



## BOARD OF GOVERNORS AUDIT COMMITTEE

### MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT VIA ZOOM ON MONDAY 23 NOVEMBER 2020

		<u>Meeting Attendance</u>
PRESENT:	Stuart Taylor (Chair)	(1 out of 1)
	Mobolaji Alabi	(1 out of 1)
	Peter Tyndale	(1 out of 1)
	Anthony Haines	(1 out of 1)
	Rob Lewis	(1 out of 1)
CO-OPTED:	Nathan Garat	(1 out of 1)
IN ATTENDANCE	Kate Webb (Group Principal & CEO)	
	Graham Try (Deputy CEO)	
	Lucy Jarrett (Mazars)	
	Graeme Clarke (Mazars)	
	Hugh Swainson (Buzzacott)	
	Pankaj Makwana (Head of Finance)	
	Roberts Disbury-Mockett	
	David Bradshaw	
CLERK	Lynn Payne	(1 out of 1)

### PART I

#### MINUTE No

#### ACTION

**The meeting started at 6.00pm.**

- Election of Chair & Vice Chair for 2020/21  
The Clerk invited Members to elect a Chair and Vice Chair of the committee, for this academic year, taking account of the guidance of the Chair of the Board. Members agreed Stuart Taylor as Chair and Rob Lewis as Vice Chair.  
**All Members were agreed.**
- Apologies for Absence  
There were no apologies for absence.
- Declarations of Interest  
No Member declared a conflict of interest with the agenda.
- Minutes of the Previous Meeting Held on 3 June 2020  
The minutes of the meeting of the 3 June 2020, 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.**
- Matters Arising of the Previous Meeting held on 3 June 2020  
It was noted that there were no matters arising.
- Standing Agenda Items
  - Risk Management Action Plan 2019/20  
This item was presented by the Group Principal. Members were asked to consider and discuss the high risks summarised in the report. The Group Principal reminded

## MINUTE

### No

Members that the annual updated risk register of all key risks had been considered at the Board meeting on 7 October. The summary of high risks reflected the Colleges key strategic priorities, including improving the quality of provision, maintaining strong financial health and ensuring the continued strength and success of the College. The Group Principal spoke about how disruptive Covid-19 had been to everyone. Members asked whether the pandemic would have any effect with regard to any future Ofsted inspections. The Group Principal advised Members that there were no graded Ofsted inspections this term.

Members asked whether learners were being safeguarded as much as possible and to the best of the College's ability? This was discussed in depth and members were reminded that Q&C reviewed safeguarding reports and policy.

Members also asked about the impact of Brexit on the College. The Group Principal advised Members adult learning in ESOL was down, which is considered to be more linked to Covid-19 than to Brexit.

#### **Members noted the report.**

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

The Deputy CEO advised members that there were no items to report.

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

The Deputy CEO advised Members this was the subject of one of the internal audit reports, which would be discussed later in the agenda.

#### 7. Post External Audit Management Report and 2019/20 Financial Statements

This item was presented by the Deputy CEO and auditor Hugh Swainson from Buzzacott. Members were asked to consider the external auditor's post-audit management report 2019/20 and the financial statements and regularity self-assessment questionnaire for TWFCG. Buzzacott's advised that the external management report was right up to date and there were no matters of concern under regularity. Members discussed the management letter in detail.

It was noted this was a fairly clean audit with good controls in place and no issues arising in relation to controls.

The Chair of the Committee congratulated the Deputy CEO and his team on a great job.

Members discussed whether financial sustainability was being tracked and whether it was on the risk register? The Deputy CEO confirmed the second (financial) risk was all encompassing and linked in sustainability, the high operating deficit being the risk to financial sustainability. Further, this is regularly reviewed by the Resources Committee and Board in the future financial forecast, particularly for College cash, which was last considered by the Board on 7<sup>th</sup> October.

Members discussed staff costs and the reason for the high percentage of staff costs in relation to income. The Deputy CEO advised Members that wages and salaries had gone down but the ratio had gone up and this was due to a reduction in income. It was noted that the College has a high proportion of 6<sup>th</sup> form provision and the 6<sup>th</sup> form colleges shown within Buzzacott's benchmarking information had higher staff costs percentages than TWFCG.

There was a comprehensive discussion on all items in this report.

#### **Members unanimously agreed to recommend to the Board:**

- i) **The external auditor's post-audit management report**
- ii) **The 2019/20 report and financial statements**
- iii) **The regularity self-assessment questionnaire**
- iv) **The audit representations letter**

## ACTION

## MINUTE

### No

## ACTION

8.

### Internal Audit Reports

This item was presented by the internal auditors, Graeme Clarke & Lucy Jarrett from Mazars, and the Deputy CEO. There were two audit reports to consider: -

#### i) Follow up

The report was considered and it was noted that all eleven recommendations in the follow up report had been implemented.

#### ii) Learner Numbers Audit

The auditor confirmed the findings of the audit and the status of the recommendations they had raised. The Chair of the Committee felt this was an implementation of the recommendations review and that there was an assumption that all the recommendations in place assumed all the controls were too. The Deputy CEO advised that the auditor has interrogated the learner ILR database file via the DSAT reports. As the findings were tested based on controls and there was no sample testing due to the Covid-19 risk as would usually occur, the Chair said there was no assurance in this audit that the controls were definitely in place and working. The Chair asked for this to be minuted in terms of the way of the audit had been conducted. The DCEO said that it was envisaged there would be a return to sample testing as part of this audit in the current year.

**The Report was noted.**

9.

### Annual Report of the Audit Committee

This item was presented by the Deputy CEO and he went through the summary of all the work of the Audit Committee and the various appendices.

**Members unanimously agreed to recommend the annual report of the Audit Committee to the Board for approval.**

**Refer to Corporation**

10.

### Internal Audit Services Plan 2020/21

The Deputy CEO advised Members that the College was in the second year of the Internal Audit Services Plan. The auditors had reviewed the College's risk register and there were no changes proposed to the second year. It was noted the Payroll audit did not take place last year as a result of the Covid-19 pandemic, but would take place in the spring of 2021.

**Members unanimously agreed to recommend the internal audit services plan 2020/21 to the Board for approval.**

**Refer to Corporation**

11.

### Review of Risk Management Policy

This item was presented by the Deputy CEO. He advised Members that the College's internal auditors, Mazars, had carried out a review of risk management in 2019/20, as discussed earlier in the agenda and that the review included the recommendation to define the College's risk appetite and to reflect this in the College's Risk Management Policy. Members noted the proposed risk appetite statement that was proposed. All other parts of the policy remained unchanged. The Chair felt this was a useful addition to the policy.

**Members unanimously agreed to recommend the Risk Management Policy to the Board for approval.**

**Refer to Corporation**

The co-opted Member advised colleagues that he would be happy to share some ideas to further enhance the Risk Management Policy, as it was in his area of expertise. He informed colleagues there were many tools that could be used around the quantitative statement, as what was relevant today may change in six months' time and it would be important to have a 12 month forward facing view. He felt the College may need to look at the Risk Management Policy more regularly than presently proposed but that it was a good start that could be a much more powerful tool. He would offer advice outside of the meeting.

12.

### Committee Self Assessment

This item was presented by the Clerk. Members were asked to consider the Corporation performance indicators and comment on the extent to which the Committee contributed to them, and to consider the Committee terms of reference and agree whether the terms have been complied with.

**Members were happy to agree the performance indicators and terms of reference**

**MINUTE**

**No**

**and to recommend these to the Board for approval.  
All Members were agreed.**

**ACTION**

**Refer to  
Corporation**

13. Evaluation of Meeting  
Members felt the length of the meeting had been about right, with appropriate time spent on each agenda item. The structure of the papers was easy to follow, the content was clear and full to enable good decision making.

Added Value

Governor questions on how Brexit and Covid-19 might affect Ofsted inspections.  
Detailed discussion on the risk register and changes to risk appetite.  
Interactive discussion on the financial statements.

14. Dates and Times of Future Meetings  
Dates and times of future meetings were noted as:

Scheduled for 6pm on: Wednesday 10 February 2021  
Wednesday 2 June 2021

15. Any Urgent Business  
No other business was raised.

**The meeting ended at 7.15pm.**

Chair.....

Date.....