



## BOARD OF GOVERNORS AUDIT COMMITTEE

### MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT VIA MICROSOFT TEAMS ON WEDNESDAY 3 JUNE 2020

		<u>Meeting Attendance</u>
PRESENT:	Stuart Taylor (Chair)	(3 out of 3)
	Tina Coates	(3 out of 3)
	Peter Tyndale	(3 out of 3)
	Anthony Haines (from 7pm)	(3 out of 3)
	Rob Lewis	(2 out of 3)
IN ATTENDANCE	Kate Webb (Group Principal & CEO)	
	Graham Try (Deputy CEO)	
	Lucy Jones (Mazaars)	
	Grahame Clarke (Mazaars)	
	Hugh Swainson (Buzacott)	
	Pankaj Makwana (Head of Finance)	
	Maxine Wood (Assistant Principal, Further Education)	
CLERK	Lynn Payne	(3 out of 3)

### PART I

#### MINUTE No

#### ACTION

**The meeting started at 6.30pm.**

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 12 February 2020  
The minutes of the meeting of the 12 February 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.**
4. Matters Arising of the Previous Meeting held on 12 February 2020  
It was noted that all matters arising would be covered within the agenda.
5. Standing Agenda Items
  - a) Risk Management Action Plan 2019/20  
This item was presented by the Group Principal & the Deputy CEO. Members were advised of the key risks monitored by this Committee. The risks were presented to Members with updates.
    1. Overspending the 2019/20 budget and the risk of breaking loan covenants.  
The Deputy CEO advised Members that since the Langley land sale had now completed, Santander had agreed to waive the bank covenants in 2019/20.
    2. Meeting learner number targets. The Group Principal said that 16-18 learner numbers were estimated to be below target and current forecasts for adults, apprentices and HE were all lower.

3. External funding and budget risks. This was discussed.
4. Reputation risk. The Group Principal said the College's marketing function had been outsourced in the summer of 2018 in order to seek to improve marketing effectiveness as reported to the Board at that time. She said actions were in place to seek to increase student recruitment in future years, following a third successive year of contraction. The Group Principal confirmed the actions being taken to reassure prospective students, as far as possible, on the safety of the College during this time of Covid-19.
5. Inability to recruit and retain high quality staff. The Group Principal said the second Director of Langley post has now been filled by an internal candidate and, although there were still a small number of roles in the Construction and Motor Vehicle departments needing to be filled, the College was making good progress.
6. Severe disruption and adverse impacts on learners and College operations from the Coronavirus.  
The Group Principal and Deputy CEO updated Members extensively on how the Covid-19 pandemic had affected College students. The Group Principal said the College Group had moved to online learning very quickly and staff had been enabled to work from home with IT equipment.  
Members were advised that online learning was being effective in areas where it could not have been anticipated. The Group Principal said the number of self-isolation notes received was low. Vulnerable students were being monitored and tracked and student engagement was being tracked with feedback from students to date confirming their concerns regarding returning to the College, including using public transport.  
The Group Principal advised members that there was significant testing for Coronavirus planned for this summer. The Chair of the Committee asked whether the College's computer capacity was sufficient, and the Deputy CEO confirmed it had been and an upgrade is also planned for the College's internet connection in the Autumn from 1GB to 10G in order to further improve performance and for future proofingB.

**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 summarised the report.

The Chair requested for future follow up reports, that recommendations are only included where these have not been implemented.

**The report was noted.**

6. Internal Audit Report

Members discussed in detail the land sale audit report which had received Substantial audit assurance and no recommendations. It was noted, following presentation by the auditor, that the control framework in place with respect to the Langley Land Sale operated effectively during the period between March 2018 and March 2020. Members noted the internal audit progress report, June 2020 from Mazars. To date the auditable areas of, IT general controls, risk management and assurance framework and land sale review, had all been assurance level 'substantial'.

The three audits in the planning stage were noted as learner numbers systems, core financial systems: payroll and follow up.

The Chair and Members of the Committee were very pleased to see the substantial grading of the three audits that had already been conducted, and in particular the land sale review, which the Board had asked for earlier in the year.

**The report was noted.**

**MINUTE**

**No**

**ACTION**

7. External Audit Strategy for the Year Ending 31 July 2020  
Members had received the proposed external audit strategy for the year ended 31 July 2020. Hugh Swainson (HS) from Buzzacott presented the report. He outlined the proposed work plan agreed with the Deputy CEO:

1. The financial statements audit
2. The regularity assurance
3. Teachers Pensions Scheme audit

(HS) spoke about Coronavirus and the potential impact on the “going concern” aspect of the accounts, in that there was a risk from Covid-19 that it might have an adverse impact on the College’s finances, especially regarding student recruitment and income generated from commercial operations. HS commented that whilst the College’s cost base was relatively fixed and although a small number of employees had been furloughed, there remained a risk that reduced income would impact on the College’s results and reserves going forward. HS also advised the Committee regarding the implications of the Santander bank loan. He said that although negotiations with the bank are expected to be completed by the time of signing the accounts, they are unlikely to be settled prior to the balance sheet date, and any decision which is reached after the balance sheet date is likely to be treated as a non-adjusting balance sheet event for the purpose of the financial statements. As the default position, if no agreement is reached, is that the loan will become payable in full, they will need to consider whether those negotiations are sufficiently advanced at the year-end to avoid treating the full loan as a current liability. The Deputy CEO reminded the Committee of the substantial cash being held and advised that treating the full loan as a current liability at year-end would be unlikely to affect the College’s ESFA financial health rating.

The report was discussed. Members noted the fees for the audits- in total £24,375.

**The Report was noted.**

8. Evaluation of Meeting  
Members were pleased to complete an evaluation of the meeting, highlighting where they felt they had added value and made appropriate challenge and this is now included as a report at the end of the minutes.

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

Scheduled for 6pm on: Monday 23 November 2020  
Wednesday 10 February 2021  
Wednesday 2 June 2021

10. Any Urgent Business  
No other business was raised.

The Chair of the Committee thanked the internal and external auditors for their comments.

**The meeting ended at 7.20pm.**

**Key evaluation points from the meeting where Governors felt they provided appropriate challenge & added value:**

**Members were happy with the papers they had received and the quality of the Microsoft Teams meeting for this important meeting in the year.**

**Papers were sufficient to inform their recommendations to the Board.**

**Length of the meeting was about right.**

**Length of agenda items**

- **The time spent on each agenda item was appropriate to inform the Committee’s decisions and recommendations.**

- The structure of the papers was easy to follow.
- The papers were clear and the information to support the decision making was fully complete.

**Challenge and Added Value**

**There was appropriate challenge from Governors throughout the meeting.**

Chair..... Date.....