



AUDIT COMMITTEE

MINUTES of the Meeting of the AUDIT Committee held on Wednesday 18 November 2020 at 14.30 via remote participation		
<p>Members present: Gillian Lancaster (GL) Amali de Alwis (AdA) Steve Davies (SD) Ben Higgin (BH)</p> <p>In attendance: Jayshree Shah (JS) Shachi Blakemore Sophie Runcorn Mark Smith (MS) Jacky Gearey (JG)</p>	<p>External member and Chair External member External member Co-opted specialist</p> <p>Finance Consultant Buzzacott Director of Capital Projects (DoCP) CEO Clerk</p>	
Quorum 2 members		
Agenda Item		Action by
	Apologies for Absence There were no apologies	
	Declarations of interest There were no declarations of interest.	
1.0	Opening of meeting The Chair opened the meeting at 14.35 and thanked everyone for attending	
1.1	Minutes of Previous meeting The Board approved the minutes of the meeting held on 20 June 2020 as an accurate record once the committee had been through all the matters arising. These to be signed by the Chair. Approved by Gillian and Ben Resolved that: the minutes were an accurate record of the meeting 20 June 2020 and to be signed by the Chair.	
1.2	Open Matters Arising Item 2.2(ii) – liaison with Bank of America regarding a possible investment strategy – the Chair updated that this item had been delayed due to the Covid-19 outbreak and not determined as a current priority. The Committee agreed to leave the item open. The committee asked the value of funds held in the bank accounts how much and whether they were held only with one banking institution. The committee asked if it might be more prudent to spread this over several accounts/providers. The CEO suggested that the new FD, when joined, would look at this further. Item 3.3(i) - to provide a proposed updated Internal Audit Strategy plan to Board – linked into the risk register – to be covered under agenda item 1.7 Item 3.5 – audit output tracker – HR policies review – the output tracker of HR items will be covered under agenda item 1.5, however CEO reassured the committee that this would be closed off by next audit meeting in March 2021. Item 3.11 - committee self-evaluation – completed covered under agenda 1.14 All other actions had been closed off	
1.3	Financial Statements Report & Financial Statements 2019/20 for Ada College and NCDS Ltd	

Shachi Blakemore from Buzzacott went through the financial statements 2019/2020 for both NCDS Ltd and Ada. The auditor commented that that the financial statements gave a true and fair view of the Group and the College's deficit for the year and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The audit had been turned around very quickly and she wanted to express her thanks to CEO, Jayshree Shah and Jacqueline McLeod for their work in helping to do this, especially in the current circumstances. Buzzacott advised that the two opinions provided were both clean. Buzzacott also said that the final submission of the accounts to the ESFA had been extended this year 31 January, due to current circumstances.

The two main issues for discussion were:

1. Going concern - the Board must on a regular basis review:
 - a) student number data,
 - b) management accounts
 - c) current cash flow position and future cash projections, and
 - d) College budgets and regularly updated forecast.
2. Loan disclosures in the financial statements – re-profile repayments of working capital loan – statement was deemed appropriate on the assumption that the changes are confirmed by the DfE prior to signature of the financial statements.

JS advised the committee on the report on going concern to the Board namely that:

- The going concern was addressed in conjunction with the audit.
- The final report is to go to the Board for 14 December meeting to provide assurance that the College would remain financially viable and in business for the foreseeable future.
- The improvement in performance from the prior year was largely due to an increase in apprenticeship funding driven by the increase in apprentices enrolled and an increase in philanthropic support.
- The large deficit in the prior year was due to the write down of assets in the course of construction relating to the Ashley Road site.
- On a College basis, which excludes the capital works and related funding as well as depreciation costs, there was a surplus for the period.

Adjustments - there were two minor adjustments resulting in an increase of the group surplus by £5,181.

Observation/Recommendation – one comment - signed employment contracts – one instance where contract was unsigned and this needs to be actioned

The Chair asked for any questions:

1. BH asked about the re-profiled loan and whether the re-profiling had actually taken place. As the CEO advised that this had not yet been completed, the Committee suggested that it would be better to keep the profile the same if this has not been completed by the end of the year, when the accounts are due to be signed and to add a footnote in the accounts that it was under discussion. The Auditors noted that they would need confirmation that profiling is appropriate/completed. Buzzacott said that as the final submission to the ESFA is now 31 January, this perhaps could be achieved in that period. The CEO noted that at the Finance & Resources meeting scheduled for 25 November, he intended to submit a re-profile which if approved could then be formally presented to the DfE, however he voiced concern on timing as the Treasury might not be able to do this before the actual sign off of the accounts.
2. Students numbers and managements accounts – the committee said that the Board also should be kept apprised on both of these items these especially as they are referenced in the going concern requirements. CEO said that there would be a draft paper to be presented to the Board in December. BH said he was comfortable with the approach if the position that is presented to the Board is the same namely that the four areas previously mentioned above under the going concern item, are monitored.
3. Going concern – the Committee asked for more details on the fundraising income that is deferred to this year – CEO advised that it was around £230k.
4. The Chair asked if there are any issues with being able to prepare the items listed as outstanding and required to finalise the audit work – CEO confirmed no issues and that this would all be done. He additionally noted that the Broad Lane lease extension will hopefully be confirmed within the next few weeks.

Committee member BH asked JS to contact him regarding a final version of the financial statements for both Ada and NCDS Ltd to ensure all cross referencing was correct.

	<p>Resolved that:</p> <ul style="list-style-type: none"> (i) The Financial Statements for 2019/2020 for Ada College and separately for NCDS Ltd were received by the committee (ii) JS to contact BH regarding final version of the Financial Statements for 2019/2020 for Ada College and separately for NCDS Ltd (iii) The finalised documents to be presented to the Board for consideration, approval and sign-off on 14 December 2020 <p>Letters of Representation for Ada College and NCDS Ltd - these are standard letters as presented and go to the Corporation for signature. The committee approved these documents.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) The letters of Representation for Ada College and NCDS Ltd were received by the committee and to be put forward to the Board for consideration, approval and sign-off on 14 December 2020. <p>Post Audit Management Report 2019/20 (including Regularity Audit) The auditors reported on a smooth audit process, which was largely attributable to the work of Jayshree Shah and confirmed that the audit and regularity assessment were both clean. The report and positive outcomes were noted by the committee and there were no comments on the regularity self-assessment.</p> <p>Resolved that:</p> <ul style="list-style-type: none"> (i) the Post Audit Management Report including the Regularity self-assessment for the College were received by the committee (ii) The Post Audit Management Report was recommended by the committee for approval by the Board <p>Shachi Blakemore left meeting at 15.05</p> <p>CEO wanted to thank Jayshree Shah before she also left the meeting for all her work in helping with the audit at such a challenging time.</p>	
1.4	<p>Audit Committee's Annual Report The Clerk presented the draft report which summarised the work of the Audit Committee during the last academic year, in ensuring that an adequate program of assurance is in place at the College with respect to financial controls and reporting. The committee discussed the content and approved the annual report for submission to the Board and Chief Accounting Officer. The Chair asked for two point under 2.1 and 3.3 to be further clarified which the Clerk said she would do.</p> <p>Resolved that the Audit Committee's Annual Report was received by the committee and recommended to the Board for approval subject to the clarification of the points raised above.</p>	
1.5	<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. The Committee noted that the items relating to HR policies, staff recruitment, promotions should be treated as priority for completion. The CEO agreed to take forward. CEO updated the committee on the following:</p> <ul style="list-style-type: none"> • staff recruitment policy - to be ready by end of November • promotions and pay rises – this had been discussed in detail with senior leadership team, but further discussion needed especially on the promotion process. • Updating policies – all core policies are in place with report being provided to F&R committee on 25 November 2020 • appraisals - refresher training courses to be offered <p>Internal Audit – Business Continuity Planning desktop exercise</p> <ul style="list-style-type: none"> • Safeguarding- difficult to send learners between sites – delayed due to Covid • central register of visitors for Whitechapel – to be created but delayed due to Covid <p>Chair asked for the staff recruitment policy, promotions and pay rises to be ready for the Board meeting 14 December 20. CEO said that he would try to do this.</p>	

	<p>There were no further comments from the committee.</p> <p>Resolved that</p> <p>(i) the Audit Actions Tracker was received by the committee</p> <p>(ii) CEO to provide the staff recruitment policy, promotions and pay rises for the Board meeting 14 December 20</p>	
<p>1.6</p>	<p>Risk Management Risk Management Annual Report</p> <p>The CEO presented the report saying that in 2019-20 the Executive Leadership Team (ELT) made significant improvements to the College's risk management approach following feedback from the Board and Audit Committee. The three areas of improvement were:</p> <p>(i) implemented a framework for assessing the impact and likelihood of strategic risks</p> <p>(ii) combined the risk assurance framework and the strategic risk register into one document for clarity and ease of reference including the addition of a residual score column which gives the likelihood of the risk occurring with the controls in place and is a truer reflection of the risk rating.</p> <p>(iii) aligned risks to strategic objectives and elevating all risks to a strategic level - revised approach aligns risks to eight strategic objectives and consolidates risks so they are all at the same strategic level. This change in approach has eliminated those risks linked to specific temporary events such as the COVID-19 pandemic and instead focussed on long-term risks that may could be impacted by a range of events.</p> <p>Risk Management Policy – updated to reflect merging of risk assurance framework and strategic risk register. Review cycle of three years to be added and DoCP to add this. The committee approved the changes.</p> <p>Risk Register</p> <p>The committee first wanted to comment on the vastly improved register and appreciated the work that the DoCP had done with BH on this. Chair said that it was a very good document and asked about two of the risks:</p> <p>(iv) Risk 5 - poor experience – need to improve the controls to monitor this.</p> <p>(v) Risk 12 - safeguarding – CEO advised of the incidents regarding new students but in mitigation said that the College ensured that there is counselling support to address this, it is being monitored and was heightened because of Covid.</p> <p>Committee asked that going forward the risk register needed to be extended to include a risk appetite statement/approach.</p> <p>Resolved that</p> <p>(i) The Risk Management Annual Report was received by the committee and to be put forward to the Board for information</p> <p>(ii) the Risk Management Policy was received by the committee and recommended to the Board for approval with the inclusion of a review cycle of 3 years to be added</p> <p>(iii) the Risk Register was received by the committee</p> <p>(iv) CEO to take forward developing a risk appetite statement. Contact BH for input</p>	
<p>1.7</p>	<p>Internal Audit Update</p> <p>Internal Audit has largely been paused since March 2020 due to Covid-19. TurnItOn have been retained to complete GDPR internal audit work but this has been put on hold due to the lack of internal resource to oversee/co-ordinate work effectively. It is expected that dates for an internal GDPR focused audit will be early 2021. The CEO said that a new Finance Director (FD) had been recruited and when in post would contact TurnItOn in December 2020 to arrange dates and next steps. Going forward the new FD would prepare an internal audit schedule for 2021. The Committee also requested that the FD be asked to prepare a 3 year audit schedule/strategy.</p> <p>(i) Resolved that the Internal Audit Update was received by the committee</p> <p>(ii) FD be asked to prepare a 3 year audit schedule</p>	
<p>1.8</p>	<p>Annual Fraud Assessment Report</p> <p>In accordance with the post-16 Audit Code of Practice the aim of this assessment is to provide a framework for the College to consider and to document a fraud assessment. The report confirms that there has not been any fraudulent activity during the period from 1 August 2019 to date and</p>	

	<p>that a Fraud Policy is in place and has been communicated to all staff. The committee asked that paragraph 1 be fully completed. CEO said that e would ensure that this is done.</p> <p>Resolved that: (i) the Annual Fraud Assessment Report was received by the committee and recommended to the Board for approval once paragraph fully completed</p>	
1.9	<p>Health & Safety Health & Safety Annual Report The CEO advised that College has made significant strides over the last year to develop and implement Health and Safety initiatives commensurate with the size of the College, both in terms of student volumes and building capacity. CEO highlighted the key areas of focus for both the Broad Lane and Whitechapel sites namely:</p> <ul style="list-style-type: none"> • Health and Safety • Mandatory Health and Safety and Building Checks • Fire Safety • Covid-19 <p>In addition, the College has employed an agency relief caretaker who works two days a week, to support the Business Manager with Health and Safety and Maintenance</p> <p>Health & Safety Policy CEO advised that the policy has been updated and work is now needed to ensure that all the documents related to and Fire Policy have been conducted over the year. The College has Work on the Evacuation and Lock Down policies which will be conducted over the coming months. The committee approved the policy as presented.</p> <p>Resolved that: (i) the Annual Health & Safety Report was received by the committee (ii) the Health & Safety Policy was received by the committee and recommended to the Board for approval</p>	
1.10	<p>Terms of Reference Clerk advised that at the beginning of the academic year the Finance & Resources committee was formed thereby requiring the Audit ToRs to be reviewed to ensure that there is no overlap. The revised terms of reference proposed were: Membership – now 4 and to exclude members of the F&R committee - agreed Quorum – 40% - agreed Discussion then centred around clauses 7, 11 and 13 with the decision that this will be referred offline and to bring the revised ToRs back to the March meeting.</p> <p>Resolved that (i) the Terms of Reference were received by the committee (ii) Terms of Reference to be reviewed offline and revised accordingly for March meeting</p>	Clerk /BH
1.11	<p>Committee annual self-evaluation All members of the committee had responded to the survey and the Chair asked for any further comments. The committee wanted to have a comparison with previous years, however this was not available, the Clerk said she would use the same survey questions as a comparator which the committee agreed to.</p> <p>Resolved that: (i) the committee annual self-evaluation was received by the committee (ii) Clerk to use same committee annual self-evaluation questions for 2020-2021</p>	
1.12	<p>Any Other business Notification of concerns – the Chair advised of a whistleblowing complaint received at the end of September. An external investigator had been employed to ascertain the facts and will produce a report with the findings and recommendations. The committee and Board would then be advised as appropriate.</p> <p>There was no further business.</p>	
1.13	<p>Items to be taken forward to next Board Meeting</p> <ol style="list-style-type: none"> 1. Report & Financial Statements 2019/20 for Ada and NCDS Ltd 2. Letters of Representation for Ada and NCDS Ltd 3. Post Audit Management Report 2019/20 (including Regularity Audit) 4. Audit Committee Annual Report 	Clerk

	<ul style="list-style-type: none"> 5. Risk management Policy 6. Health & Safety Policy 	
1.14	<p>Date of Next meetings</p> <ul style="list-style-type: none"> 1. Wednesday 17 March 2021 at 13.30 2. Wednesday 16 June 2021 at 13.30 	
1.15	<p>Close of Meeting Meeting closed at 15.59</p>	
	<p>MINUTES of the meeting held on Wednesday 18 November 2020 were agreed and accepted as a true and accurate record and signed by the Chair</p> <p>..... on</p>	