

Minutes of the Audit Committee Meeting held on 24th March 2021 via Zoom

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

In Attendance: John McGrath (Vice Principal, Corporate Services) (VPCS), Karen Mitchell (Principal), Anna Smith (Clerk), Dakshita Takodra (Representing Internal Auditors TIAA)

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies had been received from Bethan Waters. There were no new declarations of interest relevant to the business of the Committee.

2. MINUTES OF THE MEETING HELD ON 1ST DECEMBER 2020 AND MATTERS ARISING

The Chair noted the detailed attention given to the annual accounts at the last Committee meeting. The minutes were **Approved** as a correct record.

3. INTERNAL AUDIT ASSIGNMENT REPORT - PAYROLL

The VPCS introduced the item, detailed the rationale for the audit and welcomed Dakshita Takodra (DT) of TIAA to present the report. DT briefed Members on the process which had been conducted to complete the audit as detailed in the report and confirmed that TIAA had granted 'Substantial Assurance' in their assessment of the College's payroll system. There was one minor recommendation relating to dating signatures. The VPCS had also volunteered a recommendation of introducing a formal expenses policy (there is not a formal policy in place to date as expenses are limited and minimal) and this would be considered for 2021/22.

Members raised the following:

Q. What period of time did you cover and did furloughed staff for example cause any complications in completing the audit?

A. The testing period was between August 2020 – January 2021. The work on the furlough claims was mainly completed offline so there were no complications. The main liaison with payroll was determining casual payments and any sickness absence.

There is strong confidence in the payroll system with improved processes in place since the implementation of a new system in 2018. This single system (FE sector's market leading software) replaced the legacy systems of the two colleges pre-merger.

Q. Are you happy with the checks on sickness absences etc. and how these are monitored?

A. Attendance was checked in terms of payments made and days worked etc. but the processes around sickness absences; fitness to work etc. would be covered in the scope of an HR audit rather than payroll.

Q. Is there any potential risk associated with only two staff members being able to run the payroll for the College?

A. Although two staff members run the payroll, four members of staff regularly use the system and there would always be someone to cover this. The main release of payroll payments is processed by the external provider. DT added reassurance that the size of staffing in payroll was considered adequate and comparable for the size of the organisation.

Q. Are you (TIAA) satisfied that leavers are recorded quickly enough and there is no risk of payments being made after staff have left?

A. There was only one case picked up but this had been resolved quickly and so we were satisfied with this system.

The VPCS noted that there would be at least two more internal audits planned before the end of the year.

Dakshita Takodra left the meeting

4. RISK MANAGEMENT REPORT INCLUDING REVIEW OF RISK REGISTER

The VPCS ran through the report on screen briefing on the key risks detailed and how these are being mitigated. Members praised the new format of the report which provided more detail behind each key risk area to support scrutiny of the risk register.

Members raised the following:

Q. Can you remind me of the benchmark percentage for attendance?

A. The Principal confirmed that there is no national benchmark for colleges but our own attendance target is 92%. In terms of inspection it will depend on what attendance looks like during a visit but for the College and our students it is key because students will only learn if they are attending. Lockdown fatigue has affected recent figures but students are returning re-energised and lots of work is being done to support attendance as students return to face-to-face learning.

Estates Strategy Key Risk: For the benefit of the co-opted Member the VPCS briefed on the estates strategy and progress to date. The co-opted member queried the funding gap. This is significant and the Chair stressed the importance of being very cognisant of this risk.

The Chair praised the continued increase in student recruitment across the campuses.

Discussion took place regarding the cash flow position and building an improved budget for 2021/22 and Members were reassured that the College is on track to achieve the current targets.

In terms of IT, consideration was being given to the need to improve equipment and the potential move to more mobile equipment going forward.

Q. To what extent will teaching methods change post-Covid? Will there be a greater reliance on online teaching and will this affect our IT provision?

A. For our 16-18 year olds we have an obligation to deliver as much face-to-face teaching as possible so this will not change but for our adult/HE provision there is scope to consider more online delivery. The cost of new IT systems/equipment was queried and it was confirmed that while there will be a need to invest in equipment the IT system will not need replacing.

Q. Reflecting on the security breach at Birmingham College, what is the risk to us in terms of IT security?

A. We are as well protected as we can be, we have all necessary checks in place and are following advice and guidance. Our insurance policy level for this was increased last year. We receive good advice from both our insurers and our internet service provider. Nevertheless, it is a risk as with any other organisation.

NB noted that in terms of moving from PCs to laptops this does help staff to work more flexibly and the option of leasing hardware rather than purchasing means there will be a fixed annual charge which could be worked into the budget rather than larger one off costs every three or four years. The VPCS agreed this is an option to be considered during the budget process.

The VPCS referred Members to the two main changes made to the risk register since the last meeting (lower risk for the impact of Brexit and increased risk for target setting through budget planning).

The Chair noted that the descriptive report would be more beneficial to the Corporation for their information and NB agreed it gives useful context but also stressed that the risk register should still be reviewed to maintain an overview of all risks and associated scores.

Members thanked the VPCS for the comprehensive briefing and the Committee **Noted** the report and risk register.

5. CONFIRMATION OF EXTERNAL AUDIT APPOINTMENT 2020/21

The reappointment of RSM as external auditors for a further year (2020/21) had been approved by the Committee by email and this decision was duly **Ratified**.

The VPCS confirmed that a formal tender process would be run as soon as the current audit programme has finished.

6. EXTERNAL AUDITOR INFORMATION UPDATE

RSM had shared two documents with Committee Members for information:

- The Control Framework in Education
- Consideration of Risk Appetite

Discussion took place regarding the documents and the VPCS provided reassurance that the organisation is of the size where issues can be dealt with as they arise and risks can be more easily and swiftly managed. It was again agreed that one of the biggest risks currently for the College is around the estates strategy and the Committee will be mindful of this.

The Committee **Noted** the two documents received from RSM.

7. ANY OTHER BUSINESS

- The Chair noted that the audit committee needs to be aware of any financial dangers, breaches of covenants etc. and asked for the Committee to be updated on the latest financial position. The VPCS provided reassurance that finances are on track without bank covenant breaches and that the main focus is for an improved position for next year.

8. DATE OF NEXT MEETING

23rd June 2021.

Apologies were noted from the Principal for the June meeting.

The Chair queried whether members preferred remote or live meetings and there was a general consensus that a blended approach be adopted. It was felt larger meetings such as the full Board meetings are better face-to-face but smaller committees work well online.

Approved as an accurate record of discussions: 23rd June 2021