

Meeting of the Audit Committee

Date:	13 December 2021	Room number	Via Teams
Present	Bim Osunsami (Chair), Bal Panesar (Vice-Chair), Nick Kavanagh (NK), Jahaid Zaman (JZ)		
In attendance	Graham Hough (Chief Finance Officer) (CFO) Victoria Eastwood (Chief Governance Officer) (CGO) Bharat Rathod (Head of CIS) (BR) – Agenda Item 4 only Richard Roberts (Head of Apprenticeships) (RR) – Agenda Item 4 only Mark Bass (Chair of the Corporation) Leisyen Cox (Scrutton Bland) (LC) Mark Eagle (MacIntyre Hudson) (ME)		
Apologies	Paul Goddard (Scrutton Bland)		
Circulation	Audit Committee/Corporation		

A funding briefing/training was provided from Scrutton Bland prior to the meeting.

1.	Welcome and apologies for absence The Chair welcomed all present to the meeting and introductions were made. Apologies for absence were received from Paul Goddard (Scrutton Bland).			
2.	Declarations of Interest Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. None were anticipated.			
3.	Minutes of the Previous Meeting – Tuesday 28 September 2021 The Minutes of the Meeting held on Tuesday 28 September 2021 were agreed as a true and accurate record. Approved: That the Minutes of the Meeting held on Tuesday 28 September 2021 were agreed as a true and accurate record.			
4.	Matters arising Outstanding actions from the September Audit Committee Meeting:			
	Agenda Item	Action	Responsibility	Timescale
	C/f	Signed examples of contracts from the sample to be provided as evidence at the next Audit Committee meeting.	DOFE	23 November 2021
	4.	All evidence to enable recommendations to be closed to be tabled at the November Audit Committee meeting.	BR/RR	23 November 2021
				Update
				Complete
				Complete

10.	PG to attend the Strategic Planning Event to present the Board Assurance Framework to the Board.	PG/CGO	1 November 2021	Complete
<p>RR provided the following evidence which had previously been requested by the Committee in order to address the learner numbers audit recommendation:</p> <ul style="list-style-type: none"> • Signable dashboard re digital signatures • Off the job training calculator – revised form • Skills scan • Data Self Assessment Tool (DSAT) report <p>NK asked where the systems were stored and who had access for change control processes. RR replied that the signables system was web based and a downloadable version saved in the internal system with access only for those that required it to ensure GDPR compliance. An audit trail was available in Office 365 of any revisions made.</p> <p>The Chair queried whether there had been any limitations with the signables system or challenges? RR confirmed that from an audit perspective there were no concerns regarding compliance.</p> <p>In response to a query from BP, RR advised that the system was used for all apprentices but not for all learners across College. There was, however an electronic signature facility for learners enrolling remotely.</p> <p>MB thanked RR and BB for the evidence and checks which had provided assurance that potential queries could be resolved preventing issues occurring.</p> <p>The Chair thanked RR and BB and the Committee agreed that the learner numbers audit recommendation could now be closed as sufficient assurance and evidence had been provided.</p> <p><i>BR and RR left the meeting.</i></p> <p>There were no further matters arising.</p>				
5.	<p>Matters requiring College staff to withdraw There were no matters requiring College staff to withdraw.</p>			
6.	<p>Risk and Assurance Progress Report LC presented the report and advised that the dates had been agreed for the audits and these would now commence as scheduled.</p> <p>Agreed: That the current position be noted.</p>			
7.	<p>Draft Financial Statement Audit Management Letter ME presented the Draft Financial Statement Audit Management Letter and highlighted the key issues for the College including:</p> <ul style="list-style-type: none"> • Key audit issues – main recognition of income – previous internal auditors (RSM) had findings regarding apprenticeship income. In previous years this would not have been an issue but this year the ESFA no longer provided assurance therefore supplementary audit work had been undertaken. Additional work had also taken place by the College around the issues raised and reassurance had been provided that the income was not at risk. ME confirmed that their judgement allied with the College and, should a funding audit take place, it was their opinion that a material adjustment was not required at this point. 			

- Going concern – financial health still good but the College needed to be vigilant regarding cash
- Financial performance – income overall slightly down from previous year but 16-18 did increase; offset with fall in apprenticeships and tuition fees
- Cutting back on expenditure had been well achieved - credit to the College and this needed to continue
- Balance sheet – fixed assets increased; debtors slightly higher; cash in bank decreased due to investment in fixed assets
- Creditors – higher but timing differences acknowledged
- Provisions – actual gains reduced
- Student debt provision needed to be looked at and may need to be increased. College to review what could be recovered and adjusted for in bad debt
- Subsidiary companies set up to provide training and surplus gift aided to the College – provision made for Gift Aid but because the Subsidiary was in negative reserves that adjustment needed to be reversed

MB noted that the College's response was not included for this area. The CFO replied that this was a timing issue and the responses had not yet been added but the draft response advised that the current level of provision was acceptable for student debt, however, guidance was sought as to whether the Committee would want to increase this. It was agreed that the gift aid findings were accepted.

The Chair asked for the options to provide justification for reviewing the student debt position. ME replied that it was accepted that it may take some time to recover debts from this particular area however some of these learners were no longer at the College therefore a view needed to be taken as to whether this debt could now be recovered. The CFO added that the nature of Covid had resulted in receipt of payments slowing and the College not been actively chasing debt due to the absence of a Credit Control Manager. In response to a query from BP, ME clarified that the age of the debt was from 2017/18 in full and half of 2019.

JZ stated that the debt was prior to Covid and asked whether the College undertook credit checks as there was a need to identify characteristics to mitigate the debt. GH replied that the College did not credit check each individual.

BP asked how the College compared to similar colleges. ME replied that exposure was higher than the average but context needed to be considered.

The Chair stated that student debt needed to be revisited at the next meeting through a report providing a combination of tightening of internal controls; breakdown of provision pre and post covid; an update on recruitment for the credit control position and a Plan B for recruitment in case there were any difficulties. This was agreed. The CGO added that the recruitment for a Credit Controller was active and it was intended that interviews would take place in January 2022.

Approved: The Committee recommended to approve the Draft Financial Statement Audit Management Letter to the Corporation.

Action: Update on Student Debt position to be provided at the March meeting.

8. Draft Report & Financial Statements for y/e 31 July 2021

The CFO presented the Draft Financial Statements for y/e 31 July 2021 advising the Committee of the following:

- Unqualified audit opinion
- Surplus generated after the FRS102 adjustments
- Banking covenants with Barclays – met all the covenants during the year

After further discussion on the key points, the Committee approved the Draft Financial Statements for y/e 31 July 2021.

	Approved: That the Committee recommend to the Corporation the approval of the Financial Statements 2020/21.
9.	<p>Annual Report of the Audit Committee to the Corporation 2020/21 The CGO presented the Annual Report of the Audit Committee for 2020/21 highlighting the following:</p> <p>Having considered the work of the College's internal audit service and its financial statements auditor and taking account of reports received throughout the year from the College's management and assurance provided by other sources e.g. ESFA, the Audit Committee advises the Corporation that the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets are adequate, operating effectively and can be relied upon when the Board of Corporation are considering the financial statements for the year ended 31 July 2021.</p> <p>Approved: The Annual Report of the Audit Committee 2020/21 was approved by the Committee.</p>
10.	<p>Risk Register The CFO presented the Risk Register advising that this remained unchanged other than amendments to named members of staff with areas of responsibility. It was noted that the title of the CGO needed to be updated.</p> <p>The Committee agreed that time would be allocated at the next meeting to go through the Risk Register in detail. BP stated that the risk register and the work around this had been very positive.</p> <p>Agreed: That the current position be noted.</p>
11.	<p>Matters requiring Auditors to withdraw There were no matters requiring Auditors to withdraw.</p>
12.	<p>AoB – Board Assurance Framework MB explained the work that had taken place on the Board Assurance Framework to date and how the framework was being updated after each Committee meeting. Meetings with Committee Chairs would then take place in the New Year.</p>
13.	Date and time of next meeting – Tuesday 22 March 2022, 6pm

The Chair thanked all those in attendance for their contributions and thanks were recorded to the Internal and Financial Statements Auditors. The meeting closed at 16.04pm.

Agenda Item	Action	Responsibility	Timescale	Update
7.	Update on Student Debt to be provided at the next meeting.	CFO	March 2022	Included on the June Agenda

Signed.....
Bim Osunsami (Chair)

Date.....