

Minutes of the Audit Committee Meeting held on 24th June 2020

Members Present: Eddie Weiss (Chair), Andrew King, Nick Bevan, Bethan Waters

In Attendance: John McGrath (Vice Principal, Corporate Services) (VPCS), Sarah Mason (Representing External Auditors, RSM), Anna Smith (Clerk)

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies from members and no new declarations of interest relevant to the business of the Committee.

2. COMMITTEE MEMBERSHIP

The Chair introduced and welcomed Bethan Waters as a new Member of the Committee.

3. MINUTES OF THE MEETING HELD ON 25TH MARCH 2020 AND MATTERS ARISING

The minutes were **Approved** as a correct record and would be signed electronically.

4. RISK MANAGEMENT REPORT INCLUDING REVIEW OF RISK REGISTER

The VPCS introduced the report noting the risk register ratings were largely unchanged since the last meeting. The usual format had been rewritten in order to report how the College has responded to the challenges resulting from the Covid-19 pandemic. The key risk areas as identified in the report were summarised and in particular it was noted that the unions had recently reported the College in setting the “gold standard” in terms of its approach to the pandemic and mitigating the risks for students and staff returning to College.

Members were briefed on each risk in turn as highlighted in the report and the following questions were raised by Governors:

Q. What sort of checks does the College impose on those visiting the campuses and how many students are coming in at the moment?

A. The current reopening period was explained in order to ensure students are able to complete practical assessments not possible remotely to support grade certifications. All students coming into College are by invitation only and it is estimated there are around twenty 16-19 year olds in College per day at present. Provision for adults is being looked at with a view to ensuring paid for courses are sufficiently completed in line with awarding body recommendations and student expectations.

Q. To what extent is student recruitment affected by the present circumstances?

A. As previously forecast at the last Corporation meeting it is difficult to predict; taking into consideration (i) unlikely changes in 16-19yr olds applications; (ii) paid for teaching and the potential need for increased adult retraining; (iii) apprenticeships likely to be affected given the numbers facing redundancy.

Noted: Tribute is to be paid to colleagues involved in assessing grades as it has been a monumental task across College and submission deadlines are being met. Achievement rates will not be published nationally for schools or colleges but Governors will still be kept informed of the position.

Q. With regards to 19+ students and the possible opportunity to put on more courses given the potential rise in unemployment, have you considered how quickly we can respond to identifying a need?

A. There shouldn't be an issue with the existing suite of courses the College offers but agreed need to look at identifying anything which will suit the economic need. The College is used to seeing lots of courses start enrolling in September/October and we may need to consider starting some courses mid-year to meet needs as individuals face unemployment with a flexible approach to respond. Agreed could then use this for modelling future years but would need to be fully considered.

Q. There has been a lot of consideration of income streams – are you also looking at expenditure?

A. Yes, we have had to cut costs in terms of both pay and capital expenditure. This will be challenging and there is only limited scope to do this without major change, but we will fully review in the autumn term.

Q. Has the level of expenditure increased because of Covid-19 and the extra precautions needing to be taken?

A. We have probably saved as much being spent so there will be minimal effect on the accounts.

One item of discussion during this item is recorded in the Confidential Minutes.

The VPCS was thanked and the Report was **Noted**.

5. INTERNAL AUDIT PROGRAMME

As agreed at the last Committee meeting, the VPCS updated that only the Subcontracting audit will take place this year, which is an ESFA requirement. This audit is taking place in July. The internal audit programme will then be picked up again in the new year.

6. EXTERNAL AUDIT PLAN

Sarah Mason thanked the College for extending RSM's services for a further year and briefed the Committee on the external audit plan for the year ending July 2021. The main areas of risk for auditing this year (with a current deadline of 31st December, subject to change) and which are typical across the sector are:

- (i) Income recognition and ensuring the various income streams are reporting in the correct reporting period.
- (ii) Internal controls and ensuring any adjustments management make are appropriate
- (iii) Pensions and ensuring the pensions deficit is appropriately disclosed with appropriate discussion with the actuary.

The biggest area for auditing is Going Concern. Auditors are required to follow a new audit standard on going concern this year. This will mean increased scrutiny and challenge of forecasts and a second partner involved in signing off, particularly in respect of any sensitivity to Covid-19 impacts. This also means an additional fee as reported to cover the additional work involved.

RSM is fully set up to conduct audits remotely if required and this is working well with clients.

The Emerging Issues document is for information across the sector. **Action:** Clerk to send link to new members to subscribe to RSM's updates.

The Committee **Approved** the External Audit Plan.

7. LENNARTZ VAT

This item is recorded in the Confidential Minutes.

8. ANY OTHER BUSINESS

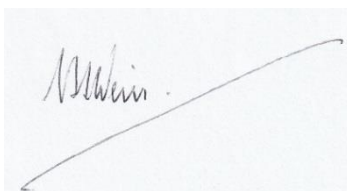
None

9. DATE OF NEXT MEETING

1st December 2020 (subject to Corporation approval)

Approved as an accurate record of discussions.

Signed:

A handwritten signature in blue ink, appearing to read 'M. Mason', is written over a light blue horizontal line.

Date: 1st December 2020