

Minutes of the Meeting of the Audit Committee

held at 6.00pm on Wednesday 30 November 2022

Virtually by Microsoft Teams.

Present: Mr J Bryant (JB) Chair
 Ms C Ajit Singh (CAS)
 Mr A Alimohamed (AA)
 Mr A Barke (AB)

Apologies: None

In Attendance: Mr M Cooper (MC) Executive Director Finance, HR and Development
 Ms T Aust (TA) Principal
 Mr S Pringle (SP) Director of Internal Audit, Wylie & Bisset LLP
 Mr R Cloke (RC) Senior Manager, Buzzacott LLP

14/22 **Welcome and Apologies**

The Chair welcomed everyone to the meeting. There were no apologies for absence.

15/22 **Declarations of Interest**

There were no declarations of interest relating to the items on the agenda.

16/22 **Minutes of the Last Meeting**

Minutes from the meeting of the Committee held on 29 June 2022 had been received in advance (Paper 1). IT WAS DECIDED the minutes were a true record of the meeting and they were approved.

17/22 **Matters Arising**

A 'Summary Action Point List' (Paper 2) was received and noted. The Committee received an update on progress towards actions agreed at the last meeting.

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	STATUS UPDATE
8/22	Start a review of compliance with the Post-16 Audit Code of Practice.	On the agenda for discussion.
10/22	Add cyber security and data protection compliance to the Board Assurance framework.	Added to the Board Assurance Framework – to

		review management activity, governance oversight, external assurance and risk assessment of assurance levels.
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18/22 Risk Management

a) Strategic Risk Register

The 'Strategic Risk Register – November 22' was received in advance of the meeting. (Paper 3). It was noted that no risks had been added or removed from the register since the last meeting of the Committee.

The score for Risk 12 relating to inability to control expenditure had been increased due to the heightened financial impact as a result of the energy cost increases (a worsening of expenditure by >£500k).

b) Update on Risk Register Reviews Conducted by Committees

The Chair reported that the Curriculum, Quality and Standards Committee and the Finance, Resources and Capital Projects Committee had reviewed the relevant risks at their meetings in the Autumn Term. There had been no suggested amendments and no new risks identified. The Committee were satisfied with the mitigating actions.

The Curriculum, Quality and Standards Committee thought there were a large number of risks that had likelihood scores of 5 and asked whether this was accurate. They asked the Audit Committee to look at this.

Governors asked if there had been a general increase to risk scores associated with curriculum and quality over time. MC confirmed that there had not.

Governors asked whether controls and mitigation in respect of risk 2 needed updating and if there had been more recent management activity (other than that which took place prior to January 2022) to address the risk of curriculum design and development not addressing students' personal development sufficiently.

Governors suggested that as controls and activity to mitigate against risk 6 did not actually reduce the likelihood of poor attendance impacting adversely on student retention and achievement, management activity in this area should be reviewed for effectiveness. Alternatively, the net risk score should be reviewed.

TA pointed out that the College's attendance strategy has been a key part of development plans with regular review and monitoring against targets set at every Curriculum, Quality and Standards Committee and Corporation meeting, but confirmed that the risk score will be reviewed.

Governors commented that risk 11 relating to pandemic impact on teaching, learning and assessment (TLA) was wide-ranging and asked if the risk score should still be as high as shown. MC agreed that although COVID-19 still presents a potentially all-encompassing risk the likelihood is probably now reduced. TA said this would be reviewed before the next Curriculum, Quality and Standards Committee meeting by which time final achievement data would be available to better assess the impact of this risk on TLA.

The Finance, Resources and Capital Projects Committee had discussed that the Risk Register could include opportunities as well as risk and that risks and assumptions from the Strategic Plan could be also be included. This is something that would be taken forward by the Governance, Search and Strategy Committee.

IT WAS DECIDED that the above action and further review of the high-level curriculum risks, specifically those with scores of 5 for 'likelihood' to ensure these are appropriate, would be undertaken by the Governance, Search and Strategy Committee at their next meeting. This was in line with the decision agreed at the Curriculum, Quality and Standards Committee meeting in October.

19/22 **Internal Audit**

a) **Annual Internal Audit Report 2021/22**

The 'Internal Audit Annual Report 2021/22' (Paper 4) was received in advance of the meeting.

Macintyre Hudson had carried out internal audit work during the period from August 2021 to July 2022 in accordance with the internal audit plan approved by the Audit Committee.

Based upon the work undertaken, the Internal Audit Opinion was that West Thames College has adequate and effective management, control and governance processes in the areas examined which should enable the College to manage the achievement of its objectives. The work had identified some enhancements to the design and/or operation of the system of internal control, risk management and governance to make it more effective in the future.

Based on the work undertaken, there were no significant internal control issues that Internal Audit though would require inclusion as part of the Annual Governance Statement.

During the year, the College had made good progress in implementing recommendations agreed as part of the current and previous audit cycles.

IT WAS DECIDED that the Internal Audit Opinion would be included in the Annual Audit Committee Report.

b) **Internal Audit Plan 2022/23**

The proposed 'Internal Audit Plan 2022/23' had been received in advance of the meeting. (Paper 5).

SP informed the Committee that Wylie & Bisset were delighted to have been appointed as the new internal audit service provider to the College.

Following feedback from the June 2022 meeting of the Audit Committee, consideration of the risk environment and assurance needs of the College, Wylie and Bisset had identified the following areas for internal audit coverage in 2022/23:

Financial systems

Overall Financial Controls.
Procurement.

Operations

Student Progression, Destinations and Outcomes
Funding Review

Follow up of Previous Audit Recommendations.

SP drew governors' attention to the additional services provided by Wylie & Bisset, including a wide range of training topics.

Governors asked whether the recent Office for National Statistics (ONS) reclassification of FE colleges as public sector bodies would have any impact on the planned ILR funding audit review. SP advised that there would be no impact and assured the Committee that Wylie & Bisset would be very well placed to advise on key areas of the reclassification having significant experience of this through their work with colleges in Scotland.

Governors asked why the internal audit plan included a review of ILR funding given that this was an area covered in 2021/22. MC advised that, following changes to the Post-16 Audit Code of Practice made in 2021, in which the ESFA confirmed that auditors were no longer able to place reliance on the final funding reconciliation statement received by colleges to verify the accuracy of income claims made in the year, it had been decided that an ILR funding audit review should be conducted each year. RC confirmed that this provided an additional level of assurance that was very useful to external auditors.

IT WAS DECIDED to approve the Internal Audit Plan 2022/23.

c) **Update on Recommendations from Previous Internal Audits**

An update on progress towards the nine outstanding audit recommendations as at 23 November 2022 (Paper 6) was received in advance of the meeting.

Governors reviewed progress towards the recommendations:

1. Implemented. A fraud risk analysis had been completed and incorporated in the final draft Business Continuity Plan.
2. Implemented. The Business Continuity Plan incorporates the College's Infectious Diseases Disaster Recovery Plan and an IT equipment validation exercise and insurance cover review has been arranged for 8 December.
3. Implemented. Human Resources and Health and Safety KPIs for inclusion in data dashboard reporting had been reviewed and confirmed by the Finance, Resources and Capital Projects Committee.
4. Not applicable. The Finance, Resources and Capital Projects Committee had agreed not to include data about timeliness of staff recruitment in the Data Dashboard.
5. Implemented. A long-term curriculum and quality strategy had been included in the College's 3-year Strategic Plan.
6. Implemented. The updated Health and Safety policy had been made available on the College's website to ensure it is accessible to all stakeholders.
7. Implemented. All stages of the detailed debt collection process are complied with and documented.
8. An update of the bad debt provisions within the College's financial procedures was in progress.
9. Implemented. The chart of accounts had been reviewed to ensure it is accurate and up to date; unused or inactive codes have been closed for postings.

Of the nine recommendations, seven had been implemented, one was work in progress and one advisory recommendation was considered not applicable.

Governors asked whether the planned three days set aside in the 2022/23 internal audit plan for follow up of previous audit recommendations would be too much time given that all but one recommendation had now been implemented. SP advised that Wylie & Bisset would need to review actions that management had implemented to provide assurance that this had been effective.

The Committee was satisfied with the progress being made in the implementation of the remaining audit recommendation and the target date for completion.

IT WAS DECIDED to note the report.

20/22 **Financial Statements Audit**

Under this agenda item, the Committee received the following documents for 2021/22:

- a) Report and Financial Statements
- b) Post-Audit Management Report
- c) Letter of Representation
- d) Completed Regularity Self-Assessment Questionnaire (for information only).

a) **Financial Statements 2021/22**

As required by the Post-16 Audit Code of Practice, the College's 'Draft Report and Financial Statements for the Year Ended 31 July 2022' (Paper 7) had been made available in advance of the meeting. Whilst the Audit Committee has sight of the full financial statements for reference, the main purpose of the Audit Committee is to review the Statement of Corporate Governance and Internal Control and the Statement of Responsibilities of the Members of the Corporation, as well as reviewing and recommending for Corporation approval the Post-Audit Management Report.

The accounts on page 26 show a deficit for the year of £1,134k (2020-21: £666k). After stripping out FRS 102 adjustments of £1,323k for pension service and interest costs, the operating result for the year as reported at Line A of the I&E account in the Management Accounts is a surplus of £188k (2020-21: £446k).

RC informed the Committee that one amendment would be required to the draft Report and Financial Statements in that the recent ONS decision to reclassify FE colleges as public sector bodies requires disclosure as a Post-Balance Sheet Event.

Governors requested that the committee membership attributed to CAS in the table of Members of the Corporation in the Statement of Corporate Governance and Internal Control on page 11 of the report be checked and confirmed.

Following the review by the Finance, Resources and Capital Projects Committee, IT WAS DECIDED to recommend to the Corporation approval of the Annual Report and Financial Statements 2021/22.

b) **Post-Audit Management Report**

The 'Post-Audit Management Report' (Paper 8) had been received in advance of the meeting.

The report of key audit findings confirmed that there were no significant deficiencies found in the College's accounting and internal control systems and

that there were no observations or recommendations to make in respect of the accounting and internal control systems or in respect of regularity and propriety.

The expected opinions shown on page 5 of the report are an unqualified audit opinion for the financial statements audit and an unqualified regularity assurance opinion.

IT WAS DECIDED that the Post-Audit Management Report be included within the Annual Report of the Audit Committee and be recommended for approval by the Corporation at its meeting on 14 December 2022.

c) **Letter of Representation**

The 'Draft Letter of Representation' (Paper 9) had been received in advance of the meeting.

IT WAS DECIDED that the Letter of Representation would be included within the Annual Report of the Audit Committee and to recommend to the Corporation approval by the Corporation at its meeting on 14 December 2022.

d) **Regularity Self-Assessment**

IT WAS DECIDED to note the completed Regularity Self-Assessment Questionnaire.

21/22 **Confidential Session**

Prior to considering its Annual Report to the Corporation, the Committee has the right to go into confidential session without college management being present, should the Committee or the Auditors deem it to be necessary. It was confirmed that there was no need to go into a confidential session.

22/22 **Annual Audit Committee Report**

The draft 'Audit Committee Annual Report' (Paper 11) was received in advance of the meeting.

The Audit Committee, through review of auditors' reports and discussion with auditors and college managers, has arrived at the opinion that West Thames College has adequate and effective assurance frameworks, framework of governance, risk management and control processes for the effective use of resources, solvency of the institution and the safeguarding of its assets.

The Committee was satisfied with the financial reporting of West Thames College and the performance of the internal and financial statement & regularity auditors.

The Committee considers that the Corporation's responsibilities have been satisfactorily discharged.

IT WAS DECIDED to approve the Annual Audit Committee Report 2021/22 and for the report to be made available to the Principal and Corporation at its meeting on 14 December 2022.

The Auditors left the meeting at this point.

23/22 **Committee Matters**

a) **Terms of Reference**

The 'Audit Committee Terms of Reference 2022-23' (Paper 12) had been received in advance of the meeting.

The Committee welcomed the report and noted the good work of the Head of Governance in preparing this. A review of the updated Terms of Reference identified no required changes.

IT WAS DECIDED to recommend approval of the Terms of Reference to the Corporation at their meeting on 14 December 2022.

b) **Indicative Schedule of Business**

The 'Indicative Schedule of Business 2022-23' (Paper 13) had been received in advance of the meeting and was noted.

The Audit Committee needs to have oversight of the College's policies relating to Fraud, Bribery and Whistleblowing. It also needs to have oversight of cyber security and to receive an annual report from the Data Protection Officer on compliance with Data Protection regulation.

IT WAS DECIDED that oversight of Fraud, Anti-bribery and Whistleblowing policies would be added to the Committee's annual cycle of business for reporting in the spring term and that data protection and cyber security would, initially, be added to the reporting cycle in the summer term.

c) **Training Needs of Committee Members**

There were no specific training needs identified for members of the Committee.

24/22 **Post-16 Audit Code of Practice**

A 'Post-16 Audit Code of Practice Compliance Check' was received in advance of the meeting.

The Committee welcomed the report and noted that the College was fully compliant with most aspects of the Code. There were a few areas which had been RAG-rated amber for which further action would be taken to ensure full compliance.

Governors requested that a further update be provided for the areas rated amber at the next meeting of the Committee.

Governors requested that the Corporation be informed of the additional services of training offered by the internal auditor, Wylie & Bisset, through inclusion in the Audit Committee Annual Report and that these training topics be noted for consideration.

Governors requested that the item reference numbers in the table of compliance check be corrected by the Head of Governance.

IT WAS DECIDED to note the Post-16 Audit Code of Practice compliance check.

25/22 **AoC Finance and Audit Committee Chairs Network**

Slides from a recent meeting of the Association of Colleges Finance and Audit Committee Chairs network (Paper 15) had been received in advance of the meeting.

JB provided further feedback on the key points of the meeting, which was noted by the Committee.

26/22 Date of the Next Meeting

The date of the next meeting of the committee was Wednesday 8 March 2023 at 6.00pm.

Summary of Actions

No.	Action	Lead	Target Date
18/22 b	Governance, Search and Strategy Committee to review curriculum risks with scores of 5 for 'likelihood' to ensure these are appropriate.	GSSC	Feb 23
20/22 a	Check and confirm the committee membership attributed to CAS in the table of Members of the Corporation in the Statement of Corporate Governance and Internal Control	KF	Dec 22
23/22 b	Reporting of policies relating to Fraud, Bribery and Whistleblowing for Audit Committee oversight at the spring committee meeting.	MC	Feb 23
23/22 b	Reporting of cyber security for Audit Committee oversight and DPO annual report on compliance with data protection regulation at the summer committee meeting.	Exec / MC	Jun 23
24/22	Provide a progress update at next committee meeting on areas of Post-16 Audit Code of Practice compliance check rated amber.	MC	Feb 23
24/22	Include reference to additional services provided by internal auditor in Audit Committee Annual Report to Corporation.	KF	Dec 22
24/22	Correct item numbering in Post-16 Audit Code of Practice compliance check table.	KF	Dec 22