



AUDIT COMMITTEE

MINUTES of the Meeting of the AUDIT Committee held on Friday 19 November 2021 at 10.00 via remote participation		
<p>Members present: Gillian Lancaster Amali de Alwis Imran Razzaq Ben Higgin (BH)</p> <p>In attendance: Shachi Blakemore Mike Cheetham Mark Smith (MS) Joy Watkins Jacky Gearey (JG)</p>	<p>External member and Chair External member External member Co-opted specialist</p> <p>Buzzacott RSM CEO Director of Finance & Operations (FD) Clerk</p>	
Quorum 2 members		
Agenda Item		Action by
	<p>Apologies for Absence There were no apologies.</p> <p>Declarations of interest There were no declarations of interest.</p>	
1.0	<p>Opening of meeting The Chair opened the meeting at 10.01 and thanked everyone for attending</p>	
1.1	<p>Minutes of Previous meeting The committee approved the minutes of the meeting held on 16 June 2021 as an accurate record. Resolved that the minutes were an accurate record of the meeting held 16 June 2021.</p>	
1.2	<p>Open Matters Arising Item 3.3 –Buzzacott's recommendation regarding the Board's review of the auditors' report – Buzzacott to advise under 1.3 All other actions had been closed and there were no other matters arising.</p>	
1.3	<p>Financial Statements Report & Financial Statements 2020/21 for Ada College and NCDS Ltd Shachi Blakemore from Buzzacott went through the financial statements 2020/2021 for both NCDS Ltd and Ada. The auditor commented that that the financial statements gave a true and fair view of the Group and the College's financial performance for the year and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice. Submission to the ESFA was 31 December 2021. Buzzacott advised that the two opinions provided were both clean.</p> <p>Buzzacott said there were some adjustments which needed to be checked and raised the issue of going concern reminding the committee and the Board that this was for a twelve month period from date of approval i.e. 13 December 2021. Reference was made for the need to review the RSM funding assurance and the likely requirement to include a contingent liability in the financial statements. There followed a robust discussion around contingent liability with Mike Cheetham from RSM explaining how this applied to ESFA funding audits in particular covering ILR reports, which were sample driven and due to the amount of data presented were rarely 100%</p>	

<p>accurate. Additionally funding errors could be administrative and were not always straightforward to quantify if fallen short of tolerance. Additionally the Chair asked about other areas of the statements that were not quantified and RSM advised that if this were an ESFA funding audit all would have to be quantified. An internal audit only flagged concerns and these appeared to be administrative errors mainly due to paperwork. The committee asked how this would be addressed going forward with the FD confirming that:</p> <ul style="list-style-type: none"> • a contingent liability had already been actioned in the financial statements in note 20 • a comment has been made in the corporate governance and internal control section Page 20 of the financial statements regarding the weakness identified by the internal audit and the actions taken. <p>The committee discussed at length how this had happened, what was to be done going forward and what retrospective measures would be undertaken with the CEO providing reassurance that a detailed mapping exercise had started to include formatting the paperwork, maintaining a dialogue with the ESFA to increase knowledge and additional resourcing including in the long term the recruitment of a dedicated compliance officer. Most of these would be actioned through the FD with input from the Apprenticeship team</p> <p>RSM said that in the main this was the correct approach, and it was essential to get this right for 2021-22 and then work backwards. Regarding the historic data, the CEO said that hoped to be done within the next few months. The Chair summarised the priorities as:</p> <ol style="list-style-type: none"> 1. Current cohort 2. Check historic data of previous cohorts 3. Format of the data going forward <p>CEO and FD agreed to provide an action plan to address and for this to be presented to the Board in December.</p> <p>Buzzacott also referenced some other adjustments to be made as per the observations and recommendations which the FD confirmed had now been addressed with processes in place to manage posting into prior periods and accuracy and timeliness of bank reconciliations</p> <p>Buzzacott then provided an update on the sector including reference to the requirement for the Board to be advised either through the auditors being present or the Chair of Audit that this was a clean audit and to be minuted.</p> <p>Resolved that:</p> <ol style="list-style-type: none"> (i) The Financial Statements for 2020/2021 for Ada College and separately for NCDS Ltd were received and noted by the committee (ii) CEO and FD to provide an action plan to the Board for 13 December 2021 addressing comments from RSM Funding Assurance Review <p>Letters of Representation for Ada College and NCDS Ltd - these are standard letters as presented and go to the Corporation for signature. The committee approved these documents.</p> <p>Resolved that:</p> <ol style="list-style-type: none"> (i) The letters of Representation for Ada College and NCDS Ltd were received by the committee and to be put forward to the Board for approval and sign-off on 13 December 2021. <p>Post Audit Management Report 2020/21 (including Regularity Audit)</p> <p>The auditors reported that the audit had not gone as smoothly as planned due to a number of circumstances and thanked the FD and Business Manager for their work during the audit. The auditors confirmed that the audit and regularity assessment were both clean. The report and positive outcomes were noted by the committee and there were no comments on the regularity self-assessment.</p> <p>Resolved that:</p> <ol style="list-style-type: none"> (i) the Post Audit Management Report including the Regularity self-assessment for the College were received by the committee (ii) The Post Audit Management Report was recommended by the committee for approval by the Board <p>The Chair thanked both Shachi Blakemore and Mike Cheetham for input.</p> <p>Shachi Blakemore, Buzzacott and Mike Cheetham, RSM both left the meeting at 11.00</p>	<p>CEO/ FD</p>
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1.4	<p>Audit Committee's Annual Report 2020-2021 The Clerk presented the report for the last academic year which summarised the work of the Audit Committee in ensuring that an adequate program of assurance is in place at the College with respect to financial controls and reporting. The committee discussed the content of the annual report and recommended it for submission to the Board and Chief Accounting Officer for approval.</p> <p>Resolved that the Audit Committee's Annual Report was received by the committee and recommended to the Board for approval</p>	
1.5	<p>Audit Output Tracker The Committee was asked to note the current position on the audit actions and output tracker, with the FD advising that the output tracker had been reformatted with only the open actions being recorded. Closed actions points had now been removed. The recommendations from Buzzacott and the RSM funding review above were to be added. FD to action.</p> <p>There were no comments from the committee.</p> <p>Resolved that (i) the Audit Actions Tracker was received by the committee (ii) FD to add the recommendations from Buzzacott and the RSM funding review to the tracker</p>	FD
1.6	<p>Risk Management Risk Management Annual Report The FD presented the report saying that in 2020-21 significant improvements to the College's risk management approach had been made following feedback from the Board and Audit Committee. Reference was made to the following:</p> <ul style="list-style-type: none"> • risk assessment - there is one overall strategic risk register containing: an assessment of the impact and likelihood of the risk occurring, information on current controls, an assessment of the residual risk after controls have been applied, information on other mitigating actions and activity and information as to whether assurance is required over the controls and the source of that assurance. • combined risk assurance framework and risk register • aligning risks to strategic objectives - an external facilitated workshop took place, to help identify and refine the College's risk appetite statements that underpin the strategic objectives. The appetite statements aim to identify triggers where action may need to be taken. • the ongoing work in updating the risk register <p>Risk Management Policy – this is updated to reflect merging of risk assurance framework and strategic risk register. The FD confirmed that there were no changes to the policy.</p> <p>Risk Register The risk register had been updated with two new risks 19 and 20 regarding risk of non-compliance with ESFA funding rules and regulations and risk of inadequate resource to deliver objectives and meet growth. The CEO said much of the latter will depend on the DfE building decision shortly to be advised. The committee did query that where controls were in place to mitigate the risks were the residual risks really red? FD said that until a decision was made pertaining to these risks then they would remain red. Reference was also made to risk 23 regarding the outcome of the pay and reward, the CEO said that this was being benchmarked, to be discussed at the Finance & Resources committee meeting and was being mitigated.</p> <p>Resolved that (i) The Risk Management Annual Report was received by the committee and to be put forward to the Board for information (ii) the Risk Management Policy was received and noted by the committee (iii) the Risk Register was received and noted by the committee</p>	
1.7	<p>Internal Audit Updates Internal Audit was largely suspended from March 2020 due to Covid-19, the following updates were provided. GDPR</p>	

	<p>A GDPR review looking at how the College's current policies and procedures comply with requirements was currently underway with support from TurnITon. The FD confirmed that significant work had to be done on this and there would be an action plan produced once the report had been received. The actions would be added to the output tracker</p> <p>Funding audit Due to changes in the post 16 Audit Code of Practice, RSM were commissioned to undertake a funding audit to assess compliance with ESFA funding rules and regulations. The report identified a number of issues and made a number of recommendations which had been referred to and discussed under item 1.3. The FD confirmed that all actions will be included in the output tracker going forward.</p> <p>Safeguarding audit An audit of the College's Safeguarding practices across the sites has been undertaken over recent months. The overall findings were positive, although there were some areas where improvements are to be made. Of note this audit had been reported to the Education committee and discussed at length.</p> <p>Resolved that: (i) the Internal Audit Updates were received and noted by the committee (ii) GDPR audit report to be presented to the audit committee at the next meeting</p>	FD
1.8	<p>Annual Fraud Assessment Report In accordance with the Post-16 Audit Code of Practice the aim of this assessment is to provide a framework for the College to consider and to document a fraud assessment. The report confirms that there has not been any fraudulent activity during the period from 1 August 2020 to date and that a Fraud Policy is in place and has been communicated to all staff, however the FD was to add a comment about the risk of incorrect funding claims.</p> <p>Resolved that: (i) the Annual Fraud Assessment Report was received by the committee and recommended to the Board for approval (ii) FD to add a comment about the risk of incorrect funding claims.</p>	FD
1.9	<p>Health & Safety Health & Safety Annual Report FD summarised the programme of work carried out during the academic year. The following were discussed and covered all sites including Manchester which was taken on in March 2021.</p> <ul style="list-style-type: none"> • Mandatory Health and Safety and Building Checks • Fire Safety • Covid-19 compliance and risk assessment conducted throughout the pandemic following government and HSE guidance • Re-institution of regular health and safety committee meetings <p>In addition, the College has employed an agency relief caretaker who works two days a week, to support the Business Manager with health and safety and maintenance. For reassurance both Whitechapel and the Manchester sites are managed by a third party provider who is responsible for conducting the necessary safety checks as part of the leases.</p> <p>Health & Safety Policy CEO advised that the policy had been updated with all students and apprentices made aware of health and safety requirements through their respective handbooks. The committee approved the policy as presented.</p> <p>Resolved that: (i) the Annual Health & Safety Report was received by the committee (ii) the Health & Safety Policy was received by the committee and recommended to the Board for approval</p>	
1.10	<p>Committee annual self-evaluation Comments from the self-evaluation were noted and no issues raised. Resolved that the committee annual self-evaluation was received and noted by the committee</p>	
1.11	<p>Any Other business There was no further business.</p>	

1.12	<p>Items to be taken forward to next Board Meeting</p> <ol style="list-style-type: none"> 1. Letters of Representation for Ada and NCDS Ltd 2. Post Audit Management Report 2020/21 (including Regularity Audit) 3. Audit Committee Annual Report 4. Health & Safety Policy 5. Strategic Risk Register 	Clerk
1.14	<p>Date of Next meetings</p> <ol style="list-style-type: none"> 1. 17 March 2022 at 13.30 2. 16 June 2022 at 13.30 	
1.15	<p>Close of Meeting Meeting closed at 11.16</p>	