

**Minutes of a Meeting of the Audit Committee held
Wednesday 23 June 2021 via Zoom Conference Call**

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

Also present Mr M Cooper
Ms T Aust
Mr C Harris (MacIntyre Hudson)
Mr J Allen (Clerk)

The meeting commenced at 1800.

WELCOME, APOLOGIES, & DECLARATION OF INTERESTS

1. The Chair welcomed everyone to the meeting. Apologies were received from Rhys Gallagher. There were no declared interests against any of the agenda items. It was confirmed that the meeting was quorate.

MINUTES

2. The minutes of the meeting held 02 December 2020 were confirmed and approved as a correct record of the meeting. (Paper 1)

3. It was noted that the March 2021 meeting of the Committee was cancelled due to COVID-19 and the resulting College closure. Agenda items from that meeting are being dealt with at this meeting.

SUMMARY ACTION LIST & MATTERS ARISING

4. The '*Summary Action List*' was received (Paper 2). The following updates were noted against the three action points arising from the December meeting:

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	COMMENTARY / UPDATE FOR MEETING 23 JUNE 2021
5	Audit Services ~Tendering during 2020/21.	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
29	To receive the audit report on subcontracted provision	Agenda item at this meeting
44	To bring forward to the summer term meeting the annual review of auditors to enable appointments to be confirmed prior to the start of the academic year.	Agenda item at this meeting

5. There were no matters arising from the minutes.

OUTSTANDING AUDIT RECOMMENDATIONS

6. The report on progress made in the implementation of outstanding internal audit recommendations was received (Paper 3). At the last Audit Committee meeting on 02 December 2020 the '*Outstanding Audit Recommendations*' report included an update of the seven recommendations as at that date, of which three had been implemented, two were partially implemented and two were outstanding.

7. The four outstanding recommendations from December are summarised in the report together with one recommendation arising from the 2020-21 internal audit of '*Financial Planning and Budgetary Control*'. This audit was undertaken by MacIntyre Hudson in March/April 2021 and the report is included as Paper 5 for this committee meeting.

8. The table summarised the five audit recommendations and provided an update on their current status. Of the five recommendations, two were ranked 'Medium' priority and three were ranked 'Low' priority. The report confirmed two of the recommendations had been fully implemented, 2 were still in progress, and the new addition arising from the audit on '*Financial Planning and Budgetary Control*' has a target date for completion by the end of October 2021.

9. The two 'Medium' recommendations related to fraud prevention & detection arrangements and remote working and are still work in progress. It was reported the College has engaged the services of Hettle Andrews (HA), the College's insurance broker, to work with management on the preparation of a comprehensive, updated Business Continuity Plan which will include a formalised Pandemic Response Plan covering fraud prevention and remote working. The completion date is the autumn term. Assurances were received that there are in place robust procedures for overseeing fraud prevention and detection. The work on the Business Continuity Plan will further strengthen existing arrangements.

10. Following review by the Committee there were no issues of concern on the implementation of outstanding audit recommendations.

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

SUB-CONTRACTING AUDIT REPORT

12. The ESFA funding agreement and funding rules contain a clause concerning an annual sub-contracting external assurance requirement. This clause requires that, where the College enters into subcontracts for the purpose of delivering provision under the funding agreement with an aggregate value of £100,000 or more in any one year, it must obtain an annual report from an external auditor that provides assurance on the arrangements that the College has in place to manage and control its delivery sub-contractors. The College must send to the ESFA a certificate signed by an external auditor and an authorised signatory to confirm it has received a report providing satisfactory assurance.

13. In 2019-20, the College sub-contracted provision funded through the Adult Education Budget to a value of £112k. The College was therefore required to certify that the external assurance had been provided and, if requested, provide the ESFA

with a copy of the full audit report and any associated action plan resulting from recommendations made by the external auditor.

14. The College appointed Buzzacott to undertake this work during week commencing 30 November 2020. The certificate confirming external assurance was sent to the ESFA on 18 December 2020.

15. The report from Buzzacott (Paper 4) confirmed the following:

Audit observations

We are pleased to report that there are no significant matters that arose from our work.

Conclusion

In the course of our work nothing has come to our attention which suggests that the systems and controls in place for managing the subcontracting provision of the corporation of West Thames College for 2019-20 did not comply with the requirements of the College's funding agreement or the funding rules for 2019-20.

INTERNAL AUDIT REPORTS

16. Two reports were made available from the internal audit service, these being:

- Financial planning and budgetary control (Paper 5)
- Governance and reporting (including KPIs) (Paper 6)

17. The Committee noted the following headline summaries and audit opinions for each of the reports:

Audit	Opinion	Recommendations
Financial planning and budgetary control	Substantial Assurance	1 Low
Governance and reporting (including KPIs)	Substantial Assurance	3 Low

18. The overall conclusion from the audit on the audit of financial planning and budgetary control was confirmed as follows:

Our audit has confirmed that there are effective processes in place for the development and setting of the budget each year, together with monitoring of income and expenditure during the year against budget. There is a well-documented and followed process for the setting of the budget each year, which included consideration of the likely impact of COVID19 on the College, and included review by the Finance, Resources and Capital Planning Group. Our review of the budgetary control processes confirmed that the budget is being monitored on a monthly basis, and variances against budget were identified and investigated. Testing also validated the consistency of reporting in respect of both the management accounts and cash flow information, including consistency with ESFA returns.

19. The 'Low' recommendation was around good practice to include both a best-

and worst-case scenario with regards to the potential financial outcome for the year.

20. The Committee welcomed the positive audit opinion.

21. It was confirmed the report on '*Governance & Reporting*' was only made available on the evening prior to the dispatch of the papers the following day and, as a consequence, that there was no formal feedback meeting held which is custom and practice after the conclusion of an audit. Therefore, the report is draft in format and those involved in the audit interviewing process, including the Chair and Clerk, will be given the opportunity to feedback comments before the report is finalised.

22. The overall conclusion from the audit was confirmed as follows:

Our audit has confirmed that the College has established an effective framework for reporting against an agreed range of key performance indicators. The process by which the areas to be covered by the dashboard and specific individuals within this was developed as part of top-down process involving the Corporation, and our review of both the process carried out and the areas selected for review confirmed that these focussed on the main priorities of the College in respect of quality and finance and that the specific indicators within these overall performance areas were considered to be appropriate and in line with the rest of the sector.

A review of the reporting arrangements confirmed that the information held within the dashboard itself was found to be easily accessible and user friendly, enabling performance against specific indicators to be drilled into as required, and that there was a written commentary provided against each of the indicators in addition to the graphical data. Our review of papers and minutes across a range of Corporation and Committee minutes verified that there was regular reporting on performance, with ownership being taken by the lead assigned for each indicator and challenge given by the relevant committee where appropriate.

23. The three 'Low' recommendations identified a small number of opportunities for enhancements to the current arrangements to be made. These mostly related to the next stage of the development of the dashboard in respect of the addition of new indicators for HR and Health and Safety, but also in being able to integrate risk management into the performance reporting process.

24. The Committee noted that since the audit was undertaken there has been significant development work undertaken and the report needs to be updated to reflect these developments. In particular, the Data Dashboard now includes KPIs on HR and Health & Safety and the Strategy & Business Development Committee has started a process to enhance risk management reporting to include high level strategic objectives for inclusion in the Data Dashboard. The Strategy & Business Development Committee has identified a need for a top-down strategic view on risk complimented by risks coming from below via the Committees. The format of the current Risk Register focuses on operational actions to address risks, and these are subject to review by the respective committees. This is good practice but what is missing is a structure to better enable a discussion at the Corporation on key headline strategic risks. This could be addressed, for example, by adding to the Data Dashboard a number of high-level strategic risks for review at each meeting.

25. The report made the following observation:

Whilst our review of the board and committee papers confirmed that the level of reporting against targets and indicators was appropriate, 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.

26. The Committee agreed that it would have been more helpful if the commentary above listed specific examples where the audit concluded there were a few instances where targets were not being met and discussion not recorded in the minutes on what actions could be taken to improve performance. Concern was expressed that the way this can be read is that governors were not providing robust challenge which has not been the case since the last Ofsted inspection.

27. It was **AGREED** for the auditor to work with the Executive, Clerk and Chair to finalise the report to enable it to be more in-line to reflect the development work that has taken place since the audit was conducted.

INTERNAL AUDIT PLAN 2021/22

28. The report (Paper 7) from the Executive Team outlined suggested areas for audit with final confirmation of the Audit Plan to be agreed at the autumn Committee meeting

29. With reference to the Board Assurance Framework and the Strategic Risk Register, the Executive Team has considered the College risk environment and assurance needs, and arising from the review, identified the following areas for internal audit coverage in 2021/22.

Board Assurance and Management

Health and Safety

Improving Data Quality & Curriculum

ILR and Funding Audit

Quality Assurance Processes for TLA

Continued preparation for Ofsted inspection drawing on external support

Financial Viability

Key Financial Controls – Income and Credit Control

Key Financial Controls – Central Nominal Ledger

Staff and Student Activity

Staff Recruitment

Follow-up of Previous Audit Recommendations

30. In liaison with MacIntyre Hudson, the list of proposed audit areas will be refined and agreed over the summer with final confirmation of the Internal Audit Plan to be agreed at the autumn term Audit Committee meeting.

FINANCIAL STATEMENT & REGULARITY AUDIT

31. The Financial Statement & Regularity Audit Plan prepared by Buzzacott was received (Paper 8). The report outlined the audit areas and the following proposed fee structure for the audit of year-end accounts 31 July 2021. It was confirmed the areas covered were in line with the requirements of the Funding Agency.

32. It was **RESOLVED** to approve the Financial Statement & Regularity Audit Plan for the year-end accounts 31 July 2021.

33. It was noted the Audit Plan states that the external auditor would attend two meetings of the Audit Committee but custom and practice has been for them to just attend the autumn meeting to present their audit findings report, with the Director of Finance presenting, on their behalf, the proposed audit plan for the subsequent year at the summer term meeting. The Committee requested that they should attend the two meetings as stated in the audit plan.

STRATEGIC RISK REGISTER

34. The '*Strategic Risk Register*' was received (Paper 9). It was confirmed there were no current items associated specifically with the Audit Committee.

35. It was reported the scoring of three risks (numbers 8, 18 & 37) have been changed since the last meeting.

- Risk 8: Inability of in-house team to deliver Apprenticeship volumes as planned and in a cost-effective manner leading to revenue deficit.
- Risk 18: Failure to recruit planned AEB-funded adult student numbers, leading to financial clawback and revenue deficit.
- Risk 37: Failure to recruit students taking up Advanced Learner Loans, resulting in loss of fee income

36. No risks have been deleted since the last committee meeting.

37. The Clerk reported the Finance, Resources and 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.

38. It was **RESOLVED** to note Strategic Risk Register.

POST-16 AUDIT CODE OF PRACTICE FOR 2020/21

39. The Committee received for information the '*Post-16 Audit Code of Practice for 2020-21*' that was published in March 2021 (Paper 10).

40. It was **AGREED** for the Annual Report from the Audit Committee to confirm how the work of the committee meets the new requirements for audit committees.

(The auditor in attendance left the meeting at this point)

ANNUAL REVIEW OF AUDITORS' PERFORMANCE

41. The 'Annual Review of Auditors' Performance Report' was received. The Audit Committee is required to assess annually the performance of the internal audit service against agreed performance indicators. It was agreed to use the agreed performance indicators as an aide memoir to guide discussions.

42. It was **RESOLVED** to note there were no serious issues or concerns arising from the annual review of the performance of the internal audit service. It was **RESOLVED** to appoint MacIntyre Hudson to be the College's internal audit service for 2021/22.

43. It was **RESOLVED** to note there were no issues or concerns arising from the annual review of the performance of the external audit service. It was **RESOLVED** to appoint Buzzacott to be the College's financial and regularity audit service for 2021/22

ANY OTHER BUSINESS

44. There was no other business.

DATE OF NEXT MEETING

45. Wednesday 01 December 2021 @ 18.00

The meeting closed at 19.10

Signed: _____ Date: _____

(Chair)

SUMMARY ACTION LIST

Min	Action Point	Review Date
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	1/12/21
26	IAS auditor to work with the Executive, Clerk and Chair to finalise the Governance & KPI report to enable it to be more in-line to reflect the development work that has taken place since the audit was conducted	1/12/21
30	Internal Audit Plan 2021/22 - to receive for approval	1/12/21
33	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.	1/12/21
40	The Annual Report from the Audit Committee to confirm how the work of the committee meets the new requirements for audit committees published in the Audit Code of Practice for 2020/21	1/12/21