

CORPORATION BOARD Audit Committee



Minutes of a meeting held online on Thursday 30th November 2023 at 6:00pm

Present

David Walker, *Governor*
Ben Haxton, *Governor*
Nick Handy, *Chair of F&GP*

In attendance

Philip Lazenby, *TIAA Client Manager*
Stuart MacKay, MacIntyre Hudson
Olivier Cognard, *Vice Principal of Funding, Planning and Systems Improvement*
Penny Challans, *Head of Finance*
Yasmeen Mehmood, *TIAA Client Manager*
Amanda Blake, *TIAA Client Manager*
Mark Lay, *Finance Director*
Howard Stamp, *Clerk and Governance Advisor (minutes)*
Melissa Drayson, *External Governance Reviewer (observing)*

1. Opening Comments

1.1 Apologies and matters to be raised under AOB

Apologies were received from Adam Mumford (Chair), Nicolas Pages and Jacqui Canton. In the absence of the Chair, the committee elected David Walker to chair the meeting. The committee remained quorate.

There were no matter arising to be raised under AOB.

1.2 Declarations of interest

There were no declarations of interest made.

2. Minutes of the meeting held on 12 June 2023

The committee approved the minutes of the previous meeting.

3. Matters Arising, Written Resolutions & Action Points

The actions had not been included in the committee pack and the Clerk would circulate to members. The Clerk provided a verbal update that all actions were completed or in progress.

4. Financial Statements

4.1 Overview of Financial Statements from F&GP Chair

The Chair of F&GP outlined the process undertaken between the F&GP committee and the Audit committee and the difference between the work of the two committees.

It was advised a detailed review of the statement had been undertaken by the Chair of F&GP, followed by discussion at the F&GP committee meeting. The outcome of this discussion had not identified any significant matters arising.

It was highlighted the committee had reviewed the Going Concern statement and the cashflow forecast, which showed that that the college had a cash surplus for the next 12 months and therefore had provided assurance to the committee that the college would be able to meet its obligations as they fall due.

The Local Government Pension fund was also highlighted, as the Fund had a positive value at the year end rather than a liability in previous years.. The F&GP Chair explained that due to it being very unlikely that the asset could ever materialise, it had been impaired to nil value in the accounts.

The Chair of F&GP confirmed that the F&GP committee recommended the accounts to Audit committee.

4.2 External Auditors' Audit Findings report

The report was presented by Stuart McKay of MacIntyre Hudson, who gave thanks to the Finance Director and Head of Finance for the preparation of the final accounts.

The report was presented with key points highlighted including no fraud identified in revenue recognition and the auditors have been assured of appropriate estimates from the management team. The auditors had not been alerted to any concerns regarding the College's "going concern" status.

The pension asset was also highlighted again, noting this was common with many other colleges nationally and it was explained how this would be represented in the accounts.

The auditors' letter of representation was confirmed to be a standard letter for the college.

It was highlighted that were no issues that have come to light regards regularity. It was noted that with the change in ONS classification, not all colleges are in this position therefore this is positive to see.

It was highlighted that any form of severance payment or similar payments should be investigated very carefully.

- Don't we usually ensure anything like this is taken through a legal team? *Anything we have would be taken through lawyers for advice.*
- Regards the condition survey, which committee would have oversight of this? *This would go to F&GP who also receive a regular report on the estates.*

There was also a sector update provided to the college that can also be shared with members of the committee.

The committee noted and recommended the report to the Board.

4.3 External Auditors' letter of representation

The report was presented as a standard letter of representation to be included as part of the financial statements.

The committee agreed to recommend the External Auditors' letter of representation report to Board.

4.4 Draft propriety and regulatory questionnaire

The report was presented by the Finance Director, highlighting these are key issues and questions provided by the ESFA. It was explained that the questions remained the same as Audit Committee 2022-23

previous years and the college's responses have also remained consistent with no cause for concern.

- There is reference to EBS in the report, what does this stand for? *This is our student records database.*

The committee agreed to recommend the report to Board.

4.5 Board assessment of fraud risk

The report was presented by the Finance Director. It was highlighted again this is a standard document requested by the auditors. It was noted this may increase in importance next year due to potential changes in the ESFA Finance Handbook.

- The documents refer to trustees, can this be changed to governors? *Yes, this can be, governors are technically trustees, but for consistency we can update.*

The committee agreed to recommend the report to the Board.

4.6 Internal Auditors' annual report

The report was presented by Philip Lazenby of TIAA, highlighting key areas to bring to the committee's attention. It was noted that overall, the college has been assessed as having a reasonable and effective risk management system, which is the highest level awarded.

The five reviews carried out throughout the year were highlighted with the recommendations brought to the committee's attention. It was noted the reduction in the number of recommendations and a reduction in the seriousness of the recommendations is in line with what TIAA are seeing elsewhere in the sector.

The committee agreed to recommend the report to the Board.

4.7 ILR Assurance Report

The report was presented by the Vice Principal of *Funding, Planning and Systems Improvement*

And highlighted key reviews carried out to provide assurance on controls surrounding the ILR. These reviews included a mock ESFA funding review carried out by internal auditors RSM. There are no areas of significant concern to bring to the attention of the committee.

More detail was provided on annex B for students receiving accreditation for prior learning.

The committee approved the report.

4.8 Draft Accounting Estimates to 31 July 2023

The report was presented by the Finance Director. The reason for this report is to give governors assurance of the estimates provided in the accounts. Governors were made aware of the specific note around the accounting treatment of the pension asset.

The committee agreed to recommend the report to the Board.

4.9 Draft Financial Statements

The report was presented by the Finance Director, highlighting that the statements include the formal strategic report that supports the financial statements, and includes various

statement including a report on governance. The report also then includes the detailed accounts themselves. As previously discussed, this document has been reviewed by the Chair of F&GP.

- Regards depreciation, how do you define the difference between major refurbishment and building improvement. *Major refurbishment would be whole building changes or change of use, building improvement would be small scale changes that do not significantly impact the fabric of the building. We could provide some examples to you from the asset register.*

The committee agreed to recommend the report to the Board.

5.0 Internal Audit Matters

5.1 Summary internal Controls Assurance (SICA) Report

The report was presented by Philip Lazenby of TIAA who highlighted key points from the report such as the summary of audits completed including Key Financial Controls . There were no concerns highlighted within the report.

The summary of progress against the plan was also presented to the committee.

The committee agreed to recommend the report to the Board.

6. Risk Management and Seal

6.1 High level risk register review and action plan review

The report was presented by the Finance Director. It was highlighted that there were few changes to the register presented to governors at the recent board meeting. One risk has been reduced but no other changes have been made to the risk register.

The committee noted the report.

6.2 Update on use of college seal and high value contracts

The report was presented by the Finance Director. This is a standard report presented to the audit committee for any high value contracts signed.

There were no questions received and the committee noted the report.

7. Annual reports and questionnaires

7.1 Value for money annual report

The report was presented by the Finance Director. This annual report demonstrates how the colleges uses public funds and therefore how the college achieves value for money throughout the year.

- The hiring out of the premises, can this be increased at all? *It is challenging with timetabling and potential safeguarding issues. It is mainly our sports facilities after hours.*
- The benchmarking, is this ESFA data used? *Yes, this is 21/22 we are using as the 22/23 data is not yet available.*

The committee noted the report.

7.2 Subcontracting annual report

The report was presented by the Finance Director, outlining that this annual report details any subcontracting that has taken place in 22/23 and is planned for 23/24, highlighting the Audit Committee 2022-23

need for subcontracting. It was noted there is very small subcontracting in our SEND provision and a small amount of the AEB community learning for hard-to-reach groups.

The committee noted the report.

7.3 Audit Committee annual report

The report was presented by the Clerk. This annual report outlines the work undertaken by the governing body throughout the year and is submitted as part of the financial statements. It is included to provide assurance on the systems of governance that are in place to govern the college and audit practice.

- *What does P16ACOP mean? This is Post 16 Audit code of Practice*

The committee agreed to recommend the report to the Board.

7.4 Audit committee self-assessment

The Clerk presented the paper that combined comments received from all committee members as part of the self-assessment review. There was positive discussion from the committee, and they agreed with the points raised and recognised the comments made by other comments.

The committee noted the report.

8. Policies for Approval

None at this meeting

9. Any Other Business

There were no items raised under AOB.

10. Future Business

There were no items raised outside of the cycle of business for future meetings.

The next Audit Committee meeting was scheduled for Monday 11th March 2024 at 6pm

Approved for signature: 11 March 2024

Signature N Pages
26/03/2024 17:20:09
Nicola Payne

Date 26/03/2024



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