

**AUDIT COMMITTEE**

Minutes of the meeting held on **Tuesday 19<sup>th</sup> November 2019** at 5:00 pm.

Present: Rubina Chaudary (Chair); Graeme Birch and David Jones (Co-opted member).
In Attendance: Hayley Griffiths (Temporary Clerk); David Blower – Senior Assistant Principal, Students and Quality; Norman MacDonald, Director of Finance; Lee Glover, Haines Watts, Internal Auditors Alice Griffiths, Haines Watts, Internal Auditors (Apprentice) Paul Foster, RSM External Auditors
1) The Clerk to the Corporation was unable to attend this meeting. The Chair discussed standing order 16.5 for such a circumstance, and recommended the appointment of Hayley Griffiths as a temporary clerk for the meeting. The committee agreed to appoint Hayley Griffiths as the temporary clerk for this meeting.  Lee Glover, Haines Watts, asked for permission to allow Alice Griffiths to attend this meeting as part of her induction training, following her appointment as an Apprentice at Haines Watts. The committee agreed to allow Alice to be present for the meeting.
2) <u>Apologies for Absence</u>  Paul Oxtoby from RSM was unable to attend the meeting. Paul Foster from RSM attended as his replacement representative.  The meeting was quorate following the arrival of Graeme Birch at 5.20pm.
3) <u>Declaration of interest/s</u>  No declaration of interest/s was made.
4) <u>Declaration of any potential conflict/s of interest</u> with items on the agenda.  No declaration of any potential conflict of Interest with item/s on the agenda was made.
5) <u>Notification of Any Other Business.</u>  The Senior Assistant Principal asked for the Internal Audit Review 2018/19 to be included under item 15 following the absence of it on the agenda. The Chair agreed to allow the item to be included.
6) <u>Terms of Reference</u>  CONSIDERED: The Audit Committee Terms of Reference and Membership, PAPER AUD19/11/06  RESOLVED: The Committee agreed to the changes highlighted within the document. The Chair requested that her title be changed to Mrs.
7) <u>Minutes</u> of the previous meeting held on 11 <sup>th</sup> June 2019.  CONSIDERED:  The Minutes of the previous meeting held on 11 <sup>th</sup> June 2019, PAPER AUD/11/06/  RESOLVED: The following amendments to the minutes were requested:

The minutes of the meeting are to be signed and agreed as an accurate record following the above update.

8) Matters Arising.

The Senior Assistant Principal confirmed that the key performance indicators (KPIs) are yet to be completed. He confirmed that he will meet with Lee Glover and the Director of Finance to confirm them, and will circulate them to the Committee via email in advance of the next Audit Committee meeting.

**External Audit items**

9) Annual Report of Audit Committee  
RECEIVED:

The Annual Report of the Audit Committee;

PAPER AUD/19/11/09.

REPORTED:

The Senior Assistant Principal, David Blower, presented the report and gave an overview. He explained that this report was the last one by the former Chair of the Committee.

The Senior Assistant Principal highlighted that there are a couple of items for updating from the external Audit Findings Report. The Director of Finance confirmed that one of the items relates to the tender process.

The Committee thanked the Senior Assistant Principal for the report, and requested the following amendments:

Page 1, point 2 - \*to be changed from ‘co-opted’ to ‘co-member’

Page 2, point 4 - The tense of the first line to be amended

Page 3, point 10 – accounts for the year ended 31<sup>st</sup> July 2019

Page 4, final paragraph – Final sentence to be rewritten

Page 4, final paragraph – Correction to the spelling of ‘Chaudary’

The Senior Assistant Principal will make the above amendments in preparation for the report to be taken to the Full Board meeting on 11<sup>th</sup> December 2019. He will also add in the items from the External Audit Report.

Senior  
Assistant  
Principal

**Internal Audit items**

10) Value for Money Report

RECEIVED:

The Value for Money Report

PAPER AUD/19/11/10

REPORTED:

The Senior Assistant Principal talked through the report and explained that the college continues to ensure value for money is obtained where possible. He explained that the College has returned to a former model with regards to hiring a consultant to assist with the management of the catering contract, and talked through the legal requirement for a Health and Safety consultant.

Senior  
Assistant  
Principal

<p>The Senior Assistant Principal explained that the refurbishment projects are ongoing, with value for money being obtained through correct management of the projects and by following correct financial procedures to provide appropriate facilities for the students.</p> <p>He confirmed that all Saturday School lettings agreements have been updated with increased charges made for this academic year. He confirmed that use of the college building outside of this remit remains minimal and continues to be reduced. He also highlighted that the Director of Finance will be reviewing utilities in the near future to determine where, if any, further savings can be made.</p> <p>The Senior Assistant Principal explained that a tender process has begun for the IT systems with an external company managing the tender. He highlighted that value for money would be obtained by tendering for a longer contract.</p> <p>He confirmed that the tender process for insurance contracts has been completed with the college agreeing to proceed with a new provider in the market place. He explained that by going through CPC, the brokers have saved the college approximately £10,000. He also highlighted that the tender for the maintenance contract was conducted last year but didn't save any money following savings made through the previous provider in error.</p> <p>The Senior Assistant Principal confirmed that the photocopier contract would be going out for tender in the near future alongside the IT systems. He highlighted that electricity and gas, as well as catering, would be reviewed in the New Year.</p> <p>The Committee thanked the Senior Assistant Principal for his report.</p>	
<p>11) <u>Sub-contracting provision.</u></p> <p><u>TO RECEIVE:</u></p> <p>Letter from the Chief Executive of the ESFA to the Chair of the Corporation and Principal about sub-contracting provision; PAPER AUD/19/11/11i</p> <p>Additional letter – Q&amp;A about the above letter; PAPER AUD/19/11/11ii</p> <p><u>REPORTED:</u></p> <p>That the College has responded, confirming the College is “satisfied that our subcontracting is <b><i>purposeful, appropriate, and provides added value to learners.</i></b>” and is managed and overseen in line with ESFA requirements.</p> <p>The Committee agreed with the above statement and highlighted that no concerns arise for the college from this letter.</p>	<p>Director of Finance</p>

<p>12) <u>Draft Financial Statements for 2018-19</u></p> <p>CONSIDERED:</p> <p>i. The Draft Financial Statements for 2018-19 for Joseph Chamberlain Sixth Form College</p> <p>And;</p> <p>ii. The Draft Financial Statements for 2018-19 for Subsidiary Company Accounts;</p> <p>a) Joseph Chamberlain (Trading) Limited; b) The College for International Citizenship (CiC)</p> <p style="text-align: center;">PAPER AUD/19/11/12 i, ii a and b attached</p> <p>REPORTED:</p> <p>The Director of Finance explained that these statements are considered alongside the Audit Findings Report. He explained that the college has had another excellent year financially with regards to outcomes. He confirmed that the red figures within the report are now finalised and show the changes made to the report since it went to RSM. He confirmed that page 38 of the report is still to be completed.</p> <p>The Director of Finance explained that Joseph Chamberlain (Trading) Limited achieved a surplus of £8250 for the first time last year and hopes it will continue in the future.</p> <p>The Director of Finance confirmed that the College for International Citizenship (CiC) is currently being strategically reviewed. He highlighted that the company broke even last year and remains in a healthy cash position. He explained that the direction of the company will need to be considered for the future.</p> <p>The Director of Finance confirmed that these reports would be taken to the Finance and Resources Committee meeting later this month for further consideration.</p>	<p>Director of Finance</p>
<p>13) <u>Letters of Representation</u></p> <p>CONSIDERED:</p> <p>Paul Foster, RSM, confirmed that the Letters of Representation would be discussed under item 14 as they form part of the External Audit Findings Report.</p>	<p>Paul Foster RSM</p>
<p>14) <u>External Audit Findings Report</u></p> <p>RECEIVED:</p> <p>The External Audit Findings Report from RSM UK; PAPER AUD/19/11/14.</p> <p>REPORTED:</p>	<p>Paul Foster RSM</p>

<p>Paul Foster, RSM, explained that following the conclusion of RSM's fieldwork, they have now presented their findings within the following report.</p> <p>He explained that there are no major issues with only a couple of matters outstanding at this stage. He talked through the report in detail and highlighted the pension scheme liabilities and the substantial increase this year. He advised that all the college can do is pay in line with the recommendations made.</p> <p>He discussed the positive findings within the report relating to management override of controls and subsidiary companies. He highlighted that if Joseph Chamberlain (Trading) Limited continues to make profit, the £22k debt should be repaid in full.</p> <p>He highlighted an instance around the IT contract whereby procurement procedures hadn't been followed but confirmed that the Governors were aware of the urgency of the situation. He explained that the recommendation is to ensure full records are kept in case of any future queries.</p> <p>He discussed sections 4 and 5 within the report and highlighted that the outcome remains very positive. He confirmed that additional disclosures were made in section 6 this year and highlighted the omission of bandings for key personnel which were in £10K bandings rather £5K bandings.</p> <p>He talked through the letters of representation appendices, and explained that they are standard worded letters with no specific points contained within.</p> <p>It was confirmed the accounts would go to F&amp;R Committee and then Full Corporation on 11 December 2019 for final sign off.</p> <p>The Committee thanked Paul for his report.</p>	
<p>15 <u>Internal Audit Three Year Plan 2019-20, 2020-21, and 2021-22</u></p> <p><u>RECEIVED:</u></p> <p>A Report (Draft) on the Internal Audit 3 Year Plan 2019-20, 2020-21, and 2021-22</p> <p style="text-align: right;">PAPER AUD19/11/15</p> <p><u>REPORTED:</u></p> <p>The Senior Assistant Principal explained that this report is refreshed and updated annually. He confirmed that the report has been seen by the Senior Leadership Team. He explained that one minor amendment to the report has been the request to delay the HR health check to 2020/21.</p> <p>Lee Glover discussed the report provided and explained that if approved, Risk Management, Core Financial Controls, Student Records, IT Health Check and Subcontracting Certification would be audited this year. He explained that Appendix C, Annual Audit Plan 2019/20 is now complete and can be distributed.</p> <p>Lee explained that the exact dates for the January 2020 audit are to be agreed with Core Financial Controls to be one of the first areas to be</p>	<p>Lee Glover, Haines Watts</p> <p>Senior Assistant Principal</p>

<p>audited in March 2020 along with the IT health check to help inform the future contract arrangements. He explained that Student Records, Risk Management and Subcontracting Certification would be audited during June 2020.</p> <p>He highlighted that as the Senior Assistant Principal would begin handing over Risk Management to another member of staff, it would be logical for the audit to occur later in the year in order to assist with the handover of the responsibility.</p> <p>The Senior Assistant Principal reiterated that the logic behind having the IT Health Check would be to allow the auditor to ensure the college is in control of this area following a lack of IT expertise within the Senior Leadership Team.</p> <p>The Senior Assistant Principal also highlighted that a test will be scheduled to test the college's security wall systems. Following recent cyber-attacks nationally, the college wants to take a proactive approach to cyber security to ensure any attacks are minimised.</p> <p>Lee and the Senior Assistant Principal explained that as we progress through the year and if other priorities for audit occur, we can adapt as necessary.</p> <p>The Committee thanked Lee for his report and the work that has gone into it. The Committee confirmed that they are happy with all areas that intend to be covered during 2019/20.</p>	
<p>16 Risk Register and Board Assurance 2019-20</p> <p>RECEIVED: The Risk Register and Board Assurance 2019-20 PAPER AUD/19/11/16</p> <p>REPORTED: The Senior Assistant Principal explained that the register provided is a comprehensive summary of the risks to the college. He highlighted the addition of risks relating to intended changes by the Government to BTEC qualifications. He explained that the Government intends to replace BTECs with T Level qualifications which would pose a significant risk to the college as approximately half of the student body undertake BTEC qualifications. He identified that the college doesn't currently possess expertise in T Level qualifications and highlighted that the new courses require an increased amount of work experience. The Senior Assistant Principal explained that the resistance to the proposed change is shared across the majority of educational institutions as we recognise the value of the BTEC qualification. He explained that the college continues to monitor and support the campaigns against T Level qualifications.</p> <p>The Senior Assistant Principal highlighted the additional risk regarding Brexit and explained that the Assistant Principal, Adult Learning, has created a small table of actions for the college to highlight the aspects of Brexit that could affect the college. He explained that whilst the college isn't particularly reliant on Europe, issues surrounding rises in food prices and fuel could impact the college. The Senior Assistant Principal will circulate the actions for the college once completed.</p> <p>The Senior Assistant Principal explained that following the intended completion of the college's strategic plan on 4<sup>th</sup> December 2019, some</p>	<p><i>Senior Assistant Principal</i></p>

<p>of the headings within the risk register may change as the register remains a working document. He also highlighted that he would be working with the Senior Leadership Team at their next meeting to make them more aware of the risks.</p> <p>The Committee thanked the Senior Assistant Principal for his work on the Risk Register so far. They suggested that the risk of inherent failure of IT systems should have a target risk of medium instead of low. The Senior Assistant Principal confirmed that he would make the suggested change. The Chair highlighted that other Committees should be made aware of the risks that fall under their remit and confirmed that work needs to be done to embed the register across the organisation.</p>	
<p>17 Audit Action Plan</p> <p>RECEIVED: The Audit Action Plan</p> <p style="text-align: center;">PAPER AUD/19/11/17</p> <p>REPORTED: The Senior Assistant Principal explained that the plan remains a tracker of the outstanding items from the Internal Audit. He talked through the actions and highlighted those that remain outstanding from 2016.</p> <p>He explained that due to a change in IT management, it has proved difficult to resolve the issues within IT. He explained that the Assistant Principal (Admissions, marketing and college services) is now working with the IT team to ensure backups are in place. He highlighted that Circle IT are keen to get the immediate issues resolved to allow them to address the higher level issues. The Senior Assistant Principal is hopeful that all IT issues will be resolved by the end of the current academic year.</p> <p>The Senior Assistant Principal explained that following the change of Principal for the college, the Corporation needs to determine if they are happy that the new Principal's Report provided, satisfies the key performance indicator recommendation.</p> <p>The Senior Assistant Principal explained that there are a number of recommendations made within Estates Management. He highlighted that the new maintenance contract will begin on 1<sup>st</sup> December 2020 and that the Estates strategy is currently being finalised which contains lots of work in order to redecorate the college.</p> <p>The Senior Assistant Principal confirmed that the issues in Finance will mainly be dealt with by the Director of Finance through policy updates. He confirmed that the college will not be implementing the use of ParentPay following changes over summer 2019 to a new till company that is not compatible. He confirmed that ParentPay will be kept for another year and will be used for purchases within the college shop and for trips. The Senior Assistant Principal explained that the college feels the other Finance recommendations have been completed and confirmed that the financial regulations are to be updated.</p> <p>The Senior Assistant Principal explained that contract management recommendations will be dealt with as the college recognises that this is an aspect that needs to be sorted. He explained that he will work with the Director of Finance and will ensure that the contracts are where they need to be by Easter 2020.</p>	<p><i>Senior Assistant Principal</i></p>

<p>The Senior Assistant Principal discussed the final few pages of the report and highlighted that the decision was made to not make changes about gifts and hospitality limits. He confirmed that the Clerk to the Corporation has agreed to start self-assessment against the AoC Code.</p> <p>The Senior Assistant Principal concluded that following the report, the following actions are to be noted:</p> <ol style="list-style-type: none"> <li>1. IT recommendations will be closed off next year</li> <li>2. The Corporation to agree that the Principal's Report sufficiently covers the key performance indicators recommendation.</li> <li>3. Contract Management recommendations to be closed off this academic year.</li> <li>4. Financial Regulations to be updated</li> </ol> <p>The Committee thanked the Senior Assistant Principal for his work and agreed with the actions noted.</p>	
<p>18 Whistleblowing Cases</p> <p>REPORTED: The Director of HR confirmed that there were no cases reported to her during the 2018-19 academic year.</p>	<i>Chair</i>
<p>16 <u>Any other urgent business.</u></p> <p>There were no matters of any other urgent business.</p>	<i>Chair</i>
<p>15 <u>Provisional dates of meetings in 2019-20:</u></p> <p>TO REPORT:</p> <p>The date of meetings in 2019-20 are provisionally to be held on: Thursday 26<sup>th</sup> March 2020 Tuesday 9<sup>th</sup> June 2020</p> <p>Meetings will continue to be held at 5.00 pm. Graeme Birch confirmed that he is able to attend on these days providing the meeting has concluded by 6.15pm.</p>	
<p>The meeting closed at 6.10pm.</p>	