



AUDIT COMMITTEE

**MINUTES of the Meeting of the AUDIT Committee
held on Wednesday 16 June 2021 at 13.30 via remote participation**

<p>Members present: Gillian Lancaster (GL) Ben Higgin (BH)</p> <p>In attendance: Shachi Blakemore (SB) Peter Mackereth (PM) Joy Watkins Mark Smith Jacky Gearey</p>	<p>External member and Chair Co-opted specialist</p> <p>Partner, Buzzacott Account Manager, Buzzacott Director of Finance & Operations (FD) CEO Clerk</p>
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Quorum 2 members

Agenda Item		Action
	<p>Apologies for Absence</p> <ol style="list-style-type: none"> 1. Imran Razzaq – meeting 2. Amali de Alwis <p>There were no other apologies</p>	
	<p>Declarations of interest</p> <p>There were no declarations of interest</p>	
3.0	<p>Opening of meeting</p> <p>The Chair opened the meeting at 13.37 and thanked everyone for attending. Imran Razzaq recently appointed to the Board had been asked to join the committee, but was unable to attend the meeting due to short notice and a pre-arranged commitment.</p>	
3.1	<p>Minutes of Previous meeting</p> <p>The Board approved the minutes of the meeting held on 17 March 2021 as an accurate record of the meeting.</p> <p>Resolved that: the minutes were an accurate record of the meeting 17 March 2021.</p>	
3.2	<p>Open Matters Arising</p> <p>Item 2.6 – internal audit - go to tender for the provision of a 3 year internal audit programme – covered under 3.7.</p> <p>All other actions had been closed off</p>	
3.3	<p>Buzzacott – 2021/22 External audit planning</p> <p>SB, a partner from Buzzacott advised that the College was required to have an external audit and submit its findings to the ESFA as part of the contractual funding agreement and that the following was to be noted bearing in mind that there were changes to the auditing standards:</p> <ul style="list-style-type: none"> • issues of audit significance – these included working capital loan disclosures, going concern, income recognition etc. • Audit Code of Practice (ACOP) issued March 2021 • key changes in auditing standards which apply for the year ending 31 July 2021 <p>SB explained that under the previous ACOP, auditors could place reliance on the ESFA's funding reconciliation statements to verify the accuracy of income claims made in the</p>	

	<p>year, however this has been removed which has meant alternative procedures will be needed to gain funding assurance over the validity of income from apprenticeships. There was a lively discussion on funding assurances, funding auditors and the approach to be taken in doing this audit. The CEO confirmed that a funding audit had taken place in 2018 however SB felt that it would be useful as part of an internal audit to carry out a mock funding audit on apprenticeship data. The Chair asked for further clarification on this with SB explaining that funding audits are done on a sample basis but that the ILR reconciliation is issued to all colleges and the ESFA wanted to ensure that colleges took MIS data seriously. The Chair asked what reassurance would be required regarding the risk of financial clawback. FD advised that there were adjustments made throughout the year and therefore there were opportunities to rectify the position. Additionally, the question was raised about providing the Board with assurance on this before the accounts are signed off, namely what was the cycle and scope? FD said that the internal audit plan would address this and provide this higher level of assurance sought. Regarding the timeline, either this can wait until internal auditors are appointed or if more urgently required then a separate company can be brought in to do this work. The committee felt that timing was critical and if this was done early in the cycle before the November meeting it would be viable allowing the auditors to do the checks. SB agreed with the timings proposed. The Chair asked the FD to keep the committee updated on this.</p> <p>SB then advised the committee on a new requirement for the External Auditor to present their audit findings to the Chair and Board either at a board meeting or by invitation for them to join the audit committee meeting receiving the Auditor's report. This had been a recommendation resulting from the Dame Mary Ney Report. SB recommended that if the Auditor's report is sent to all board members and minuted to that effect and there are no issues then the Auditor's physical presence at a Board meeting would not be required.</p> <p>The Chair asked the Clerk to advise the Board of the possible requirement for the Board to be advised of having the external audit report presented to them by the External Auditors at meeting.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the 2021/22 External audit strategy was received by the committee (ii) the Clerk to advise the Board of Buzzacott's recommendation regarding sight of the Auditor's Report <p>SB and PM left meeting at 14.05</p>	
3.4	<p>Notification of any matters for concern</p> <p>There were no matters of concern to report.</p>	
3.5	<p>Audit Output Tracker</p> <p>The output tracker had been reviewed and as agreed at the previous meeting all low risk items had been removed leaving only those rated as medium and high risk to be updated. There were no new items as there had been no internal audit activity since early March 2020. A point to note was that the names of individuals had been removed and replaced with either job titles or departments.</p> <p>Finally a GDPR review was underway and the appointment of an internal auditor was to take place in the next financial year. Both these points were further discussed under 3.7.</p> <p>Resolved that the Audit Output Tracker was received by the committee</p>	

<p>3.6</p>	<p>Risk Management</p> <p>The updated risk register was presented with a few updates since the last meeting. The committee reviewed the risks, with the Chair commenting that the register was now far easier to read. The committee felt that the register was a fair reflection of the risks and asked, further to the discussion at 3.3, whether an additional risk needed to be added regarding financial clawback based on ILR data. FD confirmed that this would be added to the register under data as the auditors had referred to this term. The CEO confirmed that the ILR when submitted only comes back if there are inaccuracies and therefore this was not a major risk. The committee commented that the College needed to ensure that the backing data was substantive.</p> <p>The Chair asked about the increased risk regarding the level of industry involvement which whilst the level of involvement remained strong, the CEO said was more reflective of Covid.</p> <p>There were no further questions.</p> <p>Resolved that:</p> <p style="padding-left: 40px;">(i) the Risk Register was received by the committee</p> <p style="padding-left: 40px;">(ii) FD to update the register with the additional risk regarding data</p>	
<p>3.7</p>	<p>Internal Audit</p> <p>Internal Audit was paused in March 2020 due to Covid-19 and the FD is now developing plans to restart internal audit activity.</p> <p>GDPR</p> <p>TurnITon have been retained to provide general GDPR support and to undertake GDPR reviews. The initial review will take the form of a discussion and an assessment of available policies, procedures and documentation and should be completed by the end of June. A data specialist will be joining the Finance and Operations team in September 2021 and will lead on ensuring appropriate policies and procedures and overall GDPR compliance.</p> <p>Internal Audit Tender</p> <p>At the previous committee meeting, it was agreed that the College would undertake a tender exercise to appoint an internal audit provider to deliver internal audit activity for the three-year period 2021-22 to 2023-24 and the scope will be reviewed in line with the conversation had with the external auditors. The tender document will be made available via the Crescent Purchasing Consortium which means that the framework agreement for audit services will cover all the requirements outlined in the SORP and the Post-16 Audit Code of Practice. The appointment is planned for late August or early September.</p> <p>2021-22 Internal Audit Plan</p> <p>The FD advised that the proposed internal audit plan is driven by areas identified in the risk register. As a priority the following were planned to take place within the next academic year.</p> <ul style="list-style-type: none"> ● Finance processes and procedures; ● Data and records; and ● IT <p>The committee asked that the plan consider areas outside of the risk register and the FD affirmed that this would happen.</p> <p>Resolved that the GDPR review update and Internal Audit Plan were received by the committee</p>	

3.8	<p>Annual Review of Audit Committee's Cycle of Business The cycle of business was presented and has been amended to reflect the termly business requirements of the audit committee. Changes in summary are:</p> <ol style="list-style-type: none"> 1. The standing agenda items for each meeting now include the audit output tracker and risk management (risk register) 2. Autumn term – internal audit plan reports that have taken place for that academic year 3. Summer term – external auditors are contracted for three years with normally a two year extension if required. Buzzacott were re-appointed on a three year contract in October 2019. <p>The committee agreed the changes.</p> <p>NB – Audit terms of reference were reviewed at the previous meeting and approved by the Board 24 May 2021 and there are no further changes proposed.</p> <p>Resolved that the Audit Committee's Annual Cycle of Business was received and approved by the committee</p>	
3.9	<p>GDPR Update The CEO confirmed that there had been no Freedom of Information Requests so far for this academic year.</p> <p>Resolved that the verbal GDPR update was received by the committee</p>	
3.10	<p>Committee's annual self-evaluation The self-assessment was to be completed and returned to the Clerk by 1 August 2021. Results from the survey will be kept anonymous but will be fed back to the Board Membership committee for their meeting in September.</p> <p>Resolved that the committee's annual self-evaluation form was received by the committee and to be returned to the Clerk by 1 August 2021</p>	
3.11	<p>Any Other business</p> <p>There was no further business.</p>	
3.12	<p>Items to be taken forward to next Board Meeting</p> <ol style="list-style-type: none"> 1. Strategic Risk Register 2. Buzzacott's recommendation regarding sight of the External Auditor's Report 	Clerk
3.13	<p>Date of next meetings all to be held remotely unless advised to the contrary</p> <ol style="list-style-type: none"> 1. 3 November 2021 at 14.30 2. 14 February 2022 at 13.30 3. 20 June 2022 at 13.30 	
	<p>Close of Meeting Meeting closed at 14.28</p>	
	<p>MINUTES of the meeting held on Wednesday 16 June 2021 were agreed and accepted as a true and accurate record and signed by the Chair</p> <p>..... on</p>	