

## AUDIT COMMITTEE MEETING MINUTES

Date: Tuesday 7 December 2021

Venue: Board room and Online

Time: 5.30pm

<b>Chair</b>	Neil Yeomans
<b>Corporation Members</b>	Cynthia Griffin
<b>Co-opted Members</b>	Nazia Faiz , Thana Nathan
<b>Auditors</b>	Paul Goddard - Internal Auditors (Scrutton Bland) Katharine Patel – External Auditor (Buzzacott)
<b>Officers</b>	Gerry McDonald: Group Principal & CEO Suri Araniyasundaran : Deputy CEO Jamie Stroud – Finance Director
<b>Apologies</b>	
<b>Minutes</b>	Elsa Wright – Director of Governance

<b>Item No</b>	<b>Item of business</b>
1.	<b>Welcome and Introductions</b> The Chair welcomed everyone to the meeting.
2.	<b>Apologies for Absence</b> All members were present.
3.	<b>Declaration of Interests</b> None received.
4.	<b>Audit matters for consideration</b> The committee met the External Auditor without officers present. This is minuted separately.
5.	<b>Minutes of the Last Meeting Held on 23 September 2021</b> The minutes of the meetings were agreed as drafted.
6.	<b>Matters Arising and Action Points from the Meeting</b> The risk register had been re-formatted after discussion with the committee. It was agreed that this was a better layout and an additional column which showed any third party assurance would be helpful. There was a discussion about cyber risk and SMT would review if this should be on the register. This version of the register reflected the College and gave much more of a sense of the key issues which occupied the senior management team.  The paper on IT security was very helpful. The Chair asked for further reports and reviews which helped to mitigate the risk to be shared with the committee. Governors asked about network capacity and the point of connection. The CEO confirmed that the College used the JANET network and that capacity was not a concern. The College had not had any issues in connecting the different campuses but this would be kept under review.

### ITEMS FOR DISCUSSION, DECISION OR ACTION

7.	<b>7.1 Internal Audit Assignment Reports</b>  The internal auditor confirmed that there were two reports to review which were both developmental in nature. The first was risk management and oversight and the IA had spoken to a number of Directors across the College about the approach. Documents had been shared with the College and there would be an opportunity to share this more widely with the Board at the College Strategy Day in January.
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	<p>The second report was on environment, sustainability and governance which included a number of suggestions for development and the College had already implemented a number of key ideas. There was a discussion about how these reports would be followed up as they were exploratory in nature. The Deputy CEO confirmed that they would be monitored internally and revisited but not captured on the IA action plan.</p> <p>The plan for 2021-22 was underway with dates confirmed for all the audits. The CEO had asked for two days to look at distance learning to do some sampling to ensure that withdrawals were reconciled promptly and that controls and systems were adequate.</p> <p><b>7.2 Financial Statements, Auditors Management and Regularity Report &amp; Letters of Representation</b></p> <p>The post audit report started on p158 of the pack. The external audit Partner, Katharine Patel, thanked the Deputy CEO, Finance Director and the team for their support, providing information of good quality to complete the report. There had been a few delays due to resourcing pressures but there was nothing that had come to the attention of the auditors which would prevent them from recommending the accounts for sign off. There were routine final post balance sheet events that needed to be resolved before final sign off set out on page 3. The report set out the final position as reported to the November Corporation meeting with a surplus of £532k against a break-even budget. There was a clear trail between what was reported in the management accounts to the Finance &amp; General Purposes committee and the final financial statements. There were no adjustments to the figures which was a good sign of the quality of the information. P5 set out benchmarking information showing that net liabilities had decreased due to a change in the discount rate.</p> <p>Page 6 of the report confirmed that the auditors could state positively that it agreed with the Corporation's statement on going concern which was the basis for the preparation of the accounts. The audit team had reviewed financial projections and cash flow as well as the opening position for 2021-22. There were small accounting adjustments for holiday pay and the deferred capital grant. In response to questions, it was confirmed that the March cash figure of 18 days was a low point in the cycle for all colleges due to the profiling of grant income. P8 covered the presentational adjustment in Appendix 1 with the removal of rental debtor and Appendix 2 contained the details of the four C rated audit recommendations which would be addressed over the coming months.</p> <p>The report then went through the detailed work on the audit strategy including reviewing the ILR and the risk of AEB claw back. The CEO confirmed that the business case had been accepted for both the GLA and ESFA funded provision.</p> <p>Appendix 3 confirmed that the College had good financial health, as defined by the ESFA. Further information could be given to the Deputy CEO on the sector ratios which showed a number of colleges retaining cash. This was partly driven by the uncertainty around COVID. This had been a good audit which had brought together all the assets of the merged colleges. All new grants were now allocated to assets with much of the pre-merger mapping also complete.</p> <p>The Auditor thanked the Finance Director and the team for their support. The College had been pleased to see a good team of auditors with FE experience which had helped the process run smoothly. The Financial Statements had been reviewed by F&amp;GP who had confirmed that they were in line with the management accounts received throughout the year and reported to Corporation. There were some edits required to the governance table. The Deputy CEO confirmed that there was no requirements to report any changes in governance at the time of signing. The External Auditor confirmed that they had the necessary documentation to sign off the AEB income.</p> <p><b>The Audit Committee recommended the Financial Statements and the Statement of Governance Controls to the Corporation.</b></p> <p>The Letters of Representation followed a standard format and it was confirmed that they stated that the Corporation would support the subsidiary companies over the next 12 months. The CEO signed the letters for the subsidiary companies. The Deputy CEO confirmed that the cash flows were provided for within the NCC budget which the Corporation had agreed.</p>

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	<p data-bbox="284 271 1262 300"><b>The Audit Committee recommended the Letters of Representation to the Corporation</b></p> <p data-bbox="284 331 695 360"><b>7.3 Audit Committee Annual Report</b></p> <p data-bbox="284 360 1385 495">The Chair explained that this was a standard end of year report which confirmed what the committee had reviewed over the course of the year and any reports received from both the internal and external auditor. It was presented to the Corporation to give assurance and allow for the signing of the internal controls statement. It had been updated to include the additional assurances required in the new code of practice.</p> <p data-bbox="284 524 1345 553"><b>The Audit committee agreed the Annual Report which was recommended to the Corporation</b></p> <p data-bbox="284 580 628 609"><b>7.4 Committee self-evaluation</b></p> <p data-bbox="284 609 1401 719">This had been completed by two members for 2020-21. Additional members had been recruited to the committee and specific audit training sessions were available for members. The Director of Governance asked the auditors to recommend any further training that they felt would be suitable for the members of the committee.</p> <p data-bbox="284 745 1179 775"><b>Action – Auditors to advise on suitable training for Audit committee members</b></p>
8.	<p data-bbox="284 772 478 801"><b>Attempted Fraud</b></p> <p data-bbox="284 831 1394 940">There had been no fraud attempt on the College. The Deputy CEO confirmed that a student from the College had handed over his card details having been contacted by someone saying they were from the College. Once the response from their bank was known, the College would look to see if they could offer some support in terms of a bursary but there were wary of setting a precedent.</p> <p data-bbox="284 967 879 996"><b>Action – Deputy CEO to report back at next meeting</b></p>
9.	<p data-bbox="284 996 539 1025"><b>Whistleblowing Policy</b></p> <p data-bbox="284 1055 1394 1164">The Director of Governance explained that the policy had been reviewed looking at best practice across the FE and HE sector. It now set out the steps more clearly for both anyone making a whistleblowing allegation and anyone who was subject to the procedure. There could be more detailed guidance which set out the investigation procedure, if it was helpful. The policy was agreed by the committee.</p> <p data-bbox="284 1191 1230 1220"><b>The Audit committee recommended the policy for final sign off by the Corporation.</b></p>
10.	<p data-bbox="284 1243 513 1272"><b>Any Other Business</b></p> <p data-bbox="284 1272 606 1301">There were no items to report.</p>
11.	<p data-bbox="284 1321 520 1350"><b>Date of next meeting</b></p> <p data-bbox="284 1350 831 1379">The next meeting was scheduled for 3 March 2022.</p>
12.	<p data-bbox="284 1400 493 1429"><b>Confidential items</b></p> <p data-bbox="284 1429 979 1458"><b>12.1 Appointment of internal auditors – process and timeline</b></p> <p data-bbox="284 1458 485 1487">See part 2 minutes</p>