

# Minutes of the Audit Committee Meeting

**held Tuesday 10 November 2020**

*Present* Joanne Chilton (*Chair*), Mark Richardson

*In attendance* Jacquie Carman (*Director of Finance and Corporate Services*)  
Clare Parkes (*TIAA Ltd*)  
Jennifer Sunter (*Clerk to the Corporation*)

Joanne Chilton welcomed everyone to the start of the new year for the committee and introductions were made. Formal thanks were given to previous member Tiffany Harvey-Pallent for all her work.

<b>1</b>		<b>Apologies</b> There were none.
<b>2</b>		<b>Declarations of Interest</b> There were none.
<b>3</b>		<b>Minutes of Audit Committee Meeting held 9 June 2020 and Matters Arising</b> The minutes of the meeting held 9 June 2020 were approved as a correct record. Under Matters Arising: From the Audit Committee meeting 9 June 2020, item 5 Conditions of Current Funding - Self-Assessment of Compliance, Financial Memorandum – the Clerk reported that as progress had most recently been monitored by the Corporation on 30 September, the Committee would defer their further monitoring until their next meeting.
<b>4</b>		<i>Accountability and Assurance:</i>
	<b>4.1</b>	<b>Accountability Reviews</b> Jacquie Carman outlined the basis for this rigorous annual self-assessment review, to provide a degree of assurance for members on financial management and systems of internal control.  Members noted the scope of the review, with areas of evidence and that there were no areas of current concern.
	<b>Action 4.1a</b>	Members further noted, that as this report supported the opinion of the Audit Committee, prior to the signing of the Annual Members Report and Financial Statements, an updated report would be provided in January 2021.
<b>5</b>		<i>External Audit:</i>
	<b>5.2</b>	<b>External Audit Appointment</b> Jacquie Carman contextualised the process for appointment and reappointment of internal and external audit providers.  Members were assured that the process supported retention of auditor independence.
		<b>The Audit Committee approved the recommendation to Corporation of the reappointment of RSM Tenon as External Auditors for 2020/2021.</b>

6	<i>Risk Reporting:</i>
6.1	<p><b>Risk Report</b></p> <p>Members noted that the risk suite of reports represented a live ongoing document addressing risk policy, strategy and action.</p> <p>Jacque Carman recognised that 2020 was a very different year due to the Covid-19 pandemic, and while this was recognised throughout the revised risk register, it did not negate from other risks, which remained prevalent. Increased risk through Covid-19 related to responsive digital systems, student and staff support and wellbeing, curriculum change and increased ongoing practical operational costs. Outside of Covid-19, the College had other increased risks, which included the raised UK terror level, in response to recent attacks in Europe, knife crime and county lines, in addition to ongoing increased competition and the maintenance of financial stability. Strategic risk also recognised the turbulent political landscape, recession and the longer term impact of the pandemic on learners.</p> <p>Members asked for clarity around some risk ratings and noted that following the risk score and review of mitigating factors, the net risk plan provided one red and two amber rated risks.</p> <p>Jacque Carman further detailed risks pertaining to upgrading the digital skills base of staff, growing the adult student cohort, pension costs and College reputation.</p> <p>With regards to competition, members noted that while there was an increase in 16-18 take-up, with relatively stable apprenticeship uptake, competition was likely to increase. However, the College was less likely to meet the adult learner contract which would be subject to funding clawback.</p> <p>Overall risk scores were higher than in previous years, recognising the changes to the environment, but the College would focus on actions to mitigate and manage risk.</p> <p>Members asked if the Risk Action Plan remained realistic and achievable. Jacque Carman responded that many items were in progress, however, the actions pertaining to the website and digital systems represented a large and interrelated piece of work and as such the date should be extended.</p> <p>Members further asked if sequencing of the actions relating to marketing, social media and reputation could be reviewed.</p>
	<p><b>The Audit Committee resolved to recommend to the Corporation the risk suite of reports for 2020-2021 incorporating:</b></p> <ul style="list-style-type: none"> <li>• Risk Register - 2020 2021</li> <li>• Risk Plan - 2020 2021</li> <li>• Risk Action Plan - 2020 2021</li> <li>• Risk Management Policy and Procedure</li> </ul> <p><b>Subject to minor adjustments as discussed by the Committee.</b></p>
7	<i>Internal Audit Reports:</i>
7.1	<p><b>TIAA Audit of Payroll</b></p> <p>Clare Parkes reported that substantial assurance was achieved from the audit of payroll, with one routine action provided, which was due to be addressed by December 2020.</p> <p>The audit had addressed the moving of payroll in-house and also considered the College furlough arrangements, which were well documented.</p>

		<p>Members noted that reconciliations had been undertaken and that furlough claims had been checked.</p> <p>Members asked about feedback from staff and Jacquie Carman responded that the College had more responsive control in the new system. However, the current system did mean that pension schemes had to be addressed separately and then data consolidated.</p> <p>Members congratulated staff on implementing the new payroll and expected that a review would be incorporated in the 2021/2022 audit plan.</p>
		<b>The Audit Committee accepted the Assurance Review of Payroll by internal audit providers TIAA, including the action and management response provided.</b>
	<b>7.2</b>	<p><b>Covid-19 Aware Audit</b></p> <p>Jacquie Carman reported that as part of the College re-opening plan, the audit undertaken by Dan Grant, had provided external assurance on the arrangements in place. The report had led to Covid-19 Aware accreditation, which had provided additional assurance to students and staff.</p>
<b>8</b>		<p><b>Progress Report on Audit Action Plans</b></p> <p>Members noted that one item remained pending, awaiting the provision of the Annual Report of the Audit Committee, now due in January 2021.</p>
		<b>The Audit Committee, having considered the progress made against audit actions, authorised the removal of closed items from the list.</b>
<b>9</b>		<p><b>Review of Audit Plan 2020-2021</b></p> <p>Jacquie Carman emphasised that it was important to ensure that the College planned audits against areas of highest risk. While the plan was larger than in previous years, it had incorporated necessary work from the 2019/2020 plan. The updated plan included health and safety, safeguarding and equality and diversity in the Strategic Review, added a review of governance through external consultants and a review of apprenticeship data.</p> <p>While a watching brief would be maintained on work placement and employer engagement, these areas would be moved to a later date.</p>
		<b>The Audit Committee resolved to recommend to Corporation the approval of the revised Audit Plan 2020-2021</b>
<b>10</b>		<p><b>Review of Recommendations following the Ney Review</b></p> <p>Jacquie Carman referred to the recommendations of the review published by Dame Mary Ney, focusing on the need for strong governance. Jacquie Carman also referred to the Association of Colleges outlined principal responsibilities of good governance.</p> <p>The focus was upon strong and transparent governance, with the discharge of duties in a modern and agile manner, through a clear cycle of business and terms of reference, that avoid duplication.</p> <p>The Chair of the Audit Committee reported that the review would be under the Audit Committee's purview and undertaken through external consultants. The review formed part of the revised Audit Plan for 2020/2021.</p>
<b>11</b>		<p><b>Review Process for Internal Audit Performance</b></p> <p>Members agreed that it was good practice to maintain a transparent approach to reviewing audit performance. The revised performance indicators for internal audit addressed provision of service, planning, approach, reporting, quality and relationships.</p>

		Members noted the importance of, and demonstrating the effectiveness of relationships.
		<b>The Audit Committee received the Performance Indicators of Internal Audit report and approved the indicators proposed.</b>
<b>12</b>		<b>Any Other Business</b> <p>The Chair thanked members for agreeing to the additional meeting required for January 2021.</p> <p>The Clerk noted that the membership of the Committee was under consideration for swift address.</p>
<b>13</b>		<b>Date of Next Meeting</b> <p>The date of the next meeting of the Audit Committee was noted as scheduled for 20 January 2021.</p>

The meeting closed at 6.55pm

<b>Actions from Meetings</b>		
<b>Audit Committee Meeting 9 June 2020</b>		
<b>5</b>	<b>Conditions of Current Funding - Self-Assessment of Compliance, Financial Memorandum</b>	JCa
<b>5a</b>	<p>The Audit Committee having reviewed the self-assessment, actioned all points identified, with progress to be monitored at the next meeting.</p> <p>Due to consideration by the Corporation in September 2020 this was deferred until the next meeting of the Committee.</p>	<p>September 2020</p> <p>January 2020</p>
<b>Audit Committee Meeting 11 November 2020</b>		
<b>4</b>	<b>Accountability Reviews</b>	JCa
<b>4.1a</b>	<p>Members further noted, that as this report supported the opinion of the Audit Committee, prior to the signing of the Annual Members Report and Financial Statements, an updated report would be provided in January 2021.</p>	January 2020