



BOARD OF GOVERNORS **AUDIT COMMITTEE**

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT VIA ZOOM ON **WEDNESDAY 9 JUNE 2021**

PRESENT:	Stuart Taylor (Chair)	<u>Meeting Attendance</u> (3 out of 3)
	Peter Tyndale	(3 out of 3)
	Anthony Haines	(3 out of 3)
	Rob Lewis	(3 out of 3)
	Nathan Garat	(3 out of 3)
IN ATTENDANCE	Gillian May (Group Principal & CEO)	
	Graham Try (Deputy CEO)	
	Belinda Tam (Director of Human Resources)	
	Lucy Jarrett (Mazars)	
	Graeme Clarke (Mazars)	
	Daniel Canham (Mazars)	
	Hugh Swainson (Buzzacott)	
	Brian Page (Interim Head of Finance)	
	Roberts Disbury-Mockett	
CLERK	Lynn Payne	(3 out of 3)

PART I

MINUTE **No**

ACTION

The meeting started at 6.00pm.

1. Apologies for Absence
There were no apologies for absence.
2. Declarations of Interest
No Member declared a conflict of interest with the agenda.
3. Minutes of the Previous Meeting Held on 10 February 2021
The minutes of the meeting of the 10 February 2021, having previously been circulated to all members, were agreed as a true record and would be electronically signed by the Chair.
All Members were agreed.
4. Matters Arising of the Previous Meeting held on 10 February 2021
It was noted that there were no matters arising.
5. Standing Agenda Items
 - a) Risk Management Action Plan 2020/21 Update
This item was presented by the Group Principal. Members were advised of the key risks in the overall risk management action plan. In particular members were updated on the highest risks which were noted as:
 - i) **The College overspends the 2020/21 budget and/or fails to reduce the operating deficit in future years, thereby adversely impacting financial health.**
Members were advised that the most recent 2020/21 forecast in the Period 9 Management accounts for April was approximately £0.9 million under the £2.35 deficit budget. Members were also reminded that the College was debt free following the repayment of the Santander loan in November 2020. The key future challenge was to

MINUTE
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reduce the high operating deficit by increasing learner numbers and funding and controlling and reducing costs.

- ii) **Failure to implement the approved property strategy and therefore failure to support the college's financial strategy.**

Members would receive an update on this area in the Property Update agenda item.

- iii) **External College funding and budgetary matters, including Brexit, future funding levels and the funding of pension increases, risks and the future financial sustainability of the College.**

The ESFA had recently confirmed the continued funding of the Teacher's Pension increases until July 2022. The impact of Covid-19 currently continued to provide significant uncertainty regarding College budgets and the impact on the College's forecast in the monthly management accounts.

- iv) **Inability to maintain and enhance the reputation of the College in order to maintain and attract learners.**

Members were reminded that the College's marketing function was outsourced in order to optimise its effectiveness. A comprehensive curriculum planning process was in place to enable a relevant and attractive course offer to meet learner and employer needs.

- v) **Ability to recruit and retain high quality staff in all areas.**

It was noted recruitment challenges in some skills shortage areas remained constant. These areas included Construction, and English & Maths.

- vi) **Severe disruption and adverse impacts on learners and College operations from the Coronavirus.**

It was noted that the Governors Coronavirus Advisory Group (CAG) met regularly, and operationally the College continued to monitor cases of positive lateral flow tests on a daily basis.

- vii) **Failure to maintain the "Good" Ofsted rating and other inspection regime standards and continue to improve to "Outstanding"**

The College was currently rated Ofsted 'Good' in all areas except High Needs, which was rated 'Requires Improvement' (RI). In that RI area, improvement actions had been incorporated into the QIP with a specific action plan written for the discrete high needs area to improve teaching, learning and assessment in-year.

- viii) **Slough is a Tier 2 (Priority Area) area and therefore there is a heightened risk that learners may be vulnerable to harm and radicalisation.**

It was noted Digital safety remained a priority and the College's monitoring system, DNA, had thrown up a number of concerning searches carried out by students that had been referred to either Prevent leads, or the Police. This area was being well monitored.

- ix) **Serious inaccuracy in funding claim following audit leads to reduction (clawback) in grant funding.**

The College's annual ESFA 'mock' learner funding audit, commissioned from Mazars, took place in the summer of 2020 and there were no previous recommendations not implemented.

Members noted the report.

- b) Notification of Incidents of Attempted or Actual Fraud Identified

This item would be considered in the Pt II agenda.

- c) Log of Outstanding Recommendations From Internal and External Audit Reports

- i) **Marketing & Public Relations - To consider launching a brand perception survey to assess the perception of TWFCG and how it compares to its competitors.**

The Deputy CEO informed Members that due to the continuing issues and restrictions of Covid-19, this had been postponed to the summer term with the aim of completing the survey by July 2021.

ACTION

ii) **Risk Management and Assurance Framework**

The recommendation was that the Group should consider formally defining its risk appetite. The Deputy CEO informed Members this was approved by the Audit Committee and Board in November/December 2020 and was reflected in the updated Risk Management Policy.

iii) **Payroll**

The recommendation was that the College Group should update their Financial Regulations to include the process for Payroll. The Deputy CEO informed Members that this had been completed and approval was sought to recommend the updated Financial Regulations to the Board for approval.

All members were agreed.

iv) **Estates Management**

The recommendation was that the College Group should consider developing estates procedures to outline key processes, responsibilities and monitoring activities for estates management. The Deputy CEO informed Members this had been implemented and the procedures were in place.

The report was noted.

6. **Internal Audit Report**

This item was presented by Graeme Clarke from Mazars. He reported on the work that had been finalised, namely the Human Resources Recruitment, Induction and Probation report, which had been given a substantial assurance audit outcome. There was one significant recommendation, relating to documents where these were not centrally held, and the College had agreed the recruitment and selection policy and procedure would be updated to include the return of all mandatory documents in a timely manner.

The report was noted.

7. **External Audit Strategy for Year Ending 31 July 2021**

This item was presented by Hugh Swainson from Buzzacott. He informed Members that Buzzacott expected the forthcoming audit of the financial statements of the College Group for the year ending 31 July 2021 to cover:

- i) Financial statements audit
- ii) Regularity assurance
- iii) Teachers' pension scheme audit

In relation to the regularity assurance, he confirmed this would follow the 'regularity assurance framework' guidance issued by the ESFA. With regard to issues of audit significance, the College's greatest challenge for a number of years had been to build student numbers to a level that made it sustainable in the long term. There was also the risk that Covid-19 would have an adverse impact on the Colleges finances, especially regarding income generated from traded or ancillary services to the education provided.

The College's cost base was relatively fixed and therefore a risk remained that income would not cover costs, which going forward could impact on the College's reserves. It was noted the College still had significant cash reserves following the land sale in the prior year, which would provide sufficient assurance over the College's 'going concern' status for the period of 12 months from the date of approval of the financial statements.

The auditor reported on the need for the Board to make a statement about the appropriate arrangements for governance, risk management and internal financial control of the College. The Corporation currently obtained the assurance from the work of the internal auditors and other consultants. Members were reminded that the ESFA's post-16 audit code of practice for 2020/21 referred to key issues identified by the ESFA through their reviews, that both management and the Board should consider the guidance used to help inform their assessment of the College's arrangement in these areas. The auditor advised Members that, as part of their work, they would review the reports prepared by internal auditors and other consultants during the year and review the College's completed regularity self-assessment questionnaire. The findings would inform the risk assessment of the control environment at the College, as well as feed into the overall regularity assurance opinion.

**Refer to
Corporation**

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ACTION

The Chair thanked the auditor for his comprehensive report, which was noted.

8. Evaluation of Meeting

Members felt the meeting length was about right and the length of time spent on each agenda item was appropriate and sufficient to inform their decisions & recommendations on the reports. The structure of the papers was easy, the contents were clear and the information in the reports was sufficient. Members added value in the area of the discussion on the Risk Register.

9. Dates and Times of Future Meetings

The date and time of the next meeting was noted as being:

Scheduled for 6pm on: Monday 24 November 2021
Wednesday 9 February 2022
Wednesday 8 June 2022

10. Any Urgent Business

There were no other items of business raised.

The meeting ended at 6.45pm.