



AUDIT COMMITTEE

MINUTES of the Meeting of the AUDIT Committee held on Wednesday 18 March 2020 at 14.00 via remote participation		
<p>Members present: Gillian Lancaster (GL) Amali de Alwis (AdA) Chris Payne (CP) Steve Davies (SD) Ben Higgin (BH)</p> <p>In attendance: Jaiya Bhandari Jayshree Shah (JS) Mark Smith (MS) Jacky Gearey (JG)</p>	<p>External member and Chair External member External member External member Co-opted specialist via conference call</p> <p>Finance Director designate Finance Director CEO Clerk</p>	
Quorum 2 members		
Agenda Item		Action by
	<p>Apologies for Absence There were no apologies</p>	
	<p>Declarations of interest There were no declarations of interest.</p>	
2.0	<p>Opening of meeting The Chair opened the meeting at 14.09 and thanked everyone for attending especially over the coronavirus outbreak. The Chair welcomed Jaiya Bhandari the designate FD to her first meeting.</p>	
2.1	<p>Minutes of Previous meeting The Board approved the minutes of the meeting held on 13 November 2019 as an accurate record once the committee had been through all the matters arising. These to be signed by the Chair.</p> <p>Resolved that: the minutes were an accurate record of the meeting 13 November 2019 and to be signed by the Chair.</p>	
2.2	<p>Matters Arising Item 1.38i)(b) - Going concern and financial statements – although there were no issues the committee said that they wished to have sight of the final version, the FD said that she would send this out. Item 1.7 – FD advised that she had spoken to the bank regarding the viability of moving reserves into more than one bank account and that the excess funds are now on an overnight deposit at 0.2% instead of 0.1%, but with the same bank. Other options were still being investigated to see if higher rates could be achieved but opening an account with another banking provider would require board approval. The committee asked how much cash could be put on deposit and the FD confirmed that out of 1.4m , 700k was now on deposit explaining that money had to be available for the capital loan repayment plus funding also drips around this time of year. The CEO asked the committee for any suggestions regarding an investment strategy and the committee agreed that they would consider this and that possibly Bank of America could assist. There were no other matters arising Resolved that: (i) FD to send to committee the final version of the financial statements</p>	

	(ii) CEO to liaise with Bank of America regarding a possible investment strategy	
2.3	<p>Appointment of Auditors The College undertook a tender exercise for the appointment of external auditors in December 2019 with the following companies invited to tender:</p> <ul style="list-style-type: none"> • Buzzacott • RSM • Grant Thornton LLP • Moore Stephens LLP • Mazars LLP <p>The only formal audit proposal received was from Buzzacott, with Grant Thornton LLP and RSM both confirming their decision not to submit a tender as the current fee level for the College was below that deemed profitable by their companies. The other two companies did not reply. Buzzacott's proposed fee for 2019/20 is £14,000 (across the two entities) and represents a 4% increase on the 2018/19 fee for a three year period.</p> <p>The committee asked if the college was happy that only one company tendered and were nervous about just having only this one choice. Discussion centred around why Buzzacott could offer a more cost-efficient audit service than RSM or Grant Thornton. Whilst the committee acknowledged that there was only one response it asked the FD to contact RSM and Buzzacott to obtain fee quotes for comparison and in addition to ask both RSM and Grant Thornton LLP what fee level they would be interested in tending for.</p> <p>Although, the FD advised the committee that the tender panel had recommended that the Audit Committee reappoint Buzzacott as the College's auditors on the basis of past experience and fee level, the committee felt that the College should have three quotes in accordance with the financial regulations to show that due diligence was carried out. Once the FD has obtained this information the committee would then be happy to appoint the auditors via a written resolution.</p> <p>Resolved that</p> <ul style="list-style-type: none"> (i) the report on the tender process for the external auditors was received by the committee (ii) FD to contact RSM and Buzzacott to obtain fee quotes for comparison (iii) FD to ask both RSM and Grant Thornton LLP what fee level they would be interested in tending for. (iv) once full details of the fee scheme from both RSM and Grant Thornton LLP had been provided to the committee, a remote decision to be sought for the appointment of the external auditors 	
2.4	<p>Notification of any matters for concern (e.g. fraud, whistleblowing) The FD advised that there had been no matters of concern to notify.</p> <p>Resolved that the verbal update on any matters for concern had been received by the committee</p>	
2.5	<p>Audit Output Tracker The implementation of audit work and findings is monitored by the Committee via the audit actions tracker which helps to ensure that action points arising from various audit reports and recommendations are implemented in an effective and timely manner.</p> <p>External Audit: all points completed</p> <p>Internal Audits:</p> <ul style="list-style-type: none"> • HR Audit (Prior Year: May 2019) – Actions in progress, review of the remaining policies should be complete by 31 July 2020 including staff recruitment policy. A master list of policies has been agreed with some policies to be reviewed by 30 June 2020. The FD explained that the college is getting through this but there have been additional complexities within HR legacy issues. The CEO reassured the committee that all issues would be addressed resolved by the next meeting • Business Continuity Plan: Bank of America Review – Actions in progress – report on desktop exercise. BofA and added to the tacker. Will be completed over the coming months. <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Audit Actions Tracker was received by the committee (ii) CEO to ensure that all HR audit issues resolved by the next meeting 	

2.6	<p>Annual Review of Financial Regulations College reviews its financial regulations and procedures on an annual basis in order to ensure that current practice meets any audit or other 'best' practice recommendations. The FD advised the committee of the changes annotated at the front of the document explain that the College financial regulations and procedures have served their purpose and recent audits, both internal and external, have not highlighted any material breaches, concerns or issues.</p> <p>Resolved that the Financial Regulations were reviewed and approved by the committee</p>	
2.7	<p>Risk Management Following feedback from the Board and Audit committee, the ELT have looked at the risk assessment criteria. The aim was to create a framework for assessing the type and severity of impact and clear parameters for the likelihood score as well. This risk scoring would then lead to a RAG rating of risks. The key risks are still:</p> <ol style="list-style-type: none"> 1. strategic delivery concerning a permanent home for the college, 2. financial income generation and that the college will not meet its target volumes for apprenticeships recruitment for Autumn 2020 and beyond 3. risks that sixth form intakes do not meet required volumes 4. Coronavirus impact – the committee asked if this outbreak will affect application numbers? Albeit this is in its early stage the CEO said apprenticeships volumes could be impacted and modelling was in place for worse case scenarios. He confirmed that in anticipation of this recruitment has been out on hold to keep headcount down. However currently for the sixth form, the numbers look positive, however if this outbreak continues onto into the autumn term then there may be an impact. The committee said that scenario planning was essential to track this against income generation to ascertain the possible shortfall in income, the CEO said that this would be part of the budgeting process and would be presented to the board at their next meeting. <p>The table presented sets out the different risk categories that can be assigned according to their main type of impact and the criteria for severity of impact. The committee said that although the register was well articulated, detailed with a good narrative, it still needed more work on the scoring as some of this has not moved much over time implying that the risk mitigation had not been addressed which was not the case. Committee asked what timeframe was needed to try and address this namely to put in place some of the structural points raised. BH from the committee said that he would look at this with the Director of Capital Projects Sophie Runcorn (SR) as the current FD was soon to leave the college. The FD agreed to speak to SR and introduce her to BH to work on an updated risk register with Amali de Alwis.</p> <p>Resolved that</p> <ol style="list-style-type: none"> (i) the Risk Register was received by the committee (ii) FD to introduce Director of Capital Projects to BH re working on an updated risk register 	
2.8	<p>Internal Audit Review Reports</p> <ul style="list-style-type: none"> • Business Continuity Plan (BCP) <p>The objective of the BCP was to document procedures for responding to unforeseen events and ensure that:</p> <ol style="list-style-type: none"> 1. Business interruption is brought under control promptly 2. Management is empowered with the information they need for control during an interruption 3. Effective communication is maintained throughout the interruption 4. Business resumption is expedited. <p>The Bank of America (BofA) assisted the college in preparing the Incident Management Plan and BCP. Following presentation of the plans to the members of the Incident Management Team, a desktop exercise was conducted with the team. Two members of the BofA team observed the exercise and have provided feedback in the attached document. The actions from the exercise have been added to the Audit Output Tracker. Committee asked if there was anything in the plan based on what has happened recently with the outbreak of the coronavirus. The CEO said that safeguarding of students and in particular vulnerable students who need to be supported remotely was being addressed plus the provision of equipment. The FD said that it was essential to adhere to the plan. Committee asked if another exercise needed to be done and the FD said yes and that this would need to concentrate on the Whitechapel site. The committee agreed.</p>	

	<p>FD drew the committee's attention to a second audit that had been agreed which would be based on GDPR compliance and policies. One quote to provide such an audit had been obtained but an additional one was being sought. The FD to advise the committee of the two quotes once obtained.</p> <p>Resolved that the Business continuity Plan and feedback was received by the committee</p>	
2.9	<p>Annual Review and Approval of policies: A clear whistleblowing policy encourages a culture where wrongdoing can be addressed quickly and potentially before any regulatory action or damage to reputation and reinforces to staff the importance of their duty of confidentiality to the College and the learners. The FD advised the committee that there had been some minor textural changes to the current policy to include the name change of the confidential advice line from "Public Concern at Work" to "Protect".</p> <p>Resolved that (i) the Whistleblowing Policy was reviewed and recommended to the Board for approval</p>	
2.10	<p>GDPR Update The FD confirmed that there had been one Freedom of Information request from FE Weekly regarding enrolment figures and withdrawals but the College has asked for more information regarding this. There had been no Data Subject Access Requests for this academic year so far.</p> <p>Resolved that the verbal update on GDPR was received by the committee</p>	
2.11	<p>Any Other business The Chair and the each member of the committee asked for the following to be recorded in the minutes regarding the outgoing FD Jayshree Shah whose extraordinary support of the College from its inception to the present coupled with her exemplary diligence would be greatly missed.</p> <p>There was no further business.</p>	
2.12	<p>Items to be taken forward to next Board Meeting</p> <ol style="list-style-type: none"> 1. Appointment of External Auditors 2. Whistleblowing Policy 	Clerk
2.13	<p>Date of Next meeting</p> <ol style="list-style-type: none"> 1. 17 June 2020 at 14.00 	
2.14	<p>Close of Meeting Meeting closed at 15.27</p>	
	<p>MINUTES of the meeting held on Wednesday 18 March 2020 were agreed and accepted as a true and accurate record and signed by the Chair</p> <p>..... on</p>	