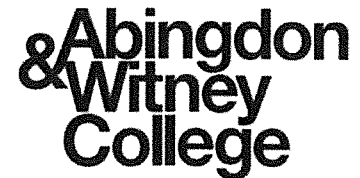


Corporation Board Board



Minutes of the meeting held on Wednesday 15 June 2022 at 12.15
Hybrid – Board room and online

Board members:

Adam Mumford (Chair)
Ali Kennedy
Nicolas Pages

In attendance:

Jacqui Canton (Principal)
Olivier Cognard (Vice Principal)
Stuart Hay (Head of Finance)
Laura Grainger (Clerk)
Mark Lay (Finance Director)
Yasmeen Mehmood (TIAA)
Stuart McKay (MHA) – until agenda item 5

Apologies:

Robert Weavers
Philip Lazenby (TIAA)

Governor questions are represented with bullet points, and management responses are in italics.

1 – Opening comments

Apologies were received from Robert Weavers (Student Governor) and Philip Lazenby (TIAA). No new declarations of interest were received, and no items to be added to AOB.

2 – Minutes of previous meetings

Members approved the public minutes of the previous Audit Committee meeting held on 7 March 2022 as accurate and appropriate for signature.

3 – Matters arising, written resolutions and action points

3.1 – Matters arising

The committee discussed the paper. ML reported that on item 0044 there had only been one meeting with no opportunity to raise the sharing of best practice in risk management. This would be asked at the next opportunity. The Board noted the paper.

3.2 – Business plan

The committee approved the business plan as a living document.

4 – External audit matters

4.1 – Financial statements audit strategy and timetable

Stuart McKay (SM) from MHA MacIntyre Hudson introduced the Financial Statements audit strategy for the year end 31 July 2022. SM highlighted that the strategy covers their independence, fees, and objectivity; alongside how they will address risk and materiality. The strategy sets out what reliance they will place in internal controls and interaction with internal audit.

MHA have spoken to the College's finance team about key developments and that, overall, it is a good result for the college in terms of exceeding budget although it is unlikely that the financial health rating will move from the current rating.

In terms of audit practices – the 2022 Audit Code of Practice (ACoP) has been out for a month and there is nothing significantly new for the sector. However, there is a shift and change in auditing practices in the future which will be discussed at a later date.

The College has spoken to SM about completing the statutory accounts and as this would be conducted by a separate business unit they are able to provide that service should we wish.

There will be an interim audit over the summer on TPA and ILR work, and the main audit will be in early October. In terms of reliance on internal audit, we will be looking at the key financial internal controls and placing reliance on these controls. SM has asked ML to reissue the accounting estimates.

With materiality, SM will be looking at an income-based benchmark (typically 1%) for this and will report misstatements above a threshold of 5% of materiality figure.

With the risk assessment they will look at three grades of risk: significant, medium and lower risk and the strategy sets out several factors they will consider when they perform the fact-based risk assessment.

SM summarised the eight key audit risks and noted that, when looking at IRL a control approach would be again taken and that there had been a slight change in the ACoP this year which is to clarify that our findings would impact regularity opinion. SM highlighted that with 'Going concern' they would be looking at meeting banking covenants and managing financial risks. With 'pension assumptions' there are two elements this year: triannual review and annual review. When looking at the 'Financial reporting' element of audit risk there is no significant change to the account's direction. But there are some additions on training governance professionals and governors, as well as requirements in relation to governance reviews.

- Is the additional statutory accounts work our college has asked you to potentially carry out a growing trend? *Yes – we are seeing this more.*
- At November's meeting, we have the chair of the board attending. Is this needed in person? *Happy to do a video call if that's easier. GMS can agree*
- You reference clawback in your risk. Is that new to us? *There is a ringfenced budget to deliver Level 3 items, which we have not fully used. However, as long as we hit our % there has been no risk of clawback. This year, we haven't met specific criteria so we will have clawback. This is being highlighted to F&GP next week. There are 2 types of clawback and the one of most concern to this committee is the risk of clawback following an unsatisfactory learner number audit, where we are deemed to have insufficient evidence to support our funding claim.*

Stuart McKay left the meeting at 12.30

ML set out the additional prices to the committee for the work on statutory accounts and, although committee approval isn't formally needed to commence this work, ML asked for committee agreement to proceed.

- Do you need agreement on this today as I would like a discussion with NH for his opinion on the regularity of doing this? *We can agree subject to a discussion with NH – that is fine.*

The committee approved the paper.

Action	By whom	Deadline
Speak about contracting MHA for statutory accounts	AM	asap

4.2 – External Board reviews - update

LG gave a verbal update on the recent guidance (May 2022) issued on external Board reviews. The Skills for Jobs White Paper (Jan 2021) had set out reforms to strengthen governance which proposed having a 3-year external review alongside annual self-assessments. The May 2022 final guidance sets out how colleges can arrange external reviews and what they might cover but it gives no further detail on the annual self-assessment.

The NRG committee have asked the Clerk to develop a draft template for the annual reviews that might help prepare for the external review and the Audit Committee may wish to see this template.

YM suggested speaking to other colleges to see if they had further information on who might carry out the external review. ML suggested that in the second year, our internal auditor should look at what we have already done and provide a level of review.

- Does the template need to be reviewed by both the NRG and Audit committee? *It doesn't have to be, but it would be useful for the audit committee to see the information on the external reviews.*

The committee noted the verbal update.

Action	By whom	Deadline
Speak to other colleges to see if they have information on who may carry out external reviews	ML/LG	Next committee
Bring template back to committee.	Clerk	Next committee

5 – Internal audit matters

5.1 – Internal auditors report

YM introduced the report on summary internal controls assurance and also an internal audit report on the assurance review of financial controls. This audit received an assessment of 'reasonable assurance' with 2 important and 2 routine action points. Three key strategic findings were reported on the procurement and purchasing card process, and one area of good practice on the promotion of purchasing cards.

YM gave an update on the 21/22 internal audit timeline with three final reports issued, 1 draft report issued, and 3 fieldworks in progress. In terms of the Cyber security audit, this hasn't been issued yet but is being followed up. A number of these will close by the next audit committee.

Overall, everything is on track and ready for the next academic year. Questions were then asked, focusing on the previous recommendations:

- Given some of the previous recommendations have been delayed, are you confident you will complete on time? *Cybersecurity has been an issue for the Head of IT as it has been pushed backwards three times. The next revisions date is July 2022. I am hoping that this review gets superseded by a new one.*
- Does that mean that as it has been carried forward for three years, it will be superseded? *It depends on what comes out of this review, there may be a new recommendation to replace this. The ESFA has said that all colleges should be cyber essentials accredited. AoC IT people got involved last year to help colleges with this as a lot of our software and systems are not compatible with it.*
- What would be the downside to the cyber essentials being discontinued? *That we spent a lot of time getting ready for it.*
- How do we ensure that the cybersecurity audit is completed? *It's nearly done. We are just agreeing the right software solution. The hope is that when the report comes out it will give the committee confidence in where we are compliant.*
- It's good to see the report has moved to more green areas as it was mostly red last time *Yes, there will still be some that remain red. But once we have the evidence, we can remove it from the list.*

The committee approved the paper.

5.2 – Learner Number System (LNS) assurance review

OC gave an update to the committee and that RSM are currently carrying out the 'Mock Assurance Review' which is part of the three-year agreement. It is focusing on the three main funding streams (Apprenticeships, AEB and 16-19 funding). This will be completed within three weeks.

- Can we see this at the next audit committee? *Yes, we will bring to the meeting and also the external auditors will want as part of their review.*

The committee noted the verbal update.

Action	By whom	Deadline
Add to the LNS report to the next agenda	Clerk	Next committee

6 – Risk management

6.1 – Annual review of whole risk register and action plan review

ML introduced the report and whole risk register, which the Committee sees once a year to approve. This register to encourages HoFs and HoBs to think about risks in their areas. The committee approved the paper and whole risk register and action plan.

6.2 – High level risk register review and action plan review

ML introduced the report and the high-level risk register, which the committee sees termly. Changes are documented in the right-hand column. ML highlighted the increases to the risk on recruitment and retention, and how this links to pay discussions; and also the new risks on energy and inflation.

- The addition of the risks show us it's a live document and that it is being used. *Yes, and we look at it in SMT regularly and agree actions.*
- What might our mitigating actions be around recruitment? How will we know it's worked? *We can look at how long it takes to fill vacancies and the number of resignations. Other than that, we look at this operationally. We hope that what we are proposing at Board level in terms of pay may make a difference.*
- Are the 'ticks' for all terms? *This is for the year and more work will be needed over the summer.*

The committee recommended the high-level risk register to Board

7 – Annual reports

7.1 – Annual report on the Gifts and hospitality register

ML summarised that only three gifts had been received during the year (with values in excess of £25) which were a meal voucher, a gift voucher, and festival tickets. The committee noted the paper.

7.2 – Annual report on the Public Interest Disclosure (whistleblowing) policy

ML set out that there had been no whistleblowing disclosures raised during the year. The committee noted the paper

8 – Policies

8.1 – Risk management policy

Minor amendments have been made to the policy to make it consistent with the college wide risk register and what it looks like.

- The policy states that the role of the Audit Committee includes reviewing the high-level risk register termly and receiving a report on any new risks – where do we see that report? *The cover page of the risk register highlights any changes to risks contained in the new register – I will combine the 2 elements in the policy*

The committee recommended the policy to Board for approval, subject to the amendment below.

Action	By whom	Deadline
Combine the two statements into one and then send to Board	ML	Before Board

9 – Update on use of college seal and high value contracts

9.1 – update on college seal

There was one use of the college seal in the last term which was an amendment to the Oxfordshire AEP funding agreements for £180k. the report sets out details of six high value contracts. The committee noted the paper.

10 – Any other Business

None raised.

11 – Future business and reflection

The members reflected on the hybrid meeting. It was agreed that the November meeting each year should be in person, but that all others should be online.

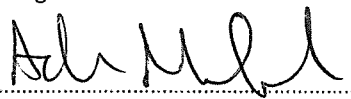
ML alerted the committee that there would be a lot of papers for the November meeting as audits will be completed. It was discussed if the reports could be circulated before the committee to allow governors time to read in advance. Previous Clerks had said that this wasn't possible, so it needs to be discussed before being implemented.

Action	By whom	Deadline
Check SOs and ToFR to see if we can circulate audit reports before the meeting	LG	asap
Set up a process and then communicate to the team	LG /ML	Before next committee

12 - Date of next meeting

To be confirmed.

Approved for signature.....

Signature..... 

Date.....

