



MINUTES
of the Audit Committee
held on Monday 30 March 2020 held remotely

Present: - Mr Tony Ford (Chair)
Cllr Sebastian Bowen
Mr Jeremy Nicholls
Mr Kevin Tong (Co-opted Member)

In attendance: - Mr Edward Gwillim (Director of Finance)
Mrs Clare Perez (Finance Manager)
Mrs Linda Watkins (Clerk to the Corporation)
Ms Louise Tweedie (RSM)
Ms Laura Goodwin (RSM)

Due to the COVID-19 pandemic and lock down all participants joined the meeting remotely. The meeting was quorate as there were four members.

	Action
<p>5. Apologies for Absence There were no apologies.</p>	
<p>6. Declarations of Interest No new interests declared.</p>	
<p>7. I. Approval of the Minutes of the Meeting The Committee agreed that the Chair should sign the minutes of the meeting held on 2 December 2019 as a true and accurate record.</p> <p>II. Matters Arising There were no matters arising which would not be covered during the meeting.</p> <p><u>The Committee agreed:</u> -</p> <ul style="list-style-type: none">To approve the minutes	
<p>8. Internal Auditor's Reports RSM presented the following reports.</p> <p>I. Progress Report and client briefings: This was a factual summary of progress during the year. There are three audits scheduled for May with consideration to identify if audits could be completed remotely. Briefings were provided on counter fraud and how colleges are required to proactively address this requirement in the Audit Code of Practice. The College will implement a counter fraud</p>	E Gwillim

policy. A Governor raised the recommendation for an annual assessment against fraud and it was agreed to annually complete using the summary fraud risk assessment provided in the briefing. An update on the COVID-19 with practical steps and Government reliefs for the FE and skills sector was also noted.

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- II. Strategic Planning Framework: The final report had been emailed to Governors which included some additional context in management comments compared to the draft report. This area was given reasonable assurance with some low level and two medium recommendations. The draft strategic plan had been discussed and agreed in principle by the Board in October 2019 agreeing some additional points. Dates for actions have been extended for completion to December 2020 so that the incoming Principal can have input into the strategic plan. KPIs need to be developed to ensure that the Board monitors progress and achievement of all strategic objectives. The Quality Improvement Plan had not been prepared at the time of the audit. The Clerk confirmed that this would be presented to the Quality and Standards Committee this week.
- III. Key Financial Controls: Reasonable assurance was given with seven medium and one high level management recommendation. The size of sample of paid purchase invoices was 20. One purchase order had been raised after the order had been placed with two retrospective orders. Changes to supplier details were not sufficiently robust; this had been addressed and suppliers contacted who have not returned appropriate information to finance. A new form has been designed to check supplier details are tested for accuracy. Debt chasing had not followed the Financial Regulations' procedure. There is a debt management module in the finance system and training has been arranged for staff. Staff are focussing on reducing 90 days debt payments which include student fees. It was confirmed that debts are pursued in a timely manner using the debt management module. Asset verification was required to ensure assets exist. A Governor asked if about over payment of staff who have left the College's employment. The personnel department had confirmed that a report is generated to compare the month's pay with the previous month. Overpayment is recuperated from the member of staff who has left the College. Additional systems to report pay costs to faculty managers has subsequently been put in place. The Committee requested a summary of faculties who have overpaid leavers in future; it was confirmed that there are very few.
- IV. Capital and Estates Management Processes: This reviewed capital expenditure, planned maintenance expenditure and responsive maintenance for emergencies. Partial assurance was provided to reflect

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the number of actions which included five medium and two high recommendations. Responsive repairs are addressed by contacting the Estates team which are recorded on a whiteboard. An electronic system needed to be embedded to log and track requests based on the scale of the College across multiple sites. During the merger the capital bid process had changed to use TU funding as opposed to a schedule of capital expenditure bids. The College would revert to the previous system. Plant and machinery requires following the manufacturer's maintenance schedule which needed to be incorporated in the estates plan. A Governor commented that capital and estates planning appeared ad hoc; however, assurance was provided that the estates team had a significant amount of work as a result of the merger. In the short term the capital projects regime had not been followed. The College has appointed an Estates Coordinator who will address recommendations to embed processes to log maintenance jobs and completion; however, the lockdown due to COVID-19 had hindered this. An Estates and IT Manager has been appointed following retirement of the current postholder.

- V. Follow up: The status of all management actions from the previous year was followed up. There were 36 actions with 12 implemented and 3 superseded. 6 were in progress and 14 had not been implemented with 12 carried forward from the previous year. The backlog had happened as a result of the merger. A Governor asked about the 12 actions relating to the previous year and proposed actions. The Director of Finance responded that that COVID-19 had hindered progress.
- VI. Benchmarking Report 2018/19. This showed the number and level of recommendations made at HLNSC compared with RSM's clients in the sector. The College had performed slightly below the sector with reasonable assurance provided in four reports; however, this period covered the year of merger with NSC. The College had been given the second audit annual opinion which matched 82% of other colleges. It had been anticipated that this would improve following the merger. A Governor asked about the opinion based on the current year; the auditors had confirmed that the College was towards the lower end of colleges within this band and did not anticipate that this would change based on reports completed to date. There is an option to conduct further work on the follow up of actions at the end of the financial year; however, this could be challenging due to the impact of COVID-19.

The Committee agreed: -

- To note the internal auditor's briefings, reports and benchmarking report

9. Audit Recommendation Tracking Report

The Director of Finance informed Governors that this had not been updated due to COVID-19.

10. Risk Management Register

COVID-19 pandemic had been added as a major risk which will affect all of the College's strategic objectives. At this stage, it is anticipated that the College will be closed for the remainder of the term; however, Government guidance will be followed. There are potential impacts to outcomes, reputation, staff and finances.

Income funded by ESFA is guaranteed to continue for the current year and for 16-18 learners next year with an increase of £877K to funding. HE income is not anticipated to change as students will achieve outcomes; however, fee income for adult learners will decrease. Apprenticeship income will continue to be received with some flexibility. Nursery and refectory income will decrease for the remainder of the current year. The College has a strong cash position. Monthly management accounts will be issued to Governors which will show the impact of COVID-19 and amendments to income streams.

Health and safety, safeguarding and staff morale are positional risks. The Principal is providing regular updates to staff with daily meetings by the College's COBRA Committee to manage the impact of COVID-19 and ensure that the College remains operational.

Staff are working to support students remotely using IT technology to deliver teaching and learning. This has limitations for some students with other methods required. A Governor asked about practical programmes and subjects which require delivery in workshops. Where possible practical elements of courses was provided before lockdown in response to COVID-19; however, some assessments and practical workshops will need to be delayed due to COVID-19.

The risk of a change in a senior postholder had decreased following the appointment of David Williams as Principal. There was a question about the handover and potential impact of COVID-19. The Principal is already in regular contact with the incoming Principal.

RSM had provided guidance on COVID-19 and Governors suggested cross-referencing this to College operations.

The Committee agreed: -

- To note the risk register
- Appreciation was recorded to CMT and staff for managing the College during the COVID-19 pandemic

- 11. ESFA Counter Fraud Self Assessment Questionnaire**
This was presented for information following discussion at the last meeting. The Committee had previously agreed to use RSM's counter fraud questions as a self assessment.

- 12. Any Other Business and comments**
Appreciation recorded to everyone for participating in the meeting remotely which had been successful.

- 13. Date and time of next meeting**
The next meeting of the Audit Committee was arranged for Monday 8 June 2020 commencing at 4.00 pm.

Signed as a true record of proceedings

Chair: **Date:**