



Minutes of the Audit Committee meeting held at the Watford Campus on 27 November 2019 at 1700 hrs.

Present	Guy Ainsley	Chris Nicholls	Irina Kendix
	Ben Stapleton (Chair)		Sharon Gravener (Scrutton Bland)
In Attendance	Shachi Blakemore (Buzzacott LLP)(10-16/19 only)	Ralph Devereux (Clerk)	
	Cath Gunn (Principal BC)	Eamonn McCarroll (DoF)	Gill Worgan (Principal)
	Phil Thompson		

STANDING ITEMS

10/19 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS

The meeting was quorate, no notice had been received of any Member becoming ineligible to hold office and there had been no interests declared.

11/19 MINUTES OF THE LAST MEETING

- a. The Minutes of the last meeting held on 30 September 2019 were confirmed for electronic signature; action delegated to the Clerk. **(Action 1)**
- b. There was no requirement for a closed meeting.
- c. Scrutton Bland had been delayed and it was agreed to take items out of agenda order.
- d. **The information was received.**
- e. **Actions had been identified (Register 21/19)**

12/19 MATTERS ARISING AND ACTIONS REQUIRED FROM THE MINUTES

- a. Outstanding Actions. Outstanding actions from the previous meeting had been completed or were in progress.

Please see reference minute for full details.		Status
Action 1	01/19b. BS to continue as Chair.	Complete
Action 2	02/19. Last minutes confirmed for electronic signature.	
Action 3	03/19a. Evaluation of cross College RM to next meeting.	17/19
Action 4	04/19b. R&A Annual Report recommended to Corporation.	Complete Item 10 partial
Action 5	05/19a. Bourneville letter to all Corporation Members.	
Action 6	05/19a. Governance R&A audit scope to be considered.	
Action 7	05/19a. Corporation to determine SPH Pay recommended.	
Action 8	05/19b. Committee to assess auditors' performance.	
Action 9	05/19c. Auditors' performance review dates to be changed.	
Action 10	05/19d. Committee ToR/SAR on next meeting agenda.	

- b. Matters Arising from the Minutes. There were no matters arising from the minutes.
- c. Urgent Business. There was no urgent business requested.

BUSINESS ITEMS

13/19 RISK AND ASSURANCE (R&A)

Funding Audit. An Education and Skills Funding Agency (ESFA) Funding Audit had been completed by RSMUK, the final report was awaited and would be circulated on receipt. The findings had been that clawbacks of funding were liable from:

- a. the Adult Education Budget (AEB) at £6k; and
- b. the Apprenticeships at £2k.

The amount was immaterial in terms of the total funding and represented a sound result, which gave comfort to the Committee. Any process improvement recommendations from RSM would be considered on receipt.

The information was received.

14/19 EXTERNAL AUDIT

a. Post Audit Management Report (PAM Report). The external auditor's PAM Report (Management letter) to the Committee was then considered, page by page with reference to the AFS; audit work was complete. An unqualified opinion is expected to be given to both the AFS and the Regularity Report. Outstanding Items had been listed on Page 6 and it was agreed that these could all be completed in time for finalisation of the accounts and thus no delay in sign off was anticipated. Key Audit Risks had been identified and notified in advance of the fieldwork and the outcomes were explained and detailed, note was given to the complex financial arrangements through the year which had included the merger with Barnfield College (BC):

- (i) appendix 1 was detail of Audit adjustments and misstatements, which included a £213k adjustment re the sale of land;
- (ii) appendix 2 detailed and compared financial ratios, which evidenced the "Health Scores" and consequent "Outstanding" financial health.
- (iii) appendix 3 explained sector developments.

The PAM was recommended to the Corporation. **(Action 2a)**

b. Financial Statements. The Committee remit was to consider the findings of the External Auditor and to scrutinize the WHC and Together Training (TT) AFS, (the TT documents had been approved at the recent TT Board Meeting and were included for information) including the Corporate Governance Statements with respect to the systems of financial control, RM and governance processes and to recommend the document(s) for signature. The circulated documents to inform the considerations. The provisional unqualified opinion on the accounts was noted and welcomed. The Chair advised the committee that he had provided the Director of Finance with comments on the AFS, and that where agreed, the AFS would be updated accordingly. The AFS were then fully and closely scrutinised page by page. After full and detailed discussion, it was unanimously agreed to recommend the College AFS to the Corporation (subject to the minor amendments agreed between the Chair and the Director of Finance) for acceptance, approval and signature. **(Action 2b)**

c. Regularity Self-Assessment Questionnaire. Nothing had emerged during consideration of the Regularity Audit Questionnaire, which detailed governance, RM and internal financial processes. Queries re. insurance and VAT were answered. It was noted that where VAT exemptions had been obtained on building work, management were alert to ongoing compliance with usage conditions. The Questionnaire was recommended to the Corporation for signature. **(Action 2c)**

d. Additional Documents. The only additional document was the Letter of Representation, which was also recommended for signature. **(Action 2d)**

a. The information was received.

b. Actions had been identified. (Register 21/19 below)

15/19 REPORTS

- a. RM Policy. There had been several considerations of the changed approach to the RM arrangements and the newly developed RM Policy, was attached at Appx 5.a.2. This was a traditional Policy but now included outside assurances for review; it should be considered as an initial “pre-evolution and live” document. After full consideration the Policy was recommended for approval. **(Action 3)**
- b. Risk Register (RR). Additionally, a new version of the register, was scrutinised and discussed. The well received document comprised:
 - (i) a “High Level” RR together with a separate RR (Appx 5.b.1); and
 - (ii) two special project RR (HH and BC Redevelopments); respectively at Apex’s 5.b.2 and 5.b.3.

The register is “first phase” and would be developed as experience was gained. Mapping between the previous and the current registers was at Appx 5.b.4. Numbers of original and residual risks and their intensity associated with each of the new registers had been tabulated and all was noted. It was agreed that the risk information would continue to be regularly scrutinised by the Committee: “High Level” each term and the Full Register annually. Future discussion of risks would bring further clarity to the practical impact of each. The document prompted discussion regarding determination of the College “Risk Appetite” and the relevance to the Strategic Plan, the Register defined the appetite, which would develop and become embedded as use progressed. There was also no doubt that further risks would emerge. It was felt that “Safeguarding” should have a higher risk profile and that would be re-evaluated. **(Action 4)** The Register was welcomed and would be sent to the Corporation together with the Policy to inform their considerations. **(Action 5)**

- c. Previous Recommendations. The Recommendation Tracker, established in July 2019, detailed progress with recommendations from six RSM IAS Reports on BC. The exception report showed progress with the remaining recommendations, which was discussed. All BC recommendations that had been completed will be validated by the IAS early in the new year. Residual actions were expected to be done by the end of 2019 which was noted as good progress.
- d. Public Interest Disclosure (PID). There had been no reported “whistleblowing” incidents.
- e. GDPR. There had been a “non-reportable” inadvertent breach of the GDPR, which had been promptly reported and treated properly according to due process.
- f. Fraud. The sole incident to consider had been discussed at the last Committee meeting and investigations had now been concluded; there were no reflections on any College staff or processes.

- a. **The information was received.**
- b. **Actions had been identified.** (Register 21/19 below)

Sharon Gravener joined the meeting

16/19 COMMITTEE BUSINESS

- a. Terms of Reference. (TOR). The Committee TORs had been refreshed for current best practice and other minor changes, the ToRs were discussed and small amendments were agreed; with these included they were recommended to the Corporation for approval. **(Action 6)**
- b. Committee Annual Report to the Corporation. The annual report to the corporation report was discussed. The IAS annual report (presented at the last meeting but attached for completeness) indicated that response to previous audit recommendations was “that the College had taken or planned appropriate and timely action to implement recommendations”. The Committee opinion in the report had been formed after due

deliberation of the IAS annual report, together with the External Audit information; the Committee Annual Report was recommended to the Corporation. **(Action 7)**

- a. **The information was received.**
- b. **Actions had been identified.** (Register 21/19 below)

17/19 RISK AND ASSURANCE. (R&A)

- a. Field Work Report. Business Continuity. The scope, approach, risk and objectives of the fieldwork assignment was explained by the IAS before detailed consideration of the Report, Green **“Strong”** assurance had been given regarding Business Continuity at WHC, accordingly, the Corporation could take assurance that “governance, risk management and control arrangements provide strong assurance, that the material risks reviewed are managed effectively.” The IAS noted the report covered all the key scope areas, and that minor incidents in the year had evidenced the plan being actioned satisfactorily. There had been no associated recommendations and one “Added Value” point had been raised, which related to the embedding of Business Continuity across wider College processes. Comparison against sector benchmarks was favourable.
- b. Progress Report. One field report had been completed and considered above, dates for the remaining eight elements of the R&A Plan had been identified. Initial findings on Health and Safety were positive, with no high rated items. Should any high rated items feature in the final report, a copy will be circulated by e mail to committee members. **(Action 8)**
- c. “Governance” Fieldwork Scope. During the last meeting’s consideration of the Bourneville events had prompted scrutiny of robustness of local processes and it had been agreed to consider the issue further. Accordingly, the scope for the scrutiny of Governance over 18-19 March was discussed.
- d. Sector Update. A useful discussion regarding current sector issues was welcomed, anti-fraud measures and training, sub-contracting and response to the “Bourneville” affair were considered. The IAS team agreed to consider whether any Bourneville focus areas had not been covered in recent IAS projects. **(Action 9)**

The information was received.

Audit firm representatives left the meeting.

18/19 RAS PERFORMANCE

Assessment of audit performance had been rationalised in the committee business schedule; IAS would be considered at this meeting. External Audit performance would be completed in the new year. A revised assessment template (Attached) had informed the provisional assessment arrived at jointly by the Committee Chair and the DoF and presented to the Committee for comment. A conversation was held on day rates and value for money with no issues noted. It was noted that the initial three year term had not yet expired. The IAS had provided a good, thorough and relevant service throughout the year and it was agreed there was no reason to bring performance to the attention of the Corporation. **(Action 10)**

- a. **The information was received.**
- b. **Actions had been identified.** (Register 21/19 below)

19/19 URGENT BUSINESS

There had been no urgent business agreed.

20/19 DATES OF NEXT MEETINGS

- a. Board meeting to receive committee recommendations (11 December 2019); and
- b. Committee meeting to conduct business (25 February 2020).

21/19 ACTION TABLE

Refer to reference minute for full detail		Resp	Date
Action 1	11/19a. Last minutes (30.09.19) confirmed for signature.	Chair	11.12.19

Action 2a	14/19. The PAM was recommended to the Corporation.		
Action 2b	14/19b. Subject to minor changes agreed between the Chair and the Director of Finance, all AFS related documents recommended for signature.	Chair	11.12.19
Action 2c	14/19c. Regularity Self-Assessment Questionnaire recommended to the Corporation.		
Action 2d	14/19d. Letter of Representation recommended for signature.		
Action 3	15/19a. RM Policy recommended for approval.		
Action 4	15/19b. "Safeguarding" risk profile to be re-evaluated.	DoF	asap
Action 5	15/19b. Both RM Policy and Register to Corporation re Action 3.	Chair	11.12.19
Action 6	16/19a. ToRs recommended to the Corporation.		
Action 7	16/19b. ACAR recommended to the Corporation.	Chair	
Action 8	17.19b. Circulate Health & Safety report to members by e-mail if High Risk actions identified.	DofF	asap
Action 9	17/19d. Consider if Bourneville focus area have been covered in recent IAS projects and recommend a review of areas not recently reviewed .	IAS	25.2.20
Action 10	18/19. IAS confirmed for 2019/20.	Chair	wie

Ralph Devereux (Clerk) for Ben Scapleton (Chair)

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Final Audit Report

2020-02-28

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