

Audit Committee

Minutes of the meeting held on 10 June 2020

Present: Stephen Brown, Steve Cook, Amanda Fenton, Paul Simpson (Chair) and Denise Thompson

In attendance: Gary Parkinson (Business Manager), Colin Peaks (Principal), Catherine Sykes (Clerk), Karen Musgrave (RSM UK Audit LLP).

Paul Simpson welcomed to Karen Musgrave to the meeting. Karen will act as Audit Principal for the year ended 31st July 2020 due to the promotion of Richard Lewis at the firm.

33. Apologies for absence (agenda item 1)

Resolved: There were no apologies for absence.

34. Declarations of interest (agenda item 2)

Resolved: There were no declarations of interest.

35. Minutes of the last meeting held on 26 February 2020 (agenda item 3)

Resolved: The minutes of the meeting held on 26 February 2020 were accepted as a correct record and will be signed at the next opportunity.

36. Matters arising from the minutes/action schedule (agenda item 4)

Resolved: The actions from the previous minutes have been completed.

37. Audit Committee commissioned business (agenda item 5)

- a) External Review of the College's Health and Safety Compliance
- b) Review of the College's Safeguarding / Single Central Register

Colin Peaks noted to the committee that the Audit Commissioned Business planned for the summer term was unable to go ahead due to the college closure. He confirmed that the tasks as agreed by the committee will be deferred into 2020-21.

Recommended: The Audit Committee Commissioned Business was recommended. The report will remain confidential.

38. Rolling implementation of audit recommendations (agenda item 6)

It was agreed that minute 38 should be classified as confidential in accordance with Clause 17 (2) of the Instrument of Government for a period of one year (**SEE SECTION B**).

39. Audit Plan for the year ended 31 July 2020 (agenda item 7)

It was agreed that minute 39 should be classified as confidential in accordance with Clause 17 (2) of the Instrument of Government for a period of one year **(SEE SECTION B)**.

40. Update & Emerging Issues (agenda item 8)

Karen Musgrave presented the RSM UK Audit LLP report on Emerging Issues.

She noted that the document was prepared in April 2020 and that given the fast moving nature of matters in relation to Covid-19, the firm had not heavily included the issues faced from the pandemic in the document. Confirmation that the government did announce that the ESFA will continue to make scheduled 16-19 and Adult Education Budget monthly payments for the remainder of the 2019-20 year and for 2020-21 was welcomed.

Funding.

Focus on the strength of leadership and governance in the sector remains high, so it is appreciated that the Department for Education (DfE) have launched a package to assist in this area. The investment has two main elements:

- college collaboration fund – this is to help colleges to work together to share their knowledge, expertise and best practice to boost the quality of education and training on offer.
- Continuous Professional Development (CPD) programmes to support improved leadership and governance. The programmes, , will provide FE leaders and governors with tailored support in a range of areas including strategic planning, finance and working with employers to address local and national skills need.

T-Levels

The report provided concise updates around T-Level project, including implementation and the availability of capital funding related to this. Gary and Colin noted that the college were already looking into this and the capital bid was being looked at with the proposal being taken to Finance & General Purpose Committee (June 2020).

Subcontracting

Information was give regarding Sub-Contracting and consequences of poor practise. Given that the continuing concerns over the control, oversight and management of subcontracting by lead providers, the ESFA have recently held a consultation on the future arrangements for subcontracting of post-16 education and training.

Managing Fraud Risk

Karen highlighted to the committee page 7 of the report, confirming that Fraud would appear high on the ESFA agenda. Emphasising that the 2019 Audit Code of Practice included the following changes:

- additional guidance to help post-16 providers prevent and manage fraud, including a new anti-fraud checklist;
- emphasising that corporations must have procedures in place to identify fraud, theft, bribery, corruption, irregularity, or major weakness in accounting or other control frameworks;
- making it a mandatory for a corporation to establish an effective and proportionate counter fraud strategy which sets out the approach to raising awareness, prevention, detection, investigation and sanction (including seeking redress where appropriate) of suspected fraud.

Risks are ever evolving and it is important that boards continually assess their susceptibility to fraud and the controls in place to mitigate against these. She noted that boards may wish to consider:

- Reviewing their counter fraud strategy and requiring board members to assess their performance
- Completing the ACoP anti-fraud checklist to identify areas of compliance/non-compliance.
- Developing a counter fraud strategy and three-year operational plan.
- Developing and implementing required revisions to the counter fraud strategy in place and ensuring the longer term/three-year operational plan is realistic, achievable and reflective of good practice components.
- Raising wider awareness in the college through having well established policies and procedures which are readily available to staff.
- Ensuring an appropriate programme of awareness training is in place across the whole organisation
- Testing the effectiveness of measures to prevent phishing fraud attempts from being successful
- Undertaking a review of the whistleblowing arrangements in place.

Financial Management and Reporting.

In November 2019, the ESFA published an updated version of the college financial planning handbook for sixth form and further education colleges. This included the new integrated financial model for colleges (IFMC) and supporting guidance which replaces certain existing returns and was first required to be completed by 28 February 2020. A number of subsequent iterations have been published to incorporate additional guidance, including common issues with the IFMC.

The handbook states that the IFMC has been introduced to enable better decision making and help facilitate the prevention of college financial distress. There is currently no change to the basis of calculation of financial health. Colleges will need to plan carefully in order to ensure that both management and governors have sufficient time, including appropriately scheduled meetings in order to meet this deadline.

Resolved: The RSM update on emerging issues was received.

41. Board assurance framework and Risk Register (agenda item 9)

It was agreed that minute 41 should be classified as confidential in accordance with Clause 17 (2) of the Instrument of Government for a period of one year (**SEE SECTION B**).

42. Proposed annual cycle of business of the Audit Committee 2020/21 (agenda item 10)

The committee discussed the proposed cycle of business for 2020/21 and agreed that the current cycle worked well and ensured the committee conducted its business accurately. No suggestions were made.

Resolved: The annual cycle was reviewed and agreed.

43. Annual review of the role and effectiveness of the Audit Committee 2019/20
(agenda item 11)

Colin Peaks noted that the Audit Committee timing tends to take time away from the college day for the members of SMT who attend, and that the meeting clashes with the NORVIC principals group. The committee agreed they can be flexible in the time of the meeting and that this would be reviewed in the new academic year when meetings can return to college.

Resolved: The results of the annual self-assessment of the Audit Committee's role and effectiveness were noted.

44. Any other business (agenda item 12)

Resolved: There was no other business.

45. Date of next meeting (agenda item 13)

Resolved: The date of the next meeting is 10 June 2020.

46. Confidential items/reports

It was agreed that the reports relating to minute 37, and relating reports and minutes 38, 39 & 41 should be classified as confidential in accordance with Clause 17 (2) of the Instrument of Government and associated reports are therefore not available for circulation to the public, college staff or students (excluding senior post holders).

47. Learner impact

All reports and decisions took account of the impact on learners, e.g. gaining assurance that the college remains a going concern.

APPROVED