



Minutes of the Audit Committee held on Monday 29th November 2021 at 5pm via Microsoft Teams

Members Present: Charlie Harvey (Chair)
Liam Butler
Wendy Davies
Nirmal Gupta
Sharon Birdi

In Attendance: Gill Darwood (Director of Corporate Governance) (DCG)
Tony Felthouse (KPMG)
Asam Hussain (RSM)
Louise Jones (Chief Finance Officer)
A Majid (KPMG)
Neil Thomas (Chief Executive & Principal)

1 Confirmation of quorum and apologies for absence

1.1 Apologies for absence were received from L Tweedie.

1.2 The Director of Corporate Governance (DCG) confirmed that the meeting was quorate.

2 Declarations of Interest

2.1 The DCG noted that external and internal auditors would be required to withdraw for item 8. There were no other declarations of interest.

3 Minutes of Meeting on 4th October 2021

3.1 The minutes of the meeting held on 4th October 2021 were accepted as an accurate record for signature by the Chair.

4 Matters Arising

4.1 Update on ICCA advisory report

4.1.1 The CFO reminded members that, at the October Audit Committee it was noted that the Sub-Contracting Certificate (External Assurance) report from ICCA contained some incorrect responses. The College had worked with ICCA and confirmed the correct responses to the audit tests on page 5 of the report, which confirmed that the College was fully compliant with all relevant requirements. The College was satisfied that this was now an accurate reflection of the College's position. It was confirmed that no further audit work had been necessary.

4.1.2 There were no further matters arising.

5 External Audit, 2020/21

5.1 *This matter is the subject of a separate and confidential minute.*

5.2 Letter of Representation

5.2.1 The CFO presented the draft letter of representation which had been prepared by KPMG to support the Corporation in confirming to KPMG that the Financial Statements of the College for the year ended 31 July 2021:

- gave a true and fair view of the College financial position at 31 July 2021,
- had been prepared in accordance with the appropriate accounting practices; and
- had been prepared on a going concern basis.

5.2.2 The letter was worded in the same way as last year which meant that Corporation were not being asked to provide any additional assurance or representation other than had previously been given.

5.2.3 **It was resolved** To recommend the letter of representation to Corporation for approval.

5.3 Audit Committee's Annual Report for 2020/21

5.3.1 The DCG presented the Audit Committee's annual report for 2020/21 which summarised the work undertaken by the Committee in 2020/21 and in the current year up to 29th November 2021.

5.3.2 She advised that, to comply with the Audit Code of Practice, as reflected in the Audit Committee terms of reference, the annual report must summarise the committee's activities relating to the financial year under review, including:

- Any significant issues arising up to the date of preparation of the report.
- Any significant matters of internal control included in the management letters and reports from auditors or other assurance providers.
- The number of meetings held in the year, an explanation where this was less than three meetings, and attendance records for each member of the Committee.
- The appointment date of the external auditors and the remaining term of the contract.
- The committee's view of its own effectiveness and how it had fulfilled its terms of reference.
- The Audit Committee's opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, assurance over subcontracting, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency, and the safeguarding of assets.

5.3.3 The DCG advised that the Corporation would rely on the Committee's report in its consideration of the financial statements for the year ended 31 July 2021. A copy of the Audit Committee's Annual Report would be submitted to the relevant funding body with the annual accounts.

5.3.4 **It was resolved** To approve the Audit Committee's annual report for 2020/21.

6 Internal Audit

6.1 Internal Audit Reports

6.1.1 The CFO presented the internal audit report on the College's risk management processes in order to provide assurance that the College had in place a robust framework of risk management which included controls to demonstrate transparency, openness and accountability.

- 6.1.2 A Hussain noted that RSM had concluded that taking account of the issues identified, the Board could take substantial assurance that the controls upon which the organisation relied to manage the identified area were suitably designed, consistently applied, and operating effectively.
- 6.1.3 RSM had highlighted three matters relating to risk appetite, risk register and annual risk management report. As a result two management actions of medium priority had been recommended and accepted by College management.
- 6.1.4 RSM had completed a review of the College's curriculum planning processes to provide assurance that the College was maximising curriculum potential and performance. RSM had concluded that the Board could take reasonable assurance that the controls upon which the organisation relied to manage the identified area were suitably designed, consistently applied and operating effectively.
- 6.1.5 RSM had flagged seven matters relating to PDSAT reports, documentation of curriculum planning procedures, market intelligence, staff utilisation, curriculum efficiency and executive approval of the business plan. Five management actions had been recommended and accepted by College management, three medium and two low priorities.
- 6.1.6 [In response to a question from S Birdi, A Hussain agreed to provide further clarification in respect of one matter relating to a contract of employment not being provided, which had not resulted in a management action on that point.](#)
- 6.1.7 **It was resolved** To note the internal audit reports on risk management and curriculum planning.
- 6.2 Rolling Schedule of Audit Recommendations**
- 6.2.1 The CFO presented the report which summarised the progress made in implementing the recommendations contained in the Audit Reports submitted by RSM. The report identified those recommendations that remained in progress and highlighted those that had been completed. The following summarised progress since the last report:
- 16 recommendations were in progress at the last Audit Committee,
 - 7 additional recommendations had been added as a result of the internal audits on risk management and curriculum planning,
 - 9 recommendations had been completed,
 - 14 recommendations continued to be in progress and would be carried forward to the next meeting. Of these 4 were low priority, 10 were medium priority.
- 6.2.2 The CFO advised that the four remaining follow up actions were proving to be more long term as they mostly related to system development or had a resource requirement. However, the College had plans to ensure these were addressed over the next six months.
- 6.2.3 In response to a question from S Birdi, the CFO confirmed that the Health and Safety committee meeting due in November which had been postponed had been rescheduled for later in the term.
- 6.2.4 **It was resolved** To note the rolling schedule of audit recommendations.

7 Risk Management

7.1 Risk Management Policy Review and High Level Risk Register

- 7.1.1 The CFO presented the risk management policy and procedure which had been reviewed and combined into one document. The policy incorporated sector best practice and recommendations made by RSM following their recent internal audit review of risk management. RSM had also reviewed the policy document and provided their comments which were reflected in the policy attached.
- 7.1.2 The Chair enquired how the College would approach flagging risks where the net risk was lower than the risk appetite, which might represent a failure to maximise opportunity in that area. The CFO agreed that it would be helpful to flag risks at both ends of the spectrum for further discussion at the relevant committee.
- 7.1.3 In response to a question from L Butler, the CFO provided further explanation on the College's approach and interpretation of the risk relating to maximising funding opportunities whilst managing risks appropriately.
- 7.1.4 **It was resolved** To recommend the Risk Management Policy and High Level Risk Register to the Corporation for approval.

A Hussain, T Felthouse and A Majid left the meeting.

8 Confidential – tender for external audit services

This matter is the subject of a separate and confidential minute.

9 Date of Next Meeting

- 9.1 The date of the next meeting was noted as Monday 7th March 2022 at 5.00pm

10 Any Other Business

- 10.1 No further matters were raised.

The meeting closed at 18.05 hours.

Approved by the Audit Committee at the meeting held on 7th March 2022.