

External minutes (Final)

**MINUTES OF CIRENCESTER COLLEGE
AUDIT COMMITTEE MEETING
Monday 22nd November 2021 at 5.00 pm**

Present:

Nicole Saunders (NS) Via Teams
Andrew Tubb (AT)
Julian Tudsbery (JT) Chair
David Zan-Kreyser (DZK) Via Teams

In attendance:

Richard Bott (Mazars) (RB) Via Teams
Carol Davey (Mazars) (CDA) Via Teams
Angelo Faria (Finance Director) (AF)
Karen Fraser (VP External Relations and Student Journey) (KF)
Jim Grant (Principal) (JG)
Jeannie Adam (Clerk) (JA)

GC – Governor comment.

GQ – Governor question.

CD – Committee decision.

1. **Apologies**

Apologies were received and accepted from Chris Haslam.

2. **Members Declarations of Interest**

No member declared an interest in any item on the agenda.

3. **Committee Membership**

Following the recommendation of the Search and Governance Committee, Andrew Tubb was welcomed as a new member of the Audit Committee.

4. **Losses and fraud/whistleblowing (Confidential - included in confidential minutes only)**
a. **Notification of incidents of losses or fraud since the last meeting on 14th June 2021 (verbal report)**

There have been no incidents of losses or fraud since the last meeting.

b. Notification of any whistleblowing incidents since the last meeting on 14th June 2021 (verbal report)

There have been no whistleblowing incidents since the last meeting.

5. Minutes of previous meeting (14th June 2021)

a. Confidential internal minutes

The confidential internal minutes of the Audit Committee meeting on 14th June 2021 had been issued with the agenda for the meeting. The minutes were agreed to be an accurate record of the meeting and were signed by the Chair.

b. External minutes

The external minutes of the Audit Committee meeting on 14th June 2021 had been issued with the agenda for the meeting. The minutes were agreed to be an accurate record of the meeting and were signed by the Chair.

6. Matters arising from the previous minutes (14th June 2021) not covered elsewhere in the agenda.

To review any matters arising from the minutes:

Item 14 from 8th March 2021 meeting following SFCA webinar proposed by NS. Meeting with NS/PJ/AF proposed. Suggested that cyber security could be used to explore new approach to BAF. Item on agenda of 13th June 2021 meeting deferred to this meeting.

The Principal commented that the college is a member of a benchmark group of colleges taking part in an assurance framework project led by RSM and will report back to the Audit Committee regarding this.

CD - The committee agreed to close this item due to the ongoing review of IT and cyber security.

7. Mazars Audit Completion Report 2020-2021

Mazars Audit Completion Report 2020-2021 had been circulated with the agenda for the meeting.

CDA gave the committee an overview of Mazars Audit Completion Report 2020-2021 and drew the committee's attention to the following key points:

- The audit had gone well and all work has been completed. Final work on the ILR was delayed but no major issues have been identified.
- The actuary comments regarding the LGPS and the management judgement made around the salary assumptions. The Corporation should be aware of and concur with this judgement and salary assumptions.
- The ESFA Funding Assurance Audit (Financial year 2021) will begin on 6th December 2021. It would be useful to delay the final sign-off of the audit report in case any material issues are raised from the ESFA Funding Assurance Audit fieldwork.
- The matter of the understated rates bill was discussed with management.
- One low impact area of internal control should be strengthened when practicable.

- The letter of representation is a standard format, for signature when the Corporation have approved the audit report.

RB advised that Mazars are not anticipating any material misstatements to be raised by the ESFA audit fieldwork.

AF advised that sending the financial statements signed by the Corporation on 6th December 2021 to Mazars will be delayed by 4 or 5 days to allow for input from the ESFA Funding Assurance Audit fieldwork.

GC - The Chair congratulated the finance team on the outcome of the audit and commented that no misstatements had been found by Mazars.

8. **Members' Report and Financial Statements (year ended 31st July 2021)**

- a. The Members' Report and Financial Statements (year ended 31st July 2021) had been circulated with the agenda for the meeting.

The committee commented on some minor formatting and pagination matters in the document.

CDA commented on a revision to be made to the reference to the Companies Act (page 28).

Action – AF to make the revisions to the document and send to the Clerk.

GC - DZK commented that the financial statements are materially accurate based on the management accounts he received for 2020-2021.

CD – The committee recommends the approval of the Members' Report and Financial Statements (year ended 31st July 2021) by the Corporation at its meeting on 6th December 2021.

- b. Audit 2020-2021 – the letter of representation to be signed by Chair of the Corporation and Accounting Officer had been circulated with the agenda for the meeting.

CD – The committee recommends the Corporation to authorise the Chair of the Corporation and Accounting Officer to sign the letter of representation.

- c. Going concern 2020-2021 – the regularity assessment document had been circulated with the agenda for the meeting.

AF advised the committee that Mazars need to be assured of the going concern status of the college before the signing of the financial statements for 2020-2021 and made the following key points:

- The document confirms the going concern status of the college and healthy cash balance moving forwards.
- The document received by the committee had been prepared prior to the confirmation of the award to fund the T Level building.
- This award improves the college cash position.
- The released funds will be re-cycled into a revised capital programme covering the animal science block (3 classrooms), C block refurbishment, IT infrastructure upgrade and library extension.

- Increased operational spending due to the additional 300 enrolments for 2021-2022 will be of interest to Mazars.
- It is being assumed that there will be no additional in-year funding received for the additional 300 enrolments.
- The surplus for 2021-2022 is expected to be between £150 - £200,000.

GQ – Is there a threshold beyond which the aspiration to grow enrolment becomes financially unviable?

A - Additional staff and accommodation costs have been budgeted for. Transport costs will be monitored. The LGPS liability is spread over the very long term.

CD – The committee recommends the Corporation to approve the going concern document at its meeting on 6th December 2021.

- d. Regularity engagement assurance – the letter of representation to be signed by the Chair of the Corporation and Principal had been circulated with the agenda for the meeting.

CD – The committee recommends the Corporation to authorise the Chair of the Corporation and Principal to sign the regularity engagement assurance letter of representation.

- e. The ESFA Finance Dashboard (October 2021) for Cirencester College had been circulated with the agenda for the meeting.

The committee noted the ESFA Finance Dashboard for October 2021.

9. Risk Assurance Register

The Risk Assurance Register (November 2021) had been circulated with the agenda for the meeting.

The Finance Director drew the attention of the committee to changes to the document highlighted in grey and made the following key points:

- Risk 1 - remains constant each year.
- Risk 2 – the funding environment continues to disadvantage 6th form colleges.
- Risk 3 – is mitigated to amber due to the high level of action to address this risk.
- Risk 4 – is mitigated to amber due to the high level of action to address this risk.
- Risk 5 – there are more candidates per post advertised and experienced teaching staff have been appointed.

The Principal commented that there will be a T Level inspection by Ofsted between December 2021- April 2022. A full inspection is not anticipated until 2022-2023.

GC – The Cyber Essentials award could be used as a potential control for the future.

A – There is work to be done before Cyber Essentials is awarded.

GQ – Does the committee test the control measures in place or are they taken as read?

A – Enrolment figures and funding are externally verified. Retention level is tracked monthly by the SLT.

The Committee noted the Risk Assurance Register (November 2021).

10. Interim Risk Management Report

The Interim Risk Management Report (November 2021) had been circulated with the agenda for the meeting.

The format of the report has not changed.

The Finance Director drew the committee's attention to the key points around the top 5 risks within the report.

The Interim Risk Management Report was noted by the Audit committee.

11. Cyber-security review (Confidential)

The full discussions are recorded in the confidential minutes of the meeting.

12. Outstanding Audit Recommendations

- a. The updated register of the outstanding recommendations of the TiAA November 2018 cyber security audit had been circulated with the agenda for the meeting.**

The discussions for item 11 addressed the outstanding issues from the TiAA November 2018 cyber security audit. No further discussions took place.

- b. The updated register of the recommendations of the TiAA HR Audit (July 2020) had been circulated with the agenda for the meeting.**

AF advised the committee that the implementation of the iTrent HR software as reported to the committee at its meeting on 14th June 2021 had been intended to address the matters raised in the TiAA HR Audit of July 2020. However, due to a dramatic increase in actual costs and reports of vendor service issues from other colleges, the college did not proceed with the contract.

New suppliers are currently being investigated and there will be a progress report to the audit committee at its meeting in March 2022.

13. Internal audits

- a. The TiAA annual report for 2020-2021 had been circulated with the agenda for the meeting.**

The Committee noted the TiAA annual report for 2020-2021.

Action – Clerk to send AT the 2 TiAA internal audit reports carried out during 2020-2021.

- b. People Process Review Report – May 2021. (MHR Transformation Services) had been circulated with the agenda for the meeting.**

GC – The content and proposals in the report can be used to inform the search for an alternative HR system supplier.

The Committee noted the People Process Review Report.

The committee received an update on the proposed internal audits as reported at the last Audit Committee meeting on the 14th June 2021:

- c. Finance core processes (TiAA - February 2022)

AF confirmed that the finance core processes audit will go ahead as planned in February 2022.

- d. Cyber security or work experience (TiAA - February 2022)

AF confirmed that as cyber security and work experience are under review by external consultants, the proposed internal audit activity will not take place as previously proposed.

14. Audit Committee Annual Report

The draft of the Audit Committee's annual report 2020-2021 which will be presented to the Corporation meeting on 6th December 2021, had been circulated with the agenda for the meeting.

The committee approved the draft Audit Committee annual report 2020-2021 to be issued to the Corporation at its meeting on 6th December 2021.

15. Audit Committee Annual Performance

The summary report into the performance of the Audit Committee during 2020-2021 which is collated from the self-assessment questionnaires completed by members of the Audit Committee, had been circulated with the agenda for the meeting.

The Chair commented that the scrutiny around cyber security could have improved.

The committee noted the Audit Committee annual performance report for 2020-2021.

16. Audit Committee Calendar of Business 2021-2022

The Audit Committee calendar of business 2021-2022 (with minor updates) had been circulated with the agenda for the meeting.

CD - The committee approved the Audit Committee calendar of business 2021-2022 which will be included on the agenda of the Corporation meeting on 6th December 2021.

Action – Clerk to add Audit Committee calendar of business 2021-2022 to the Audit Committee section of the agenda for the Corporation meeting on 6th December 2021.

17. Policies

The following policies, which will go before the Corporation meeting on 6th December 2021 for approval, had been circulated with the agenda for the meeting:

- a. Whistleblowing Policy and Procedure

- b. Subcontract Fees and Charges Policy
- c. Supply Chain Fees and Charges Policy

CD - The committee recommends that the draft Whistleblowing Policy and Procedure, Subcontract Fees and Charges Policy and Supply Chain Fees and Charges Policy be approved by the Corporation at its meeting on 6th December 2021.

18. Any other business

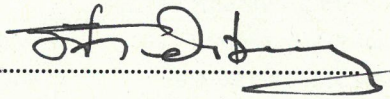
There was no further business for the committee.

19. Date of the next meeting

The next Audit Committee Meeting will take place on 7th March 2022 in the board room at Cirencester College.

The meeting closed at 7.10pm.

Signature of Chair of Audit Committee:



Date: 7/3/2022

Committee action from this meeting and outstanding business for the next meeting			Complete?
Item 8	Agreed revisions to be made to the financial statements 2020-2021 and the updated document sent to the Clerk.	AF	Complete
Item 13	Clerk to send AT the 2 TiAA internal audit reports carried out during 2020-2021.	Clerk	Complete
Item 16	Clerk to add Audit Committee calendar of business 2021-2022 to the Audit Committee section of the agenda for the Corporation meeting on 6 th December 2021.	Clerk	Complete
Committee action from previous meetings.			
Item 11a	Operations Director and PJ to work together to create a template for SOPs which can be reviewed by the Audit Committee.	Operations Director and PJ	22/11/2021 - Closed.
Item 14	NS, PJ and AF to meet to discuss this further and make a proposal for the next steps to the Audit Committee meeting on 14 th June 2021.	NS, PJ, Finance Director	14 th June 2021 – Board Assurance Framework discussions deferred to November 2021 Audit Committee meeting. NS, PJ and Finance Director to meet to discuss. 22/11/2021 - propose this action closed due to review of IT and cyber security. 22/11/2021 - item closed.