

CORPORATION BOARD

AUDIT COMMITTEE



Minutes of a meeting held on Wednesday 24th November 2021 at 12.15pm. Hybrid meeting.

Present

Adam Mumford, Chair
Nicolas Pages

In attendance (in person)

Jacqui Canton, Principal
Mark Lay, Finance Director
Olivier Cognard, Vice Principal
Stuart Hay, Head of Finance
Nick Handy (to end of item 4)
Victoria Hazel, Assistant to the Board

In attendance (via Teams) to end of item 7.2

Stuart McKay, MHA
Yasmeen Mehmoud, TIAA
Phillip Lazenby, TIAA

Governor questions are represented with bullet points, management responses are italicized.

1. Opening Comments

Ali Kennedy not present. The meeting was quorate. No declarations of interest or other matters were raised.

2. Minutes of previous meetings

2.1 The Public Minutes from the previous Audit Committee meeting held on 16th June 2021 were approved.

3. Matters arising, written resolutions & action points

All action points from the previous meeting have been completed. The report was noted.

4. Financial Statements 31st July 2021

The Chair of the F&GP Committee gave an overview of the review of the Financial Statements by the F&GP Committee. The F&GP committee's focus is to examine the underlying results and management commentary consistency with previous reviews of management accounts and other reports, not the controls and processes in place.

An Accounting Judgements and Estimates Paper is newly included as a supporting paper to the Statements.

The Statements show an increase in turnover and in staff costs. The strategy review is examining whether we have an appropriate cost base for the college turnover.

The LGPS figures have been reached using the actuaries calculation, which the F&GP committee agree is an appropriate calculation to use.

The F&GP committee agreed that the Financial Statements were consistent with previous reviews of management accounts and have approved them for recommendation to the Board.

The F&GP Committee propose that the Subcontractor Annual Report would be more appropriate for the Audit Committee to review going forwards. The Audit committee are in agreement with this proposal.

| Action | By whom | Deadline |
|--|-------------------------|------------------------|
| Recommend to the Board that the Subcontractor Annual Report be moved from the F&GP Committee to the Audit Committee Cycle of Business. | Chair of F&GP Committee | December Board meeting |

4.1 External Auditor's Letter of Representations

Stuart McKay from MHA presented the External Auditor's Letter of Representations. The letter is a standard Letter of Representations with no non-standard elements.

The letter was approved for recommendation to the Board.

4.2 External Auditor's Management Letter

Stuart McKay from MHA presented the External Auditor's Management Letter (Audit Findings Report). Following their review of the College's ILR review they observed lots of areas of good practice and, while a number of different colleges

use different methods for ILR, Abingdon & Witney were, in their opinion, in the upper tier with regard to assurance around this.

| Action | By whom | Deadline |
|--|-----------------|------------------------------------|
| The log from the six- week check to be examined at the next Audit Committee meeting. | Audit Committee | Audit Committee meeting March 2022 |

The letter was noted by the committee.

4.3 Draft Propriety and Regularity questionnaire 2020-21

The Finance Director compiled and presented the Draft Propriety and Regularity questionnaire 2020-21 as no Clerk currently in post.

- Page 6 of the questionnaire mentions no termination payment settlements brought to the attention of the Board but also that 3 settlements have been made? *All 3 payments were within the value that the Principal can approve.*

| Action | By whom | Deadline |
|--|------------------|------------------------|
| Clarify in the questionnaire that the termination payments made were within the value able to be approved by the Principal so were not required to be brought to the attention of the Board. | Finance Director | December Board meeting |

- Do we need to clarify in the questionnaire that we don't have a Clerk in post? *No as this questionnaire covers the previous academic year during which time a Clerk was in post, but will need to be stated in the 2021/22 report. This is also the case for all other audit and financial reports referred to in this meeting.*
- Is it correct that all SMT expenses claims for the year totalled £17? *Yes as due to the pandemic we were not able to travel, attend events or host visitors in the usual way.*
- How do we best allow remaining governors not part of this committee to interact with the audit review? *Options have been discussed and settled on a 1:1 meeting between the external auditors and the Board Chair as the preferred option.*

| Action | By whom | Deadline |
|--|------------------|------------------------|
| Finance Director to send introductory email to external auditors and Board Chair to arrange meeting. | Finance Director | December Board meeting |

The questionnaire was approved for recommendation to the Board.

4.4 College compliance with HMRC Furlough Scheme and Public Procurement Notices during the COVID19 pandemic

The Finance Director presented the report on College compliance with HMRC Furlough Scheme and Public Procurement Notices during the COVID19 pandemic. There was a small demand for furlough payments during this reporting period but was significantly less (approximately two-fifths) of the initial round of the scheme in 2019/2020. The regulatory self-assessment questionnaire has been completed again.

- Have there been any significant policy changes relating to the furlough scheme? *No, and there have been less issues of non-supply as most has carried on.*

The report was noted.

4.5 Financial Statements 2020/21

The Finance Director presented the Financial Statements 2020/21. The Chair of the F&GP Committee has conducted a thorough review and some non-financial amendments have been made:

A new student governor was appointed on 8th November and has been added to the Board of Governors listed, as he will be in place at the time of signing the Statements; proper titles for governors such as Dr will be used; LGBTQ has been amended to LGBTQ+.

In light of the discussion and papers received and reviewed the Audit Committee were satisfied with the assurance given on the governance and internal controls in relation to the Financial Statements and thanked the Finance Director for the papers.

The Statements were approved for recommendation to the Board.

5. In-Year Business Cycle

5.1 Business area presentation – Learner Number Systems

The Vice Principal for Funding, Planning and Systems Improvements gave a presentation on the College Information Team (CIT) which comprises 21 staff. The team oversee the EBS database as well as dealing with applications and enquiries, open days, interviews and offers, exam registration and certification. Enrolment is moving to an online process.

The team is also responsible for ILR submissions for funding.

- Does the team conduct student interviews? *No they make arrangements for these to happen within departments but can support interviews where needed.*
- This is a more significant area of work and size of team than had been realised. *Yes and is also the area that carries the most risk if work is not carried out accurately due to potential funding clawback.*

The committee thanked the Vice Principal and noted the presentation.

6. Internal Audit Matters

6.1 Internal Audit Report for 2020/21

Yasmeen Mehmoud from TIAA presented the Internal Audit Report for 2020/21. An overall assessment of 'reasonable' assurance was given with 22 recommendations.

- The status of several items recommended in the previous report have not progressed, the committee Chair has discussed with the Finance Director. *These are being addressed and 6 out of the 10 items are now completed, a further item will be completed by Christmas and the remaining three will be completed in the first quarter of 2022. Actions and evidence will be updated on the portal before the March Audit Committee.*

| Action | By whom | Deadline |
|--|------------------|-------------------------------|
| Update portal with actions and evidence of Internal Audit recommendations from previous reports. | Finance Director | March Audit Committee meeting |

The committee thanked TIAA for the report and in particular the Health and Safety recommendations.

The report was approved for recommendation to the board.

6.2 Summary Internal Controls Report

Yasmeen Mehmoud from TIAA presented the Summary Internal Controls Report which included the Health and Safety and Wellbeing report, Governance Strategic Planning and Subcontracting report and certificate.

A cybersecurity review is underway with two further reviews to be carried out. There has been a change in the timing of the first cybersecurity review which has now been carried out in term 1. The remaining reviews will take place in terms 2 and 3.

- Did we do an internal audit on procurement last year and are we doing the same again this year? *The 2021 audit looked at the core purchase ledger. For 2022 we will be looking at ways we procure outside the core purchase ledger. As we are trying to increase the use of college credit cards for low value purchases to reduce the purchase ledger, we would like the Audit Committee to have an oversight of this.*

The committee approved the report.

6.3 2021/22 Internal Audit timeline update

Yasmeen Mehmoud from TIAA presented the 2021/22 Internal Audit timeline update.

The committee approved the update.

6.4 Learner Number Systems – RSM report update

The Vice Principal for Funding, Planning and Systems Improvements presented the Learner Number Systems – RSM report update. The college is looking into solutions for capturing signatures for online enrolments.

- On a scale of 0-10 how concerned was the Vice Principal about the issue of obtaining signatures? *Around a five, as is a key requirement so we have reverted to obtaining wet signatures until a solution is in place. This has reduced concern to a 2-3. We aim to have the solution in place by February.*

The committee noted the report.

The Chair asked the External Auditors if there was anything that they wished to speak to external governors about privately, to which the reply was no. The External Auditors left the meeting.

7. Risk Management

7.1 High level Risk Register review and action plan review

The Finance Director presented the High level Risk Register review and action plan review. The financial risks relating to recruitment and pay are moving to yellow, and this is a focus for the year-long strategy review that is underway.

- Is risk 4.5 not similar to 4.3 and 4.2? *Interestingly after years of perceived risk in reliance on government funding, the pandemic has exposed increased risk in relying on commercial activity. There are risks with both so a mix of funding is important to maintain to minimise exposure to risk.*
- In the Line of Defence column, are we starting to look at the effectiveness of controls? *This will be looked at in the Jan-March term and the committee will be updated at the March meeting.*

| Action | By whom | Deadline |
|---|------------------|-------------------------------|
| Update the Audit Committee with the effectiveness of controls in place in the High Level Risk Register. | Finance Director | March Audit Committee meeting |

The report was approved for recommendation to the Board.

7.2 Board Assessment of Fraud Risk

The Finance Director presented the Board Assessment of Fraud Risk. There have been no changes since last year.

The report was approved for recommendation to the Board.

The Internal Auditors left the meeting.

8. Annual Reports

8.1 Value for Money

The Finance Director presented the Value for Money report. The report has focused on financial KPIs and shows the college is achieving value for money for the public purse. The key focus for the next years' report will be linked to the strategy being developed and staff utilisation.

- The staff cost for our college turnover looks high. *Yes it is and this is a key focus of the strategy development work now underway.*
- Are planned HR efficiencies on hold? *Yes whilst we work through some of the Project Why work and we have had a new payroll manager start which will bring some efficiencies.*
- Is there value for money in Project Why itself? *Yes as it is re-engineering process and helping efficiencies in all areas of the organisation.*

The report was approved by the committee.

9. Update on use of college seal and high value contracts

The Finance Director presented the Update on use of college seal and high value contracts.

The committee notes the report.

10. Policies

10.1 Anti-Bribery Policy

The Finance Director presented the Anti-Bribery Policy which is due for review. Some minor amends have been made to wording with no substantive changes to the content of the policy. The committee approved the policy for recommendation to the Board.

10.2 Fraud Prevention Policy

The Finance Director presented the Anti-Bribery Policy which is due for review. Some minor amends have been made to wording with no substantive changes to the content of the policy. The committee approved the policy for recommendation to the Board.

10.3 Value for Money Policy

The Finance Director presented the Anti-Bribery Policy which is due for review. Some minor amends have been made to wording with no substantive changes to the content of the policy. The committee approved the policy for recommendation to the Board.

10.4 Data Protection Policy

The Vice Principal for Funding, Planning and Systems Improvements presented the Data Protection Policy. New definitions have been added to items 2.4 and 2.5 in the policy, and an update made that only significant data breaches would be reported. The committee approved the policy for recommendation to the Board.

11. Audit Committee Annual Report 2020-21

The Finance Director presented the Audit Committee Annual Report 2020-21. Item 9.1 has had wording reviewed and approved, and item 12.2 relates to last year's comment as is a biannual assessment so not carried out in 2021. The NRG Committee regularly consider compliance with the code of conduct.

| Action | By whom | Deadline |
|---|------------------|------------------------|
| Add to the report that the committee self-assessment has taken place. | Finance Director | December Board meeting |
| Item 5.2 in the Audit Committee Annual Report 2020-21 should be edited to read July 2021 not 2020 | Finance Director | December Board meeting |

- Do we need to mention that the period without a Clerk in this report as the report covers the previous academic year when a Clerk was in post. *No this does not need to be mentioned in this report but will need to be in the report for the current academic year.*

The committee approved the report for recommendation to the Board.

12. Committee Self-Assessment

The Chair thanked the Finance Director for completing the papers that would normally be produced by the Clerk. The Chair clarified that the Principal should be 'in attendance' at the Audit Committee and not on the agenda as a committee member.

The committee discussed and agreed that they would be a stronger committee with an accountant as a member. As there are still external governor positions vacant, the Chair will feed back to the Board Chair and the Chair of the NRG Committee.

| Action | By whom | Deadline |
|---|--------------------------|------------------------|
| Bring to attention of the Board Chair and NRG Chair that the Audit Committee would be keen to recruit an accountant as an external governor to join this committee. | Chair of Audit Committee | December Board meeting |

13. Any Other Business

The committee discussed whether there is any need to consider a change of external and internal auditors as the same company has been in place for several years and their appointment is on an annual basis. The committee examined the auditors report and found it to be balanced and fair with an appropriate amount of challenge. The committee agreed that the auditors offer value for money and pragmatic advisory points.

| Action | By whom | Deadline |
|---|--------------------------|---------------------|
| Bring to attention of the Board that the contract with the external and internal auditors is annual and so we could go to tender for a new auditor if we wish to. | Chair of Audit Committee | March Board meeting |

14. Future Business and Reflection

The next Audit Committee meeting will be held on 7th March 2022.

The meeting ended at 2.15pm.

Approved for signature.....

Signature.....

Date.....