee's annual report.

Action: Clerk

105.12 Internal audit 2019/20: performance review including cost

The Committee noted that Carl Best of the internal auditors, AuditOne, would have to leave the meeting early and agreed that this item should be considered after Mr Best had left the meeting.

105.13 Updated College assurance map

It was noted that, under the Committee's standing agenda item list, the Committee considered the College's assurance map before considering the draft annual internal audit plan, noting that assurance maps 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 to be optimised. Areas of assurance covered by the assurance map included corporate governance, finance, teaching and learning, human resources, IT/information governance.

The Director of Finance reported that the assurance map had been updated since it was reviewed by the Audit Committee at its March 2020 meeting. It was noted that all the

sections had been rated as Green, with only the following sections currently shown as Amber: strategic business planning, health & safety, security. The Principal reported that, as a result of the pandemic and the cancellation of the Corporation's planned strategic planning event in Mar. 2020, the Corporation had agreed during summer term 2020 to roll the existing strategic plan on for a further year, with minor changes, and that Jamie Davies (Vice-Principal, Resources, Quality and Systems) was concentrating on health & safety, as the recently appointed SLT lead in this area..

The Committee considered the College's updated assurance map, with reference assurance gaps, before considering the draft internal audit plan for 2020/21.

Items for recommendation to the Corporation

105.14 Internal audit: strategic and annual internal audit plan (2020 to 2024)

Carl Best of the internal auditors, AuditOne, presented the internal audit plan 2020 - 2024, which was discussed in detail.

The Committee's considered the strategic plan with reference to the need to ensure appropriate cyclical coverage, noting that the plan had been formulated by AuditOne in discussion with the Director of Finance and with reference to areas of risk identified by the College and AuditOne's knowledge of sector risk. The Director of Finance confirmed that the 2020/21 plan had been discussed by the College's senior leadership team (SLT) who were happy with the proposed coverage.

The Committee noted in discussion of the 3 year strategic plan that it was proposed that this should be reviewed and revised as appropriate annually when the annual internal audit plan was considered. The Committee agreed with reference to the strategic plan that future iterations of the plan should make clearer which areas were those where assurance from the internal auditors would be the most useful and/or why some areas had not been included in the strategic plan (e.g. because they were low risk, not applicable, recently reviewed and/or were areas where other relevant assurance existed), noting in this context that a review of capital planning & estates had, for example, not been included in the 3-year strategic plan although the College currently had capital plans (dependent on T levels capital grant funding and bank loans) and the risk register recorded, under the student experience heading, the risk of decreased social and study space resulting from increased student numbers.

Action: Dir. of Finance/AuditOne

The Committee considered the reviews planned for 2020/21 (i.e. corporate governance, budgetary control, health & safety and a review following up recommendations from previous reviews). Members discussed in particular the scope and timing of the health & safety review, noting that this was a general review rather than being Covid-19 related.

The Committee considered AuditOne's strategic and annual internal audit plan (2020 to 2024) and agreed to recommend to the Corporation approval of the internal audit plan 2020/21, subject to agreement of fees.

Action: Chair, Audit Committee

Items for information & reference (Information Pack)

105.15 Updated Critical Response & Business Continuity Plan

The Committee received a report from the Director of Finance on the College's updated Critical Response & Business Continuity Plan, noting that the updated and approved plan had been included in the Information Pack accompanying the agenda for information.

It was noted that:

- The College's Critical Response & Business Continuity Plan were originally two separate Corporation approved documents (approved July 2015, updated 2016), with the Corporation subsequently delegating approval to the College's senior management team (SMT) which was now known as the senior leadership team (SLT);

- Under its standing agenda item list, the Audit Committee reviewed the College's Critical Response & Business Continuity Plan at least annually;
- The Director of Finance had presented a draft revision of the Critical Response & Business Continuity Plan, with tracked changes, to the Audit Committee for review at its June 2020 meeting;
- The revision (which included updating amendments to the table of contents and the introduction and appendices, correction of typographical errors and replacement of references to the College's senior management team or SMT with the senior leadership team or SLT, and the addition of new section 5 on the prolonged closure of College due to national emergency) had been presented to the SLT and approved in Sept. 2020.

The Committee received, for information, the College's Critical Response & Business Continuity Plan approved by the College's senior leadership team (SLT) in September 2020.

105.16 Documents/links from external bodies: for information & reference

The following documents/links were received:

- i) ESFA: Proposed timeline for College financial returns during 2020 to 2021 (Sept. 2020). Due to Covid-19, the ESFA would permit colleges' approved financial statements to be submitted later than the normal 31 Dec. deadline i.e. by 31 Jan. 2021. College were also required, as a result of Covi-19, to submit forecasts for Nov. 2021 by 27 Nov. 2020. It was assumed that, as with the July 2020 return, this return would be signed off by the Principal as Accounting Officer rather than by the Corporation.
- ii) Letter from the ESFA Chief Executive concerning the submission of 2019/20 financial statements and associated documents (Aug. 2020). Notification of the permitted later deadline for submission of the financial statements.
- iii) ESFA: Post-16 Audit Code of Practice 2019-20 (July 2020). The Post-16 Audit Code of Practice (ACOP) applicable to colleges during 2019-20 setting out the ESFA's assurance and accountability requirements
- iv) ESFA: Regularity self-assessment questionnaire (RSAQ) 2019-20 (July 2020). The questionnaire to be used by the regularity reporting accountant undertaking the regularity assurance engagement for the financial year ending 31 July 2020 i.e. RSM UK Audit LLP. The completed version, signed by the Chair of the Corporation & the Principal (as Accounting Officer) would be presented to the Audit Committee's Nov. 2020 meeting. **Action: Clerk/Dir. of Finance**
- v) Comparisons of changes between the 2018-19 RSAQ & the 2019-20 RSAQ. A comparison of changes received via the Clerks' Mailbase, with changes highlighted.
- vi) ESFA: Supplementary Bulletin to the College Accounts Direction 2019-20 and the Post-16 Audit Code of Practice 2019-20 (July 2020). To aid corporations in their assessment of regularity with reference to Covid-19, Annex A to the attached bulletin must be completed for review (with the RSAQ) by the regularity reporting accountant. The completed version of Annex A would be presented to the Audit Committee's Nov. 2020 meeting. **Action: Clerk/Dir. of Finance**
- vii) ESFA: College accounts direction 2019-20 (Sept. 2020) was available at: <https://www.gov.uk/government/publications/college-accounts-direction>
- viii) Briefing from RSM UK Group LLP: Independent review of college financial oversight: 'The Ney Review' (July 2020). The review recommended capacity and curriculum planning at a local geographical level.

The Committee noted in discussion that:

- Relevant references to Covid-19 had been included in the College's annual report for 2019/20 e.g. with reference to going concern;
- The Director of Finance expected to be able to present the College's annual report and financial statements for the year ended 31 July 2020 to the Dec. 2020 Corporation meeting for approval and to submit them to the ESFA by 31 Dec. 2020, with the financial return;
- The ESFA was not requiring an Integrated Financial Model for Colleges return to be

submitted in Jan. 2021.

The documents and/or links from external bodies noted above were received for information & reference.

105.20 Meeting of Committee with auditors without the presence of senior management
It was agreed that this item should be considered at this point on the agenda.

Carl Best of the internal auditors, AuditOne, confirmed that there was nothing to discuss under this agenda item.

The Chair thanked Carl Best for his attendance and contribution to the meeting.

(Carl Best left the meeting).

105.12 Internal audit 2019/20: performance review including cost

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

(i) Review the cost of internal audit arrangements for 2019/20

The Director of Finance confirmed that the 2019/20 audit was within budget and offered value for money.

(ii) Review of additional work undertaken by internal auditors

The Clerk reported that, under the Education & Skills Funding Agency (ESFA) *Post-16 Audit Code of Practice 2019 to 2020* (July 2020) 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 reviews 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 state, 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 had commissioned no work from AuditOne in 2019/20 which was not included in the approved annual internal audit plan.

(iii) Performance review 2019/20

The Committee completed the internal audit performance checklist, noting the external auditors had confirmed a positive relationship with the internal auditors.

The Committee agreed the internal audit performance checklist, noting an overall positive performance in 2019/20 from internal auditors, AuditOne.

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

The Committee agreed to recommend the re-appointment of AuditOne as internal auditors for 2020/21, noting that the internal audit plan for 2020/21 had been agreed for recommendation to the Corporation earlier in the meeting i.e. at agenda item 105.14.

The Committee completed its review of the performance of the internal auditors, AuditOne, during 2019/20 and agreed to recommend to the Corporation the re-appointment of AuditOne as internal auditors for 2020/21, subject to agreement of fees.

Action: Chair, Audit Committee

Final matters/items for decision

105.17 Any other business

(i) External auditors

The Committee noted with reference to the external audit for the year ended 31 July 2020 by RSM UK Audit LLP (RSM), that as a result of Richard Lewis' promotion to Partner and taking into account his long-standing association with the College and in line with RSM's ethical standards, Karen Musgrave had taken over as Audit Principal.

The Committee noted in discussion that RSM offered sector knowledge and value for money in relation to the financial statements audit and the regularity engagement and was understood to be used by other colleges in the Venn Partnership Ltd (Venn) group of sixth form colleges. It was agreed that the Clerk would provide the Committee with a list of the audit firms used by Venn colleges, as shown in colleges' published financial statements.

Action: Clerk

(ii) Draft annual financial statements and pension liability

The Director of Finance reported in response to members' questions that:

- The draft annual report & financial statements were expected to be ready in time to be presented to the Audit Committee's scheduled meeting on 30 Nov. 2020;
- The actuarial report for the East Riding Pension Fund (ERPF), the pension scheme applicable to support staff, had been received;
- While discussions with actuaries concerning the discount rate had been positive, changes in ERPF asset and liability values had resulted in a detrimental effect on the balance sheet in the draft financial statements;
- The last 3-year valuation of the ERPF had taken place in March 2020.

The Committee considered, under the Any Other Business heading, external auditor provision and reports to be presented to the Committee's Nov. 2020 meeting i.e. with reference to the draft annual report and financial statements and pension liability.

105.18 Risk management – items identified at the meeting

With reference to risks discussed under agenda item 105.7, the following were noted in particular: absence of key staff; cost of remote learning.

105.19 Date of next meeting

It was noted that the Committee was next due to meet on Monday 30 Nov. 2020 at 4.30pm by video-conferencing.

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

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

Fiona Bagchi
Clerk to the Corporation



AUDIT COMMITTEE
Minutes of meeting 106 to be held on Monday 30 November 2020
by video-conferencing

Present: John Gilleard (Chair), Jane Price (Vice-Chair), Tony Douglass (member), Mark Moore, Liz Rymer

In attendance: Managers: Paul Britton (Principal), Tony Wilmot (Director of Finance)
Auditors: Rosalind Armstrong (AuditOne, internal auditors), Karen Musgrave (RSM UK Audit LLP, external auditors)

Clerk: Fiona Bagchi

106.1 Apologies for absence

There were no apologies for absence.

The Chair, John Gilleard, welcomed Mark Moore and Liz Rymer as members of the Audit Committee.

106.2 Declaration of interests

There were no declarations of interests.

Items for approval

Minutes & matters arising/action table

106.3

(i) Minutes of meeting held on 14 Oct. 2020

The Committee approved the minutes of the meeting held on 14 Oct. 2020.

(ii) 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 final version of the checklist of mandatory and recommended items to be included on the College website would be presented to the Committee (105.5).
Action: Clerk
- 2 It had been agreed that it would be useful for the draft internal audit plan to list in future the reasons why particular areas had been chosen for inclusion in the draft plan (105.5).
Action: Dir. of Finance/AuditOne
- 3 The Committee's performance review checklist and performance indicators 2019/20 were on the agenda (105.5).
- 4 The College's Critical Response & Business Continuity Plan had been updated (105.5).
- 5 Due to Covid-19, the Chair of the Corporation decided to cancel scheduled F&GP Committee meetings to permit shorter and more frequent Corporation meetings during 2020/21 (i.e. 3 per terms), with the only F&GP Committee

meetings held being brief Special meetings to consider tender approvals (105.5).

- 6 Confidential minutes had been released from confidentiality as agreed (105.).
- 7 The full risk register had been updated, as agreed at the Committee's Oct. 2020 meeting (105.7).
- 8 John Gilleard and Jane Price had been sent copies of the College's Covid-19 risk assessment document (105.7).
- 9 The annual internal audit report 2019/20 would be added as an appendix to the Audit Committee's Annual Report (105.11).
- 10 It had been agreed. with reference to the internal audit strategic plan, that future iterations of the plan should make clearer which areas were those where assurance from the internal auditors would be the most useful and/or why some areas had not been included in the strategic plan (e.g. because they were low risk, not applicable, recently reviewed and/or were areas where other relevant assurance existed (105.14).
Action: Dir. of Finance/AuditOne
- 11 The internal audit plan 2020/21 had been approved at the Nov. 2020 Corporation meeting. Fees would be notified to the Dec. 2020 Corporation meeting (105.14).
Action: Chair
- 12 The 2019/20 Regularity Self-Assessment Questionnaire (RSAQ) was on the agenda (105.16).
- 13 The completed Covid-19 Annex to the 2019/20 RSAQ was on the agenda (105.16).
- 14 The re-appointment of AuditOne as internal auditors for 2020/21 had been approved at the Nov. 2020 Corp. meeting, subject to agreement of fees. Fees would be notified to the Dec. 2020 Corporation meeting, as noted above (105.12).
- 15 A list of the audit firms used by Venn colleges, as shown in colleges' published financial statements, would be presented to the Committee following publication of the colleges' 2019/20 financial statements on college websites (105.17).
Action: Clerk

106.4 Proposed amendment to Dec. 2019 minutes

The minutes of the Audit Committee meeting were approved by the Committee at its Marc. 2020 meeting. The Clerk is recommending that the approved Audit Committee minutes of 2 Dec. 2019 be amended to include the name of Richard Lewis (RSM Audit LLP, external auditors) in the list of those in attendance at the meeting.

The Committee approved an amendment to the approved Audit Committee minutes of 2 Dec. 2019 to include Richard Lewis' name in the list of those in attendance at the meeting.

Action: Clerk

Items for information &/or review - Part I

Freedom of Information (FOI) & Data Protection (DP)

106.5 Annual FOI & DP Report

It was noted that the Freedom of Information and Data Protection Report would be presented to a subsequent meeting.

Action: JAD/WGJ

Risk management

106.6 Review of strategic risk register - Oct. 2020

The Director of Finance, Tony Wilmot, presented the College's strategic risk register, which was considered.

It was noted that:

- The Committee had reviewed the College's full risk register at its Oct. 2020 meeting;
- Amendments had been made to the register following the Committee's review and the amended full risk register, with an updated report, had been presented to the Nov. 2020 Corporation meeting for information;
- There had been no other significant movements in the risks faced by the College since the Oct. 2020 Audit Committee meeting.

The Committee received, for information, the strategic risk register, together with an extract from the report presented to the Corporation on 5 Nov. 2020.

Internal audit: progress report & rolling implementation plans

106.7 Internal audit progress report 2020/21 & report on recommendations

Rosalind Armstrong of the internal auditors, AuditOne, presented:

- A progress report on the 2020/21 audit, noting that planning for the budgetary control audit was in progress;
- A spreadsheet showing implemented recommendations (i.e. recommendations arising from the payroll review) and outstanding recommendations arising from previous audit reviews.

Members noted that College managers were sent automatic reminders inviting them to update actions taken in response to recommendations.

It was agreed that the Clerk should send AuditOne's recommendations report in both PDF and Excel format to members in future.

Action: Clerk

The Committee received, for information and review, an Internal audit progress report on the 2020/21 audit and a report on recommendations arising from previous reviews.

106.8 Wyke: rolling implementation plan of internal audit recommendations

The Committee considered the College's rolling implementation plan of internal audit recommendations, noting that all recommendations arising from the reviews of the Single Central Record (Feb. 2020), Student Finance Support/Bursaries (June 2020), Safeguarding (July 2020), and the Payroll reviews had been implemented.

The Director of Finance, Tony Wilmot, gave an update on the implementation of recommendations arising from the Business Continuity Plan and Critical Response Plan review.

The Committee received the College's rolling implementation plan of internal audit recommendations.

106.9 Wyke: fraud, bribery, irregularities & whistleblowing report 2019/20

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 2019/20 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 2019/20 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 2019/20 or to date.

106.10 Wyke: Financial Management Control Evaluation (FMCE) 2019/20

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 2019/20 FMCE.

It was noted that, relevant recommendations arising from the external audit had not been included in the FMCE improvement plan as they had been included in the rolling implementation plan of external auditors' recommendations, last reviewed by the Committee at its Oct. 2020 meeting, with a new recommendation to be considered later on the agenda when the the Financial Statements Audit Findings Report 2019/20 was considered.

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 2019/20 Financial Management Control Evaluation (FMCE) questionnaire, noting the self-assessed overall effectiveness grade of Good.

106.11 Wyke: Regularity Self-Assessment Questionnaire (RSAQ) 2019/20 plus Covid-19 Annex

The Committee noted that:

- Under its Post-16 Audit Code of Practice (Post-16 ACOP), the Education & Skills Funding Agency (ESFA) issued an annual regularity self-assessment questionnaire (RSAQ);
- The RSAQ was used by the College's external auditors, RSM UK Audit LLP (RSM), when undertaking the annual regularity engagement to inform its report, as reporting accountant, on regularity, which was included in the College's annual Report and Financial Statements;
- The regularity engagement report undertaken by RSM was a limited assurance report which considered whether the expenditure disbursed and income received by

the College during the relevant financial year had been applied to the purposes identified by Parliament and whether the financial transactions conformed to the authorities which governed them.

The Committee considered the College's completed and 2019/20 RSAQ signed by the Chair of the Corporation and the Principal as Accounting Officer, noting new questions and/or a change of emphasis introduced by the ESFA for 2019/20 which were highlighted in the questionnaire. The Committee also considered the Covid-19 Annex to the College's completed and signed 2019/20 RSAQ.

Members considered in particular the following questions at Question 1 of the RSAQ: 'What are the corporation's approved policies for identifying and complying with specific terms attached to incoming funding? Is the policy fit for purpose and has it been appropriately applied?' It was noted, in discussion of the College's response to the above questions, that:

- The College's Financial Regulations referred to any financial memoranda between funding bodies and the College (e.g. the overall funding agreement with the College's main funding body, the ESFA) setting out the terms and conditions on which the grant was made, with the Corporation responsible for ensuring that conditions of grant were met, and the College's Financial Regulations forming part of the overall system of accountability (Financial Regulations section 1.3);
- As referred to in the commentary at Question 1 of the RSAQ, the College also ensured that it complied with any specific conditions applying to dedicated funding streams e.g. any regulations applying to the ESFA's bursary and free meals grant funding.

It was noted in response to members' questions that:

- Financial viability was monitored through review of the monthly management accounts by the Corporation and/or the Corporation's Finance & General Purposes Committee;
- Any threat to financial viability would have to be notified to the ESFA;
- With reference to safeguarding assets, it was noted that the College had procedures to protect assets from fire and theft (e.g. insurance), the Financial Regulations detailed procedures for the disposal of assets (including ensuring value for money), and an annual review was undertaken of tangible fixed assets on a rolling basis.

The Committee received the Regularity Self-Assessment Questionnaire (RSAQ) 2019/20 together with the Covid-19 Annex.

106.12 RSM: Financial Statements Audit Findings Report 2019/20

Karen Musgrave, a partner with the financial statements/external auditors RSM UK Audit LLP, presented the Final Audit Findings Report for the year ended 31 July 2020, drawing attention to the new format of the report which had been designed to make the report more user-friendly for readers.

The report noted that, during the course of RSM's audit, they had reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both relevant accounting standards and the requirements of the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2018 to 2019 and the Financial Reporting Standard (FRS) 102.

Members considered RSM's report and noted that, subject to the successful resolution of outstanding matters (i.e. completion of the going concern review and discussion with the Chair of the Corporation and the Principal), RSM anticipated issuing an unmodified opinion on the financial statements and an unmodified regularity conclusion.

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

- The report set out the risks which had informed the audit plan (i.e. income

recognition, management override, pension scheme liability, going concern) and reported against them, noting no significant issues;

- With reference to the actuarial report, RSM had concluded that assumptions appeared reasonable and in line with benchmark data.
- Unadjusted audit adjustments of £3,000, which would have a 1% impact on the deficit for the year for the year, had been identified but were not deemed significant;
- Materiality had been determined based on 2% of expenditure for the year.

It was noted that members of the East Yorkshire Pension Fund (EYPF) had seen an increase in pension liabilities in 2019/20, with the economic shock arising from the pandemic having had an impact on the scheme's assets and with the discount rate having moved from 2.2% to 1.5%. Members noted that, as a result:

- The College's total pension liability had increased from £605k to £1,237k;
- The above increase had been predominantly driven by an increase in the pension scheme liabilities and a reduction in the valuation of plan assets at the year-end valuation date;
- RSM had reviewed the disclosures within the financial statements and were satisfied that these reflected the underlying data from the pension report.

Karen Musgrave confirmed that in 2020, RSM required completion of college going concern reviews to be subject to review by a second partner.

[Confidential minute].

The Chair thanked RSM, on behalf of the Committee, for their work on the 2020 financial statements/external audit and regularity engagement.

The Chair thanked the College's finance team, on behalf of the Committee, for their work on the preparation of the financial statements and their co-operation with RSM during an audit which had been undertaken remotely due to the pandemic. Members congratulated the College's finance team on the low number of adjusted items.

The Committee received the annual audit findings report 2019/20 from financial statements/ external auditors and regularity reporting accountant, RSM UK Audit LLP, noting that the auditors anticipated issuing an unqualified audit opinion.

Items for recommendation to the Corporation

106.13 *Annual financial statements & letters of representation*

106.14 **College annual report & financial statements for year ended 31.07.20**

It was noted that:

- The Education & Skills Funding Agency (ESFA) Post-16 Audit Code of Practice states 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, and the safeguarding of its assets' (para. 29);
- The Audit Committee therefore reviewed the College's draft annual report & financial statements at its second autumn term meeting to inform the Committee's review of the financial statements auditors' audit findings report and to consider the conclusion arising from the regularity engagement, the statements on corporate governance, responsibilities of members of the Corporation and the system of risk management and internal control.

It was noted that:

- The F&GP Committee would normally also consider annually, at its Dec. meeting, the College's draft annual report & financial statements and recommend their approval to the Corporation;
- In 2020/21, scheduled F&GP Committee meetings had been cancelled to allow for more frequent Corporation meetings and the detailed review of the College's draft

annual report & financial statements was therefore taking place at the Dec. 2020 Corporation meeting.

The Director of Finance, Tony Wilmot, reported that that the figures in the financial statements for the year ended 31 July 2020 were as presented to the Corporation at its Oct. 2020 meeting in the management accounts to 31 July 2020, prior to the pension adjustment. Members noted, with reference to the statement of Going Concern that 'The College has incurred a deficit of £371,000 (including pension re-measurement charge of £405,000) in 2019/20 against a forecast surplus of £116,000'.

Members noted the following amendments and/or additions to the final draft of the report before presentation to the Dec. 2020 meeting of the Corporation that:

- The correction of a number of minor typographical errors;
- The updating of the Corporation membership table to include the 4 new Corporation members appointed on 5 Nov. 2020 who were due to attend their first Corporation meeting on 10 Dec. 2020 (i.e. who would be in attendance at the meeting at which the annual report and financial statements would be considered for approval and signing);
- The addition of the Independent Auditors' Report to the Corporation and the reporting accountant's assurance report on regularity.

Members discussed with Karen Musgrave of RSM whether the wording concerning the College's reserves policy under the 'Cash flows and liquidity' and 'Reserves policy' headings was sufficiently clear, concluding that it did not need amending.

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 2020 and taking into account the positive outcome of the 2019/20 internal audit report and of the financial statements audit findings, the Committee agreed to recommend that it would be 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

106.15 Letters of representation to RSM from the Corporation

It was noted that the Audit Committee would normally consider annually, at their second autumn term meeting, draft letters of representation from the Corporation to the College's external auditors, RSM UK Audit LLP (RSM) for recommendation to the Corporation. While model letters of representation had not been received from RSM for consideration at the Audit Committee's Nov. 2020 meeting, Karen Musgrave (Partner, RSM) drew Audit Committee members' attention to the following statement on page 10 of RSM's report ' In addition to those representation which we request on all audit assignments (<http://www.rsmuk.com/standard-representations>) we will be seeking specific representations from the Board on the following matters: Confirmation that forecasts have been reviewed in detail by the board and in their opinion are a fair representation of the expected performance of the College in the forecast period'.

The Committee noted that draft letters of representation would be e-mailed to members for review before presentation to the Dec. 2020 Corporation meeting.

Action: Clerk

106.16 Determine year end documents to be sent to the Education & Skills Funding Agency (ESFA)

The Director of Finance reported that the following documents were due to be uploaded to the ESFA portal no later than 31 Jan. 2021:

- The College's approved annual report and financial statements for the year ended 31 July 2020;
- RSM's Financial Statements Audit Findings Report 2019/20;
- The ESFA finance record for Nov. 2020.

The Committee received a report on documents to be uploaded to the ESFA portal.

Items for information &/or review - Part II

Governance reports

106.17 Report against FRC UK corporate governance code

The Clerk reported that:

- Under the ESFA's College Accounts Direction, all corporations were required to comply with at least one of the following governance codes: the Code of Good Governance for English Colleges (developed by Association of Colleges), the Charity Governance Code (endorsed by the Charity Commission) or the Financial Reporting Council's (FRC) UK Corporate Governance Code 2018;
- As stated in the introduction to the Statement of Corporate Governance & Internal Control in the College's annual report and financial statements (see minute 106.14 above), the Corporation had adopted the FRC) UK Corporate Governance Code, in so far as it was applicable to a corporation in the sixth-form college sector.

The Clerk presented a table comparing the performance of the Corporation in 2019/20 against the Financial Reporting Council's (FRC) UK Corporate Governance Code 2018 (the Code).

It was noted that the Introduction to the Code stated that:

- The Code was applicable to all companies with a premium listing, whether incorporated in the UK or elsewhere, and applied to accounting periods beginning on or after 1 Jan. 2019;
- At the heart of this Code was an updated set of Principles that emphasised the value of good corporate governance to long-term sustainable success with reference to Board leadership and company purpose, division of responsibilities, composition, succession and evaluation, audit, risk and internal control, and remuneration;
- The Code offered flexibility through the use of a 'comply or explain' basis in relation to the application of Principles and their supporting Provisions.

It was noted that the table outlining the performance of the Corporation in 2019/20 against the Code included a Response column, with comments showing how underpinning Provisions had been implemented or were not applicable, and a Red-Green-Amber column showing compliance with a Provision in full, part or non-compliance.

Members noted that, in almost all instances, the table showed full compliance with the Provisions underlying the Principles, and where this was not the case actions to ensure compliance with particular aspects of the Provisions were suggested. The Committee agreed that the Corporation's Search & Governance Committee should review areas for further action and should report to the Corporation and/or Audit Committee on any recommendations arising from their review.

Action: Clerk

Members who were familiar with the corporate sector commented favourably on the usefulness of the table in comparing the performance of the College as a statutory corporation against the Code.

The Committee received a table comparing the performance of the Corporation in 2019/20 against the Financial Reporting Council's (FRC) UK Corporate Governance

Code.

Items deferred to the next meeting of the Committee

It was noted that the following items had been deferred to the next meeting of the Committee:

- 106.18 Report against AoC English Colleges Governance Code;
- 106.19 Report against the DfE mandatory items for website checklist.

Items for approval

Committee matters

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

The Committee noted that its draft annual report 2019/20 to the Corporation conformed to the requirements of section 29 of the ESFA *Post-16 Audit Code of Practice* (ACOP) (June 2020), which required the report to be considered before the Corporation reviewed the College's annual report & financial statements.

The Committee considered its draft annual report 2019/20, noting that the report stated that 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 would be attached as appendices to the report to be presented to the Corporation: Internal Audit: Annual Report 2019/20; Financial Statements: Final Audit Findings, year ended 31.7.20; Independent Reporting Accountant's Report on Regularity for the year ended 31.7.20; the College's Strategic Risk Register (Oct. 2020).

The Committee approved its annual report to the Corporation and the Principal for 2019/20 for presentation to the Corporation before review by the Corporation of the College's annual report & financial statements and for submission to the ESFA.

Action: Chair

106.21 **Audit Committee performance review checklist & PIs 2019/20**

Under its standing agenda item list, the Committee completed, at its October meeting, the Committee's performance checklist relating to the previous academic year and reviewed its performance indicators.

The Committee noted that it was fully compliant with its performance checklist in 2019/20 and that all performance indicators had been met or exceeded with the following exceptions: consideration of standing agenda items at the relevant meeting (93% against a target of 100%); timely dispatch of papers.

The Committee discussed placing reports under Files on the Corporation team on Teams, so that members could, should they wish, read reports earlier, with a combined, consecutively numbered PDF of papers produced shortly before the meeting, noting in this context, however, that Corporation members would need access to their Corporation e-mail address and password to access Teams.

Action: Clerk

The Committee approved its performance checklist 2019/20 and received, for information, a report on performance indicators 2019/20.

Items for information & reference: Information Pack

106.22 Documents/links from external bodies

The following documents/links from external bodies were received:

- RSM Emerging issues report (autumn 2020);
- DfE update to website information (Nov. 2020);
- ESFA fraud indicators (Aug. 2019).

Final matters

106.23 Any other business

There was no other business not already on the agenda.

106.24 Risk management – items identified at the meeting

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

106.25 Date of next meeting

The Committee was next due to meet on Tues. 2 Mar. 2021 at 4.30pm.

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

(The Principal, Paul Britton, and the Director of Finance, Tony Wilmot, left the meeting).

Karen Musgrave (RSM Audit LLP, external auditors) and Rosalind Armstrong (AuditOne, internal auditors) commented favourably on co-operation from staff despite audits being undertaken remotely due to the pandemic.

John Gilleard thanked Karen Musgrave and Rosalind Armstrong for the work undertaken by the auditors as part of, respectively, the external and internal audits.

[Confidential minute].

The Committee noted that the Director of Finance was a member of the Institute of Chartered Accountants in England and Wales and agreed that the Director of Finance should be asked whether other members of the College's finance team held accountancy qualifications.

Action: Clerk/Dir. of Finance

The Committee concluded its meeting with the auditors without the presence of senior management.

Fiona Bagchi
Clerk to the Corporation