



**MINUTES**  
**of the Audit Committee**  
**held remotely on Monday 29 November 2021**

Present: - Tony Ford (Chair)  
Cllr Sebastian Bowen (Co-opted Member)  
Julia Cotton  
Jeremy Nicholls  
Kevin Tong (Co-opted Member)

Governors: - Igor Andronov  
(Item 1) Laura Johnston  
Alan Layng  
Ben Whiteley

In attendance: - Edward Gwillim (Director of Finance)  
Clare Perez (Head of Finance)  
Linda Watkins (Clerk to the Corporation)  
Karen Gentles (RSM)  
Carol Davey (Mazars)  
Jon Marchant (Mazars)

Governors were invited to join item 3 to receive a presentation of the financial statements. The Audit Committee was quorate as five members were present.

	<b>Action</b>
<b>1. Apologies for Absence</b> There were no apologies.	
<b>2. Declarations of Interest</b> There were no declarations of interest.	
<b>3. Annual Report and Financial Statements to 31 July 2021 and assurances</b> I. RSM presented the annual report for the year ended 31 July 2021 which provided a positive opinion with the second level opinion (level 1-4). Governors recorded appreciation to the Director of Finance and staff on the positive opinion. II. Mazars' Audit Completion Report for the year ended 31 July 2021 was presented with confirmation that the majority of the audit had been completed. The revised ACOP meant that the auditors are no longer able to rely on assurance provided by ESFA for income	

generated through ILR returns. Mazars will review the audit arranged by ESFA to test the ILR once issued to gain assurance that the correct student numbers are reported in the financial statements; the ILR had also been tested. It is hoped that the college will see ESFA's auditor's report before the accounts are signed. The Director of Finance was expecting the audit report to be provided before signing off the accounts.

The report was outlined covering the purpose of the financial statements audit, financial performance, significant findings, risks, accounting and audit issues to provide assurance for the Corporation to sign off the financial statements to 31 July 2021.

Significant risks and key judgement areas were tested including that management did not override controls, revenue recognition and that the College is a going concern. The financial statements confirmed that the College is a going concern and Mazars would issue an unqualified opinion. Mazars assessed the College's viability for the 12 months from the date of signing the financial statements reviewing if income and expenditure are appropriate to ensure sufficient funds to deliver the College's educational activities.

Pension assumptions from LGPS were used and tested by Mazars' actuary with no significant changes to the deficit disclosed in the financial statements. Benchmarking comparisons of pensions were provided with an assumption of a 4% increase for pay cost increases which is considered a prudent assumption. Mazars' actuaries had agreed with this assumption which had also increased the pension liability.

The internal control environment had been considered with no recommendations.

- III. The Annual Risk Management Report to 31 July 2021 showed that the College had a robust system of updating and reporting its risk management operations which involved CMT, Audit Committee and the Corporation. Processes are adequate to discharge the Corporation's duties and include a statement in the annual accounts that meets the requirements of Turnbull.
- IV. The Audit Committee's Annual Report to 31 July 2021 ensured that the Committee met its requirement to advise the Board on the adequacy and effectiveness of the College's internal control systems in accordance with the Audit Code of Practice. This was a factual report detailing the work of the Committee to 31 July 2021. It would be submitted to ESFA with the financial statements
- V. The ACOP requires completion of the self assessment to provide clarity of the accountability framework, key requirements and evidence to support the statement

of regularity, propriety and compliance in the financial statements. Mazars have reviewed the document as part of the process before the financial statements are signed off.

- VI. The draft annual report and financial statements to 31 July 2021 were noted. It was not anticipated that there would be any changes to financial data. There was a question about capital equipment depreciation and if normal assumptions remained valid due to lockdown noting that a broad assumption remained appropriate with costs spread over a reasonable lifespan.
- VII. The letter of representation was in a standard format for the finance and regularity opinion which was presented for approval to be signed by the Chair of the Corporation.

The Committee agreed: -

- To note RSM's annual report which would be presented to the Board which provided independent assurance
- To recommend that the Board endorse the Audit Committee's Annual Report which would also be submitted to ESFA along with the Members' Report and Financial Statements.
- To recommend that the Chair of the Corporation and Principal sign the regularity audit self assessment which Mazars had reviewed
- To note the management letter confirming that Mazars had given the college an unqualified audit opinion
- To recommend the Board approve the Members' Report and Financial Statements to 31 July 2021
- To approve the letter of representation
- To thank the Director of Finance and Head of Finance for their role to prepare the financial statements and congratulate them on the outstanding achievement of a management letter which had no recommendations

**4. Approval of the Minutes of the Meeting**

The Chair signed the minutes of the meeting held on 14 June 2021 as a true and accurate record.

Specific training topics for Audit Committee would be incorporated into future meetings as appropriate with briefings provided by the Auditors.

The Committee agreed: -

- To approve the minutes

**5. Internal Audit Progress Reports**

RSM presented the following reports.

- I. The progress report outlined progress against the audit plan including client briefings which were presented for information. The amended AoC Code of Good Governance for English Colleges will come into effect next year which includes colleges' responsibility to have a robust environmental strategy. A briefing on food labelling guidance in relation to Natasha's law was

provided. The Clerk updated Governors that the Search and Governance Committee had discussed the revised Code of Governance agreeing that a summary would be reported to the Board for adoption. A Governor asked about the key area of cyber security noting this would be addressed in a follow up audit.

- II. The learner number systems audit final report had been amended to correct a typographical error.

The Committee agreed: -

- To note the internal auditor's report

#### **6. Subcontracting provision**

RSM have reviewed provision and provided an independent report of practices embedded which is a requirement by ESFA for all FE colleges with subcontracting funding exceeding £100K. This was a positive report with a certificate issued; there were four recommendations which management accepted.

The report prepared by the Director of Finance had been discussed by the F&E Committee and was presented to the Audit Committee to provide additional assurance based on new guidelines. If a provider requires subcontracting above 25% of a funding stream they are required to make an application to ESFA with an explanation and request approval to continue. The College is proposing to subcontract less than £500k this year which will be presented to the Board for approval. There is a robust process to monitor subcontracting including an annual subcontracting policy and quality assurance measures.

The Committee agreed: -

- To note RSM's audit report and certificate issued for subcontracting provision and the report from the Director of Finance evidencing robust practices have been embedded to management subcontracting

#### **7. Value for Money Annual Report to 31 July 2021**

The value for money policy requires the Corporation, through its committees, to give assurance that value for money is achieved throughout the College and that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. Procurement and collaboration practices adopted by the College were outlined. The College is part of a joint purchasing consortium for utility costs with prices capped until March 2022.

The Committee agreed: -

- To endorse the value for money annual report which would be presented to the Board.

#### **8. Audit Recommendation Tracking Report**

This showed recommendations which have been completed and those which remain ongoing. There was a question about capital investment and procurement and the introduction of a centralised approach to track maintenance and investment. Internal capital bids have been requested from budget holders for FY22 and these will be evaluated and prioritised next term.

The Committee agreed: -

- To note the tracking report

**9. Risk Management Register**

- I. The revised Risk Management Policy was presented with minor changes recommended to incorporate risk management training.
- II. The Director of Finance reported that the risk register would be re-issued as the order had changed when updating.

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The Committee agreed: -

- To recommend that the Board approve the Risk Management Policy
- The risk register would be revised and re-issued with opportunity for discussion at Board

**10. Education Risk Check for Insurance Tender**

This provided an evaluation of the College's insurable risks with clear reporting to the insurer on how the College manages risks relating to risk management, students, campus safety, employment, IT management and internet risks, business continuity and income generation. In conclusion, the College is performing well with minor recommendations. A Governor asked about insurance cover for staff using their personal car insurance who do not have business use insurance with confirmation that insurance cover is in place. Staff are required to confirm that they have business cover insurance in travel claims.

The Committee agreed: -

- To note the positive risk check for the insurance tender

**11. Any Other Business and comments**

**12. Date and time of next meeting**

The next meeting of the Audit Committee was arranged for Monday 29 March 2022 commencing at 4.00 pm.

**Signed as a true record of proceedings**

**Chair: .....Date: .....**