



Minutes of the Audit Committee

(via Video Conference)

Date: 16 June 2020

Present:	Nigel Hainsworth (Chair) John Egan (Vice Chair) James Parker Colin Forrest Paul Webley Shoeb Desai	
In attendance:	Lorraine Swift Charlene Lancaster Ian Durham Jeremy Stott Susanna Butler	Vice Principal Finance & Planning External Audit Director, Mazars Director of Physical Resources Clerk Minute Secretary
Apologies:	-	
Meeting commenced:	18:00	
Meeting closed:	19:30	

01/20 Disclosure of financial and/or personal interest

18:00

There was no disclosure of financial and/or personal interest.

02/20 To agree agenda and order of business as circulated

18:00

It was agreed for item 8 to be dealt with earlier in the agenda, and for item 4d) to be dealt with later after the External Audit Director has left the meeting.

03/20 To approve the minutes of the meeting held on 27 Nov 2019

18:02

With the approval of the proposed amendment to minute 24/19 ii, the minutes were approved as a true record.

Minute 24/19ii to now read, 'It was agreed that size is also an impact - the larger an organisation, proportionally the fewer people you have knowing the details of what is going on.'

04/20 Matters arising

18:03

The Vice Principal Finance & Planning (VPFP) fed back on the matters arising as follows:

- a) 20/19ii) Marketing Strategy:** A background report went to the Corporation and a further update will be prepared for the July Corporation meeting.

- b) 28/19ii) Addition to Risk Register about work placements:** There is reference in the Risk Register to T Levels, but risks will be dealt with later on in the agenda.
- c) 30/19) Governors Liability Insurance for Co-opted Members:** After the December meeting, it was confirmed that all governors are covered for liability insurance, including co-opted members.

05/20
18:13

To consider the External Audit Planning Memorandum, including the Engagement Letter for Financial Statement Auditors

Our External Audit Director pulled out the key points highlighting the following:

The audit is conducted under the Post 16 Audit Code of Practice. This year's has not been released as yet, so Mazars do not have a clear scope, but from informal discussions with the ESFA, no substantial changes are expected.

The draft engagement letter was approved by members, subject to any material change as a result of the delayed Post 16 Audit Code of Practice.

In Section 4, the key significant risk areas have been identified, along with the mandatory risks included in all audits. The Going Concern is particularly apt this year in light of Covid-19. For half of Mazars FE portfolio this has become a significant risk, though not for Shipley College. The audit will be looking at robust mitigation of risks. The VFPF confirmed that she has already produced a set of forecasts and they have come out better than anticipated.

There are some uncertainties, but these are at the level we would normally expect with no enhanced level, so they are comfortable adopting the Going Concern principle. The VFPF added that this year's financial return was submitted in Feb and another is now due in July, so some commentary will be added to it with sign off due in December. The figures submitted to F&R are quite conservative so we could be closer to our target than we thought so we are still in quite a positive position.

The Chair highlighted the pensions risk, though there is a lower contribution rate than anticipated. The External Audit Director drew attention to the ongoing concerns. The key risk is that we don't know what will happen with the grant to support the increased teachers' pension contribution which is currently only confirmed to March 2021. It may continue beyond then, but the government could withdraw it in light of current challenges. We should know by the Autumn spending review.

06/20 To consider an update on progress of 2019/20 Assurance work

18:27

The VFPF confirmed that some of the work has been completed, with other works poised to do before lockdown. The planned assurance work tried to concentrate on key risks. We carried out a self-assessment of the Gatsby benchmarks which were presented to C&Q; a Matrix Assessment was successfully carried out in May;

and in terms of penetration testing, IT were speaking with suppliers just before lockdown.

Review of timetabling is difficult with social distancing in place, but college is keeping in touch with a variety of networks in order to help plan how best to move forward.

The planned assurance work should be finished before the next meeting in November.

Discussed how the Year end audit will be carried out. Talks have taken place on how much of Mazars work will be carried out on site, but no date has been set as yet. The Finance team will need to be on site for some of the audit work, but most will need to be done remotely. The Director confirmed that in the 3 months since lockdown, with the use of enhanced technology, they have been able to successfully carry on their audit work. For any work that may need to be carried out on site, it was suggested appointing a proxy with a camera who could take photos, scan papers etc, or the use of screen sharing, so there would be no real need to physically be on site.

The External Audit Director was thanked for her report and attendance and left the meeting at 18:36.

07/20
18:37

Increase in Audit Fee for 2019/20 proposed by Mazars

The VFPF confirmed that the audit fee has been increased from £9.5k to £14k and invited a discussion. It was agreed that it is too late to go out to tender at this stage so we need to accept or disagree with this fee. The increase has been due to regulatory pressures and, with the charge out rate per staff member and increased time spent on audits, Mazars say they have just about been breaking even. The new quote has already taken into account more remote working to help with costs. The fee was initially challenged, but we acknowledge that Mazars are doing a lot more work around regularity, fraud and IT security. Also, we remain happy with their level of service, they are performing effectively and it is a good rate relative to the market.

As we don't have to confirm straight away, it was agreed to wait until the next meeting in November to formally approve the increase. VFPF to confirm acceptance of the 2019/20 fee of £14k plus TPS audit of £1k.

08/20
18:42

To receive:

i) An update on the Risk Register

The VFPF confirmed that this had been shared on 19 May and we expect to make any updates again in July. Questions were invited.

Comments were made against 1c) and 8c) and how apprenticeships are a big worry. There is some mitigation included, but it was suggested we borrow some of the narrative from 8c) about positioning of the college with partners to strengthen it, which was agreed. The Apprenticeship Guarantee offers opportunity to help us, but it is an employer led situation. With the employability

issue and people mid career cast adrift, it was acknowledged that this has been picked up. The Head of Student Services added that there has been a lot of work on internal progression and, because of remote interviewing and learning, we will need to have a more structured induction programme in place where IAG continues for much longer.

The update was received.

ii) A proposal to consider format changes

The VPFP highlighted the talks which have taken place about some changes to the format, but that it was felt more important to focus on the content. It was agreed to therefore defer this item to November.

iii) A copy of the Risk Assessment for College reopening for recommendation to the Corporation

The VPFP referred members to the main risk assessment document and associated links. She explained how this has gone through many stages - via teams, Heads of Sector and SMT. At the end of each section, protocols are set out. It gives us a picture of risk and what things will look like when we return to the buildings. The template has been taken from a H&S specialist and tailored to Shipley College needs.

Questions were invited and the Director of Physical Resources was asked to provide an overview of the plans. He stated that the Premises Manager is working on site keeping things going so the buildings remain in good 'health' and, apart from a reprographics service, all other work is taking place remotely. There is a strong message to staff to only come on site if absolutely necessary and that 2m social distancing, hand hygiene etc is in place. One way systems have also been set up. Very little will be happening on site until September with no demand to remain open for the children of key workers. Most of our plans are nearly complete, and we are working with Salt Foundation for their views on managing Victoria Hall.

It was queried how the college will respond if social distancing reduces to 1m. It was confirmed that we are keeping an eye on the news daily and are able to adapt and make the necessary changes if guidance is updated. It was also queried if there is a section on using lifts and confirmed there is a section which states a 1 person rule in the lift, unless someone needs a carer or assistance. In those cases, we will have packs of PPE for carers and first aiders. It was acknowledged that the new measures will add to the journey times for those with mobility issues. A questionnaire will be sent to staff and students this summer to find out people's situations. One way systems will also take longer so we need to carefully consider timetabling and catering provision. We believe there is nothing insurmountable and our estate is very accessible.

The Director of Physical Resources and his Team were thanked for all their hard work and he left the meeting at 19:02.

The VPFP confirmed that we may send out another version of the reopening plans

next week if we make any major changes, otherwise members are asked to recommend them to the Corporation. An approved copy is needed for the unions.

It is proposed that students could come in on alternate days, sometimes working remotely, with a mix and match of studying. All courses have been looked at and how to plan and deliver for September. Higher levels might not come in as often but it will be tailored to the cohort. Backroom staff are to work off site as much as possible.

It was agreed to recommend to the Corporation the Risk Assessment for the reopening of the College

09/20
19:06 **To consider and recommend to Corporation changes to the Financial Regulations & Annexes**

The VPFP confirmed she has been through the Financial Regulations and made a small number of changes. Some are around working at a distance; hopefully the reasons for others are clear in the papers.

It was agreed to recommend to the Corporation changes to the Financial Regulations & Annexes.

10/20
19:08 **To monitor the progress of the College in implementing recommendations made by Assurers/Auditors:**

The G Suite assurance report in Spring 2019 highlighted a number of risk areas. The implementation of the high risk recommendations was undertaken and an update reported in November. Work on reviewing implementation of the lower risk recommendations has been delayed due to COVID 19. This work will recommence as soon as possible and an update will be provided in November.

11/20
19:10 **To consider a review of the key performance indicators for External Auditors**

The VPFP confirmed we are happy with how we work with Mazars and how we have spent time building up trust which is reflected in the KPIs. It was queried why there is no response to Q4 and confirmed that there were no other auditors to relate to.

12/20
19:11
i) **To:**
Review and consider for sign-off the Supply Chain Fees and Subcontracting Policy

We are required to have this policy, but have no subcontracting in place. No changes were made after the review. A comment was made at Section 11 on Payment Terms where a title needs updating which has been actioned.

Members agreed to the sign-off of the Supply Chain Fees and

Subcontracting Policy

ii) **Review subcontracting as required by ESFA**

To note is that there is no subcontracting and none is currently planned.

13/20
19:13

To receive the ESFA's Review of financial statements for year ended 31 July 2019

The VPFP said the letter had been delayed and took a few months to come out. It confirmed that the ESFA agrees with our accounts, that we are Financial graded as Good but is silent on financial intervention. Therefore assume the ESFA requires us to continue to send the quarterly management accounts and forecasts.

The ESFA Review was received.

14/20
19:15

To consider and recommend to the Corporation:

i) **Data Protection Policy including retention and disposal schedule**

The Clerk reported that the policy has been updated and approved by SMT. The VPFP added that we had to make an update in the retention and disposal schedule to our HR and payroll records which now need to be stored for 15 years due to the fact that we could all have access to childrens' records.

It was agreed to recommend to the Corporation the Data Protection Policy and Retention and Disposal Schedule

ii) **Dynamic Lockdown Procedure**

This is an annual update and no changes have been proposed. It is a new procedure which was set up 3 years ago on how we would lock down the building and a few tests have taken place. The next review is in 3 years.

It was agreed to recommend to the Corporation the Dynamic Lockdown Procedure

15/20
19:17

To receive

i) **The annual report on any instances of fraud**

The Clerk confirmed that during the 19/20 academic year there were no serious weaknesses, significant fraud, major accounting or other control breakdowns which the College, its funding auditors, its financial statement auditors or the Assurance Providers were aware of which needed reporting to the appropriate Funding Body; and that no use of the Whistleblowing Policy and Procedure was made.

Members were asked to consider and receive the report.

ii) An update of the Fraud Indicators Checklist

The VPFP confirmed the anti-fraud checklist has been updated and that the responses are all still relevant.

iii) To consider a review of the Whistleblowing Policy and Procedure and recommend to the Corporation

The Clerk confirmed that this has been through SMT with just small changes made to contacts.

It was agreed to recommend to the Corporation the Whistleblowing Policy & Procedure

16/20
19:20

To consider GDPR Annual Report

The Clerk presented a list of breaches over the last 12 months of which there are 9 reported internal breaches. The report sets out how these have been reported and dealt with instances such as 'send to all' errors. It was acknowledged that this is something that can easily happen, especially when working from phones and that we expect we will never have a nil return on breaches. One data breach led to a formal complaint, though the Information Commissioner did not feel the breach was serious enough to be reported to them. Mitigation has been put in place. It was queried if any students have requested details of their personal information and confirmed that no subject access requests have been made, and only one from a member of staff which was a number of years ago.

A discussion took place on the safe dissemination of information to governors and J Egan volunteered to look into ways for members to pick up emails more reliably to keep college information separate from their private email accounts. Members agreed with the points made.

The Chair said this had been a useful meeting and thanked everyone for their attendance.

17/20
19:28

Any Other Business

i) Dates of meetings to December 2020

- Tuesday 24 November 2020 at 6 pm

ii) To consider which recommendations/proposals are reported to the Corporation in more detail

- **Minute 08/20 ii)** on recommendation of the Risk Assessment for College reopening
- **Minute 09/20** on recommendation to the Corporation changes to the Financial Regulations & Annexes

- **Minute 12/20 i)** on recommendation for sign-off the Supply Chain Fee and Subcontracting Policy
- **Minute 14/20 i)** on recommendation to the Corporation the Data Protection Policy and Retention and Disposal Schedule
- **Minute 14/20 ii)** on recommendation to the Corporation the Dynamic Lockdown Procedure
- **Minute 14/20 iii)** on recommendation to the Corporation the Whistleblowing Policy & Procedure