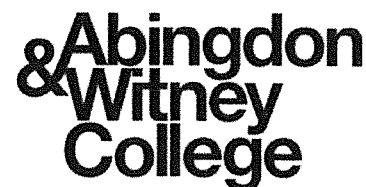


**Corporation Board
Audit Committee**



Minutes of the meeting held on Wednesday 23 November 2022
Online

Board members:

Adam Mumford (Chair)
Nicolas Pages
David Walker

In attendance:

Jacqui Canton (Principal)
Olivier Cognard (Vice Principal)
Penny Challans (interim Head of Finance)
Laura Grainger (Clerk)
Mark Lay (Finance Director)
Yasmeen Mehmood (TIAA)
Philip Lazenby (TIAA)
Stuart McKay (MHA)
Amanda Blakley (TIAA)

Nick Handy (Chair of the F&GP Committee)
joined the meeting until the end of agenda item
4.1

Apologies:

Jacqui Canton left the meeting @ 4.30 and re-joined at
5pm

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

1 – Opening comments

1.1 – Apologies and AOB

No apologies were received

The Chair thanked Ali Kennedy for her work as a governor on the committee

The Chair thanked Yasmeen Mehmood from TIAA who is moving to a different company.

The Chair welcomed Yasmeen's replacement at TIAA Amanda Blakey.

The Chair welcomed Penny Challans to her first audit committee meeting as the College's interim Head of Finance.

The Chair thanked Nick Handy (Chair of F&GP) for attending the meeting.

1.2 - Declarations of interest

No new declaration of interests were received.

2 – Minutes of previous meetings

Members approved the public minutes of the previous Board meeting held on 15 June 2022 as accurate and appropriate for signature.

3 – Matters arising, written resolutions and action points

0045 – tender process. It was agreed that the Finance Director would bring a paper to the March 23 committee to discuss the process and timescales for any future tenders of internal and external auditors.

The committee noted the paper.

Action	By whom	Deadline
Internal and External Auditors – update in tender process	Finance Director	13 March 23

4 – Financial statements

4.1 – Overview of Financial statements from F&GP Chair

The Chair of F&GP gave an overview of the work undertaken by the committee:

- The F&GP committee reviewed the financial statements, focusing on the strategic report to ensure the statements were consistent with the management information provided to the committee throughout the year.

- The Committee looked at the wider accounting statements and estimates, noting that minor adjustments will be made before the Board meeting that are not material.
- The Committee discussed the reference to the Stonewall gold award, given media coverage, but it was agreed that achieving the award was a statement of fact, and valued by students, and should therefore remain.
- It was noted that the most significant item was the change in the pension scheme valuation resulting in the college having reserves. This year, the revised valuation has meant the provision we are required to account has fallen. F+GP had a brief discussion about these accounting estimates used in the valuation. F+GP felt they were reasonable assumptions to make.
- The Committee discussed the financial budget for next year. It was agreed that the budget was in line with expectations. The Committee also received a presentation on student enrolments by faculty showing over achievement on 16-18 recruitment.
- F+GP noted that the college has access to an overdraft facility. £1.5m has been placed on deposit. Based on the review of the Committee it was agreed that we have enough cash to meet our obligations
- It was agreed that the self-assessment report related more to internal control and should be considered by the Audit committee.

The F&GP Chair then asked for any questions.

- Do we already have the Regularity questionnaire? Yes

The committee noted the verbal update and thanked the F&GP Chair for his time.

NH left the meeting at 16.13

4.2 External Auditor Letter of Representations and 4.3 – External Auditor’s audit findings report

The Committee agreed to take paper 4.3 and then paper 4.2

Macintyre Hudson led governors through the report, reviewing the points in section 3 of the report. In relation to pensions, the auditors advised that the College assumptions are in line with what Macintyre Hudson are seeing nationally. It was noted that the College needs to make sure it gets all relevant information when a governor retires as part of their exit interview, in support of accurate Related Party Transactions. An advisory recommendation had been made in relation to ILR audit. In the Letter of Representations (paper 4.2) Macintyre Hudson highlighted the comment regarding related part transactions.

- In relation to pensions, you state you are happy with the way the college has approached this. Is this a common approach from other colleges? *We have seen only one adopt the pension increase order. There are a couple of colleges displaying assets as they are large and so no way of bringing it down to a liability position. This College is well within outliers seen at other Colleges.*
- It is pleasing you didn’t have anything to say under 4.5.
- The accounts don’t show an adjustment for AEB income, but we have been advised of a clawback. Is that correct? Yes. *However, we had already made a provision of £100k. the clawback is slightly higher but the difference is immaterial for the accounts so no adjustment is required.*

The auditors did not wish to hold a separate conversation with the external governors, but advised that they would be meeting separately with the Board Chair as part of standard practice.

The committee noted paper 4.3 and recommended paper for 4.2 to Board.

Action	By whom	Deadline
Corporation Clerk to include Related Party question on Exit interview documentation	Clerk	When new clerk appointed
Arrange call between SM and Corporation Chair	ML	ASAP

SM from Macintyre Hudson then provided governors with additional information relating to the potential ONS reclassification of FE Colleges.

- What are the timescales for change if the announcement is next week? *SM – the reason some people think this is going to happen is that the ONS have done a lot of work with banks. College borrowing is the lowest it has been. So possibly Government will become the lender to Colleges and repay College commercial debt. Regularity in managing public money would have to come in soon. Realistically – none of this will happen overnight. But some may move quicker than others.*
- What could the change in VAT rules mean for us? *SM: £1.6m a year.*
- What about changes to governance? Do we carry on with the structure we have now? *SM – yes, but it would be easier for government to intervene. If you look at the NHS model, you could have paid chairs. In the commissioning group model, you could go back to the LEA or local governing bodies.*

4.4 – Draft propriety and regulatory questionnaire 21/22

The Finance Director presented the report to the Committee. The committee noted the report and recommended the self-assessment questionnaire to Board.

4.5 – Internal Auditors’ annual report

The Internal Auditors advised the committee to review paper 5.2 before paper 4.5.

YM presented paper 5.2. In total, 4 internal audits have been completed. For previous audits, 7 recommendations have been indicated as implemented and 4 which are not due. The Cyber Security Audit had resulted in a Reasonable Assurance grade; Governance had received a Substantial Assurance grade, with one recommendation that had already been implemented; Absence management had received a Reasonable Assurance grade; Subcontracting received a Reasonable Assurance grade.

- Is it a requirement to carry out a subcontract audit every year? YM: *Yes, it’s an annual requirement to submit to the ESFA.*
- It is positive that no Urgent actions have been identified.

The Committee approved paper 5.2.

YM presented paper 4.5. TIAA is satisfied that, for the areas reviewed during the year, Abingdon & Witney College has reasonable and effective risk management, control and governance processes in place. All Audit reports were delivered on time for the college. There were no issues to report. There were no questions from the Audit Committee.

The committee recommended the report to Board.

4.6 – Draft financial statements

The Finance Director presented the paper to the Committee. Some errors had already been identified since this draft was circulated but have already been corrected. All but one were minor changes, but we also updated how the LGPS movement has been reported on page 4. This has now been corrected. TIAA have been given the list of amendments and this will be updated prior to the Board meeting.

- Should we include the list of governors who have resigned? *We understand that current governors who are signing the accounts should be listed, with those who have resigned during the year listed further down.*
- We have 2 governors showing as resigned. Is that correct? *This has been changed to show that they came to the end of their term of office.*

Subject to the minor amendments from NH, the committee recommended the report to Board.

Action	By whom	Deadline
Make any minor amendments identified	ML	ASAP

5 – Internal audit matters

5.1 – Learner Number System (LNS) report

The VP Funding, Planning and Systems Improvement presented that report which summarises the work carried out in June and was the second audit that RSM have carried out within their three year contract. Some of the recommendations from last year are still to be actioned. The overall findings of the work was that there was nothing specific of note about which the committee should be concerned

- The response to first recommendation (e signature) could be a very significant project. How far advanced are you? *We are in the final testing stages and hoping it will be fully implemented in the new year.*

The committee noted the report.

5.2 – Summary Internal Controls Assurance (SICA) report – see above.

The committee considered this item and approved the report as part of paper 4.5 above.

6 – Risk management and seal of contracts

6.1 – High level risk register review and action plan review

The Finance Director explained that in response to an internal audit recommendation, a new column had been added to the risk register to show when a review of the controls in place will happen. Risks 4.1, 4.10 and 6.9 had been updated.

The committee recommended the report to Board.

6.2 – Board assessment of Fraud risk

The Finance Director advised that item was a standard document requested by MHA and is similar to previous years. Once Board have approved this we give to MHA.

The committee recommended the report to Board.

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

The committee noted the paper.

7 – Annual reports and questionnaires

7.1 – Annual report – Value for Money

- We sold business support services last year but not this year. What's behind that? *We found this hard. Much of the college isn't well structured to provide business support contracts to other organisations. IT, for example, provided services to Abingdon Learning Trust for a few years. It was hard work for the IT team with no extra resource. So we have reduced this.*
- The review of the 21/22 action plan says work was carried out which created savings in teaching costs savings. Can we put a figure to this? *This is linked to curriculum planning. We believe it is a saving of about 4 teaching staff though planning the curriculum more efficiently.*

The committee approved the report.

7.2 – Audit committee annual report

The Finance Director presented the report. It was agreed that the Committee Chair would raise some typographical errors outside of the meeting.

The committee recommended the report to Board subject to the corrections above.

Action	By whom	Deadline
Committee Chair to advise ML of typographical errors and ML update the paper	Committee Chair	ASAP

7.3 – Annual report – review of subcontracts

Previously this paper had been reviewed by F&GP, however due to the nature of the report it was agreed by the F&GP and Audit chairs that this paper should be reviewed at Audit committee. In future years we will need to make an additional statement clarifying what total of AEB budget is being used on subcontracting.

- What do the references to 3.1 or 3.2 mean? Where are these from? *The numbers are from our subcontracting policy and reference our rationale for carrying out this work.*
- How do we know we are compliant with how we are recording income and expenditure on subcontracts? *There isn't anything specific that we need to be compliant with. We are claiming the right money and have a clear trail through the ILR. SM – perhaps the compliance element is knowing the level of subcontracting you are doing, which this report is demonstrating.*
- TIAA have given us reasonable assurance in relation to subcontracting.

The committee approved the report.

Action	By whom	Deadline
ML to amend the report to include reference to what 3.1 & 3.2 refer to	ML	ASAP

8 – Policies

8.1 – Fraud prevention policy

The Finance Director presented the policy. It was a new policy last year and protocol is to bring back after one year for review, before it goes to a 3-year cycle. No changes were recommended.

The committee recommended the policy to Board for approval.

9 – Any Other Business

None

10 – Future business and reflection

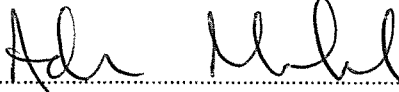
No comments

Action	By whom	Deadline
The Audit chair cannot make the next meeting on 13 March 23 – a new date needs to be found	Clerk	13 March 23

11 - Date of next meeting – tbc

The meeting closed at 18.15

Approved for signature.....

Signature..... 

Date.....

