

**Minutes of a Meeting of the Audit Committee
Wednesday 01 December 2021**

Present Mr J Bryant (Chair)
Mrs C Ajit Singh
Mr A Barke

Also present Mr J Allen (Clerk)
Ms T Aust (Principal)
Mr M Cooper (Executive Director Finance, HR & Development)
Mr C Rising (MacIntyre Hudson)
Ms S Blakemore (Buzzacott)

The meeting commenced at 17.00.

WELCOME, APOLOGIES, DECLARATIONS OF INTEREST & QUORACY

1. The Chair welcomed everyone to the meeting. The absence of Mr R Gallagher was noted. There were no declared interests against any of the agenda items. It was confirmed the meeting was quorate.

MINUTES

2. It was **RESOLVED** that the minutes of the meeting held 23 June 2021 (Paper 1) were confirmed as a correct record.

SUMMARY ACTION LIST & MATTERS ARISING

3. The 'Summary Action List' (Paper 2) was received. The following updates were made available:

| MIN REF | DETAILS OF RESOLUTION/ACTION POINT | COMMENTARY / UPDATE FOR MEETING 01 DECEMBER 2021 |
|----------------|---|--|
| 5 | It was confirmed a tendering exercise will be undertaken to start this autumn term to enable auditors to be appointed in time for the academic year 2022/23 | Agenda item |
| 29 | Internal Audit Plan 2021/22 - to receive for approval | Agenda item |
| 32 | External auditor to attend two meetings a year – autumn meeting to present their audit findings report; and at the summer term meeting to present the audit plan the following year. | Confirmed in the Committee's annual cycle of business |
| 38 | The Clerk confirmed the new requirements listed in the Joint Audit Code of Practice 2020-21 that apply to the Audit Committee will be covered in the Committee's Annual Report to give assurances to the Committee that it is meeting its responsibilities as laid out in the Code. | Agenda item – Audit Committee Annual Report New requirements include: <ul style="list-style-type: none"> • Development & Training for AC Members • Date of appointment of external auditors and |

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| | | <p>length of contract left</p> <ul style="list-style-type: none"> • To meet 3 times a year with explanations given if this is not achieved • To have a policy in place for re-tendering of external auditors which should happen at least every five years |
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4. There were no other matters arising from the minutes.

INTERNAL AUDIT REPORTS

(i) Final Audit on Governance (KPI Reporting)

5. The draft of the report was considered at the June meeting of the Committee. At the meeting, the Committee noted that since the audit was undertaken there had been significant development work undertaken and the report needed to be updated to reflect these developments. The final report now confirms the Data Dashboard does include KPIs on HR and Health & Safety and that the Strategy & Business Development Committee had started a process to enhance risk management reporting to include high level strategic objectives for inclusion in the Data Dashboard.

6. The draft report made the observation that a review of the minutes across the Corporation and its main committees identified that where targets were not being met that it was not always recorded as what could potentially be done to improve performance in the future. The Committee requested for examples to be made available to support the observation. It was confirmed that this observation has now been removed from the final report as no specific examples could be made available to support the observation.

7. The audit opinion of ‘Substantial Assurance’ was noted, with two ‘Low’ recommendations made. The first recommendation was for the need to develop greater linkage between the Data Dashboard and Risk Register, and the second recommendation was to keep under review the KPIs for both HR and Health & Safety and to give consideration if the range of KPIs in these two areas could be expanded to include other indicators.

8. The Committee welcomed the positive report.

(ii) ILR Funding Audit

9. The audit of ILR – Individual Learning Records – was undertaken as part of the agreed audit strategy for 2020/21. The audit was undertaken in relation to the requirements of, and compliance with, the funding agreement with the ESFA.

10. The audit concluded the design and implementation of the internal controls relating to the College’s ILR were found to be operating effectively with no weaknesses in compliance identified as part of the review. The audit opinion ‘Substantial Assurance’ was noted, with no recommendations made.

11. The Committee welcomed the positive report.

(iii) Internal Audit Annual Report 2020/21

12. The report confirmed the areas subject to audit during the last year were in accordance with the agreed audit plan for 2020/21, these being:

- Financial Planning and Budgetary Control
- Governance (KPI Reporting)
- ILR Audit

13. Audit reports for the areas that were subject to audit were made available to the Audit Committee. The following audit opinions were confirmed in the audit reports:

- Financial Planning and Budgetary Control – **Substantial Assurance**
- Governance (KPI Reporting) – **Substantial Assurance**
- IR Audit – **Substantial Assurance**
- Insurance Arrangements - **Substantial Assurance**

14. The 'Internal Annual Report 2020/21' confirmed the following annual opinion from the Internal Audit Service for West Thames College following the audit work undertaken from the planned internal audit reviews:

Based upon the work undertaken, in our opinion West Thames has adequate and effective management, control and governance processes in the areas examined by us which should enable West Thames College to manage the achievement of its objectives.

Our work however, has identified some enhancements to the design and / or operation of the system of internal control, risk management and governance to make it more effective in the future.

15. The Committee welcomed the positive opinion expressed within the report and it was **RESOLVED** that the 'Internal Audit Annual Report 2020/21' be included within the Annual Report from the Audit Committee and be recommended for the approval by the Corporation at its meeting of 14 December 2021.

(iv) Internal Audit Strategy & Plan 2021/22

16. The Committee received, for review and approval, the proposed 'Internal Audit Strategy & Plan 2021/22'. The draft audit plan was considered at the June meeting. It was proposed to audit the areas listed below following initial discussions that were held at the June meeting of the Audit Committee and after a review of the Risk Register and Board Assurance Framework.

- Health & Safety
- ILR and Funding Audit
- Income and Credit Controls
- Central Nominal Ledger
- Follow-up of Previous Audit Recommendations

17. It was **RESOLVED** to approve the '*Internal Audit Strategy & Plan 2020/21*' as proposed.

18. The Committee was reminded that the proposed internal audit work is only part of the Board Assurance Framework and that other sources of assurance will be sought to help inform the Committee's overall assurance opinion.

OUTSTANDING AUDIT RECOMMENDATIONS

19. The '*Outstanding Audit Recommendations Report*' was received. The report provided an update on the three 'Low' outstanding recommendations from the June meeting with confirmation received that all three were still work in progress. It was confirmed the two 'Low' recommendations from internal audit reports considered at this meeting have been added to the report.

20. The Committee was satisfied with the progress being made in the implementation of the remaining audit recommendations and the target dates for completion.

21. It was **RESOLVED** to note the report.

GLA AEB FUNDING AUDIT

22. The Committee received an update from the Executor Director Finance, HR & Development on the recent audit on GLA AEB funding. It was reported that the GLA has confirmed by email the acceptance of the business case submitted by the College for no clawback to be made due to under-delivery of provision arising from the Covid pandemic, subject to the Mayor signing it off.

23. Mazars were employed by the GLA to undertake the audit that commenced in March 2021. Despite the nine-month duration of the audit, the College has not yet received a draft report of audit findings although in feedback meetings held to date Mazars have not disclosed any material issues. However, the external auditor in attendance confirmed that they do need to see the draft report before they can sign off their audit of the College's financial statements.

23. The College has kept a timeline of events and has throughout the audit provided all documents requested by the auditors, where these have been available, in accordance with agreed timeframes. A further request for documents as evidence for audit testing was made by Mazars last week. The Executive Director Finance, HR & Development confirmed the College would respond to the request this week, at which point he would again urge Mazars to make the report available. The College will submit a formal complaint to the GLA and Mazars on the auditors' performance.

24. The Committee supported the decision to make a formal complaint on the performance of Mazars.

FINANCIAL STATEMENT & REGULARITY AUDIT POST AUDIT MANAGEMENT LETTERS & FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2021

25. Under this agenda item, the Committee received the following reports:

- Financial Statements 2020/21
- Post Audit Management Letter

- Letters of Representation
- Completed regularity self-assessment document for information only

26. As required by the Audit Code of Practice, a copy of the College's draft *'Annual Report and Financial Statements 2020/21'* was made available. Whilst the Audit Committee has sight of the full financial statements for reference, the main purpose of the Audit Committee is to review the Statement of Corporate and Internal Control, and Statement of Responsibilities of the Members of the Corporation as well as reviewing and recommending, for Corporation approval, the *'Post Audit Management Letter'*.

27. The accounts on page 25 show a deficit for the year of £666k (2019-20: £341k). After stripping out FRS adjustments of £1,112k for pension service and interest costs the operating result for the year as reported at Line A of the I&E account in the Management Accounts (Paper 7) is a surplus of £446k (2019-20: £431k).

28. Following the review by the Finance Resources & Capital Projects Committee, the Committee resolved that, subject to a satisfactory review undertaken by the Audit Committee, to recommend the Corporation at its meeting on 14 December 2021 be asked to approve the *'Annual Report and Financial Statements 2020/21'*.

29. The *'Audit Findings Report'* made available to the Committee raised no internal control issue. Subject to the GLA AEB Audit Funding Report confirming no material issues arising from the audit of GLA AEB provision, the *'Audit Findings Report'* will confirm an unqualified audit opinion on both the financial statements and regularity. Both audit opinions to be confirmed in the financial statements and Annual report for the year-ended 31 July 2021.

30. It was **RESOLVED** that the *'Post Audit Management Letter'* and *'Letters of Representation'* be included within the Annual Report from the Audit Committee and be recommended, for the approval by the Corporation, at its meeting of 14 December 2021.

31. It was **RESOLVED** to recommend that the Corporation at its meeting on 14 December 2021 approves the *'Annual Report and Financial Statements for the year-ended 31 July 2021'*.

CONFIDENTIAL SESSION

32. Prior to considering its Annual Report to the Corporation, the Committee has the right to go into confidential session without college management being present, should the Committee or the Auditors deem it to be necessary. It was confirmed that there was no need to go into a confidential session.

ANNUAL REPORT 2020/21 FROM THE AUDIT COMMITTEE

33. The *'Annual Report 2020/21 from the Audit Committee'* was received. There is a requirement in the Joint Audit Code of Practice stating that the annual report of the audit committee is to be written for both the governing body and the Principal, as the accounting officer of the College. The annual report should be used as a summary document explaining the work of the Committee during the course of the year.

34. The Annual Report must offer an annual opinion from the Audit Committee to both the Corporation and Principal. The Audit Committee agreed the following annual opinion:

The Audit Committee, through review of auditors' reports and discussion with auditors and college managers, has arrived at the opinion that West Thames College has adequate and effective assurance frameworks, framework of governance, risk management and control processes for the effective use of resources, solvency of the institution and the safeguarding of its assets.

The Committee is satisfied with the financial reporting of West Thames College and the performance of the internal and financial statement & regularity auditors.

The Audit Committee considers that the Corporation's responsibilities have been satisfactorily discharged and recommends this report to the Corporation.

The Audit Committee recommends the Corporation at its meeting on 14 December 2021 approves the Annual Report and Financial Statements for the period ended 31 July 2021 for West Thames College, and to authorise the Chief Accounting Officer (Principal) and the Chair of the Corporation to sign the Financial Statements for submitting to the Education & Skills Funding Agency.

Once approved by the Corporation, the Annual Report and Financial Statements for the period ended 31 July 2021 for West Thames College to be published on the College's website.

The Audit Committee formally records, through the annual opinion of the Committee, appreciation of the hard work and professionalism shown by the Executive, Managers and all staff in ensuring that all risks relating to the Covid-19 pandemic were addressed to enable students to continue with their learning during the second national lockdown and resulting restrictions.

35. It was **RESOLVED** to approve the 'Annual Audit Report 2020/21 from the Audit Committee'; and for the report to be made available to the Principal and Corporation at its meeting on 14 December 2021.

36. The auditor placed on record thanks to the finance team for their assistance in the audit.

RISK MANAGEMENT

37. The Committee received for review all 'Red' and 'Amber' risks in the Strategic Risk Register. It was noted that none of the high risks fall within the terms of reference of the Audit Committee.

38. The Clerk confirmed that the Finance, Resources & Capital Projects Committee and the Curriculum, Quality & Standards Committee, at their respective meetings this term, conducted a review of the high risks that fall within their terms of reference. Both Committees were satisfied with the robustness of the proposed

mitigation actions to reduce the risk and of the sources of 'independent assurances'. No new risks were identified by either committee.

39. It was confirmed that Risk 31 – 'Failure to achieve a 'Good' grade at the next Ofsted inspection' has been deleted.

40. It was confirmed no risks have been added or deleted since the last meeting.

41. It was **RESOLVED** to note the '*Strategic Risk Register*'.

(The Auditors left the meeting at this point).

TENDERING OF AUDIT SERVICES

42. The Committee received a progress update on the plans to conduct a tendering exercise for both internal and external audit services. It was confirmed Tenet Education Services is being used to oversee the tendering process. In terms of the timetable, the following was noted:

- Tender documents completed and placed on Portal – End of February 2022
- Deadline date for receipt of tenders – End of April 2022
- Interviews held in May 2022
- Outcomes of interviews reported to Audit Committee meeting 29 June 2022
- Corporation to approve appointments at its meeting scheduled for 06 July 2022

43. It was **AGREED** for the Chair of the Audit Committee to be a member of the interview panel.

44. The Joint Audit Code of Practice 2020-21 issued in March 2021 states that the Audit Committee must have in place a policy for the regular retendering of the external audit service. Corporations should ensure that the external audit contract is put out to tender at least every 5 years. The Committee was asked to discuss and agree on a policy.

45. It was **RESOLVED** to agree a policy that every five years a retendering exercise be undertaken for the external audit service and for the policy to be confirmed in the Committee's Annual Report.

ANY OTHER BUSINESS

46. There was no other business.

DATE OF NEXT MEETING

47. Wednesday 09 March 2022 @ 6pm.

The meeting closed at 18.30

Signed: _____ Date: _____

(Chair)

SUMMARY ACTION LIST

| Min | Action Point | Review Date |
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| 42 43 | & | Tendering of audit services: <ul style="list-style-type: none">➤ Outcomes of interviews reported to Audit Committee meeting 29 June 2022➤ Chair of Audit to be a member of the interview panel | 29/6/22 |
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