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| **MINUTES** | | | | | | |
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| *Audit and Governance Committee No 30* | | | | | | |
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| Date: |  | *07/06/2022 (Tuesday)* |  | Time: |  | *18:00–20:00* |
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| Venue: |  | *Via Teams* |  | Committee: |  | *Audit and Governance* |
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| Notes: |  | *Please note that following discussions with the Chair of the Committee the meeting will be held remotely via the Teams platform.* | | | | |
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| Present: |  | *Barbara Godby, Bert Medhurst, Debbie Clayton, Jane Booker (Chair), Robert Wallace and Robin Newton-Syms* | | | | |
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| Attending: |  | *Alison Robinson (Principal), Joanne Sherrington (Deputy Principal) and Steven Downham-Clarke (Vice Principal)* | | | | |
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| Clerks: |  | *Ron Matthews (Clerk)* | | | | |
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| Guests: |  | *Charlotte Walsh (External Auditor) and Jane Butterfield (Internal Auditor)* | | | | |
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| Apologies: |  | *Allan Foster* | | | | |
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| ***Public* Minutes** | |
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| Item number: | Item description: |
| (and category) |  |
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| **34.22** | ***Attendance of College Staff and Audit Representatives*** |
| ***Decision*** | Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee states:  "The Principal or any other senior manager who is responsible for the College's internal control and representatives of the External and Internal Auditors shall normally attend meetings at the invitation of the Committee, and the Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary".  Members welcomed Charlotte Walsh, the Financial Statements Auditor, and Jane Butterfield, Internal Auditor, to the meeting.  **Resolved:**  **That College Management Staff and Auditors attend the meeting**. |
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| **35.22** | ***Apologies for Absence*** |
| ***Record*** | Apologies for absence had been received from Bert Medhurst and Allan Foster. |
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| **36.22** | ***Minutes of Previous Meeting*** |
| ***Decision*** | The public minutes of the Audit & Governance Committee meeting number 30 held on Tuesday 12 April 2022 (published on the Governors Extranet) were agreed and signed as a true and correct record of the meeting. |
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| **37.22** | ***Declarations of Interest*** |
| ***Record*** | There were no declarations of interest made in respect of the public items on the agenda. |
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| **38.22** | ***Financial Statements Audit Plan and Regularity Audit Plan for the Year Ended 31 July 2022*** |
| ***Decision*** | Consideration was given to the Audit Plan prepared by RSM, the College Financial Statement and Regularity Auditors, for audit work relating to the year ending 31 July 2022.  Charlotte Walsh from RSM External Auditors was present at the meeting.  The purpose of the document was to explain the scope of the audit of the financial statements, the regularity assurance engagement, the proposed approaches and to highlight the key risks that the auditors would be focusing on.  **Financial Statements -**The primary responsibility of the External Auditors, as detailed in the engagement letter dated 19 November 2021, was to form and express an opinion as to whether the financial statements of Myerscough College prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (F&HE SORP 2015) and UK GAAP show a true and fair view.  In addition the audit would take into consideration the recent publication of the Post 16 Audit Code of Practice 2021/2022.  **Regularity Assurance –** The Auditors responsibility was to form a conclusion that 'during the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and the income received has not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.'  In addition RSM would provide an independent reasonable assurance report in connection with the Teachers’ Pension Contributions for the year ended 31 March 2022.  Audit & Governance Committee noted that the timetable had been agreed with Management.  Key risks affecting the Audit Plan were identified.  The Audit Plan showed that the estimated fees for 2022 were £31,000 (2021 £25,000) with an additional £1,250 (2021 £1,000) for the Teachers Pension provision. The increase in fees was required to meet the provisions of the Post 16 Audit Code of Practice for 2021/2022 in respect of regularity and propriety.  Charlotte then responded to questions from Governors regarding the Plan, mainly on the new requirements to review the College funding streams. She indicated that the majority of the work was governed by the requirements of the regulator, which were contained in the Post 16 Audit Code of Practice.  Following discussion, Audit & Governance Committee concluded that the proposed Financial Statements and Regularity Audit Plan were satisfactory and gave value for money.  **Resolved:**  **That the Financial Statements / Regularity Audit Plan for the year ending 31 July 2022 be recommended to Corporation for approval.** |
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| **39.22** | ***RSM Report - Emerging Issues in FE*** |
| ***Information*** | The Audit and Governance Committee received a report from RSM, the College Auditors, on emerging issues as at May 2022.  Charlotte Walsh responded to questions from Governors on behalf of RSM.Governors felt that the document had provided useful information and requested that it be distributed to all Governors.  **Resolved:**  **That the report be received.** |
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| **40.22** | ***Internal Audit Report*** |
| ***Decision*** | The Internal Auditor, Jane Butterfield, presented a report on the assurance review of the Sub-Contracting provision at the College.  There were two recommendations the first of which was that the Service Level Agreement, which supported each contract, be updated to include the breakdown of fees to comply with the ESFA funding rules.  Management reported that this would be implemented in the contracts for 2022/2023.  The second recommendation was that contracts be amended to reflect additional learners and ESFA funding and to ensure that the figures are reported accurately to the Audit and Governance Committee.  Management reported that the contracts had been amended accordingly.  Governors considered the above and following further information from Management accepted the responses.  **Resolved:**  **That the report be received and the responses of Management be noted.** |
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| **41.22** | ***Internal Audit Progress and Summary Report*** |
| ***Decision*** | |  | | --- | | The Committee considered the Internal Audit Progress and Summary Report incorporating the Internal Audit Reports of May 2022. |   For 2020/2021 of the 20 recommendations proposed 18 (90%) had been implemented, 2 (10%) had been partially implemented, with none outstanding.  For 2021/2022 of the 7 recommendations proposed 3 (42%) had been implemented, 2 (29%) were no longer applicable, 2 (29%) were not yet due, with none outstanding.  Governors congratulated College management on the excellent progress.  It was confirmed that all recommendations which had been reported to the Committee as completed could be removed from future reports.  **Resolved:**  **That the report be received.** |
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| **42.22** | ***Governor Recruitment Policy*** |
| ***Decision*** | The recent Internal Audit Review of Strategic Control recommended that a formal Governor Recruitment Policy be developed.  Accordingly, the Clerk presented the relevant policy.Governors welcomed the policy and following questions it was  **Resolved:**  **That the Governors Recruitment Policy be approved.** |
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| **43.22** | ***Internal Audit Plan 2022/2023*** |
| ***Decision*** | The Internal Audit representative presented the above report and responded to Committee member questions.  The plan had been driven and agreed by Management based on the College’s risk profile and the view of priorities for coverage for the forthcoming year.  The suggested Audit Plan assignments for 2022/2023 were:  1. Risk Management Framework  2. Business Continuity Planning  3. Key Financial Controls - Budgetary Control  4. Human Resources  5. Learner Numbers  6. Full Cost Recovery and AEB Courses  7. Sub-Contracting Controls  The Plan included a follow up allocation, which would be utilised to test the degree of implementation achieved in relation to actions agreed by management in the previous academic year, and would serve to inform the adequacy of the College’s own action tracking process.  A Governor expressed concern that Safeguarding, a key element to ensure the safety of students and a critical factor in any future inspection, would not be reviewed again until 2024/2025. The Internal Auditor and the Deputy Principal, Finance and Commercial Services, indicated that this situation would be reviewed as part of next year's plan.The Committee retained the option to amend the Plan during the year should the need arise.  **Resolved:**  **That the Internal Audit Plan 2022/2023 be recommended to Corporation for approval.** |
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| **44.22** | ***Strategic Risk Register*** |
| ***Decision*** | The Audit and Governance Committee considered the Strategic & Governance Risk Report for 2021/2022 as presented by the Deputy Principal, Finance and Corporate Services. Included in the report was a reference to the risk appetite statement, risk assessment framework and risk heat map.  Following a request by the Committee the report accompanying the Register now included the top five risks.  A Governor remarked that the colour coding in the Register did not match the scoring matrix. The Deputy Principal confirmed that she would review this element of the Register before the next meeting.  **Resolved:**  **That the Strategic Risk Register Report be received.** |
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| **45.22** | ***Data Returns Report*** |
| ***Decision*** | The Committee gave consideration to the Data Returns Report and noted the completion of all statutory data returns within the required time frames.  **Resolved:**  **That the Data Returns Report be received.** |
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| **46.22** | ***Post 16 Audit Code of Practice 2021/2022*** |
| ***Decision*** | The Clerk submitted the Post 16 Audit Code of Practice 2021/2022 for consideration by the Committee.  The main change, apart from those reported by the External Auditor, was a requirement to  Produce a fraud risk assessment to identify areas most vulnerable to  suspected fraud;  Testing of internal control systems to ensure robustness and to help  Assess vulnerability to fraud;  Policies and procedures in place (such as a whistleblowing policy and  fraud response plan);  A fraud loss measurement exercise to evaluate the scale of suspected  fraud;    and  A means of measuring the effectiveness of the counter fraud strategy.  The report also confirmed that the limit requirement to report significant fraud was now £10,000.  **Resolved:**  **That the reports be noted.** |
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| **47.22** | ***Student Governor Appointments 2022/2023*** |
| ***Decision*** | The Clerk reported that a number of student nominations had been received and it was hoped to be able confirm the appointments for 2022/2023 at the Corporation meeting on 5 July 2022.  **Resolved:**  **That the report be noted.** |
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| **48.22** | ***Governance Quality Improvement Plan 2021/2022*** |
| ***Decision*** | Audit & Governance Committee gave consideration to the Governance Quality Improvement Plan for 2021/2022 and noted progress on the actions.  The main outstanding issue was a review of the Governors Portal. The system was created internally and based on Microsoft Explorer 11, which would no longer be supported after this summer. Following discussions with the Director of IT & MIS it was agreed that before an internal rewrite of the Portal was undertaken quotations be obtained of comparative commercial systems.  The Clerk indicated that once this was underway he would invite a small number of Governors to help in the review of the commercial options available.  **Resolved:**  **That the Governance Quality Improvement Plan 2021/2022 be received**. |
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| **49.22** | ***Guidance on External Governance Reviews*** |
| ***Decision*** | The Clerk circulated the recently published Guidance on External Governance Reviews which required the College to commission    an external Governance review every three years;  have an annual governance self-assessment; and  share the results and associated actions with the department on  request.  The Clerk reported that an external Governance Review must be undertaken no later than July 2024. The College already met the requirement for an annual self-assessment but he would review its operation prior to undertaking this year's exercise.  **Resolved:**  **That the report be noted.** |
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| **50.22** | ***Timetable of Meetings 2022/2023*** |
| ***Decision*** | Audit & Governance Committee gave consideration to a draft timetable of meetings for the next academic year, which was based on current practice, although the dates of some meetings had changed slightly.  Following discussion it was  **Resolved:**  **That the draft timetables of meetings for 2022/2023 be submitted to Corporation for approval.** |
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| **51.22** | ***Committee Membership 2022/2023*** |
| ***Decision*** | Audit & Governance Committee gave consideration to the recommendations for Committee Membership for 2022/2023.  The report indicated that vacancies remained for two Student Governors for the next academic year.  **Resolved:**  **That the Committee recommend the Committee Membership, as presented, to Corporation for approval.** |
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| **52.22** | ***Annual Cycle of Business 2022/2023*** |
| ***Decision*** | The draft Annual Cycle of Business for the Committee for 2022/2023 was attached for consideration.  **Resolved:**  **That the Annual Cycle of Business be approved.** |