



MINUTES
of the Audit Committee
held on Monday 8 June 2020 held remotely

Present: - Mr Tony Ford (Chair)
Mr Jeremy Nicholls
Mr Kevin Tong (Co-opted Member)

In attendance: - Mr Edward Gwillim (Director of Finance)
Mrs Clare Perez (Finance Manager)
Mrs Linda Watkins (Clerk to the Corporation)
Ms Louise Tweedie (RSM)
Ms Laura Goodwin (RSM)

Due to the COVID-19 pandemic and lock down all participants joined the meeting remotely. The meeting was quorate as there were three members.

	Action
<p>5. Apologies for Absence Apologies were received from Cllr Sebastian Bowen.</p>	
<p>6. Declarations of Interest No new interests declared.</p>	
<p>7. I. Approval of the Minutes of the Meeting The Committee agreed that the Chair should sign the minutes of the meeting held on 30 March 2020 as a true and accurate record.</p>	
<p>II. Matters Arising There was one item which would be carried forward to provide details about reasons for overpaid staff leavers.</p>	E Gwillim
<p><u>The Committee agreed:</u> -</p> <ul style="list-style-type: none">To approve the minutes	
<p>8. Internal Auditor's Reports RSM presented the following reports.</p> <p>I. Progress Report and client briefings: This was a factual summary of progress during the year showing two draft reports which required management responses before being finalised. Outstanding reports would be presented at the next meeting with completion of comments from management anticipated by the end of June. The Director of Finance confirmed that the Head of IT and Estates was in post following the retirement of the previous incumbent. RSM have been completing audits remotely; however, a process has recently been agreed</p>	

for Auditors to visit sites to complete audits. The briefing outlining key risks in the sector regarding COVID-19.

- II. Follow up: The status of all management actions from the previous year had been presented at the last meeting.
- III. Internal Auditor's Strategy 2020/21-2022/23. The Auditors had liaised with the Director of Finance to draft the audit plan. It was anticipated that all reports will include the impact of COVID-19 in future. The Director of Finance confirmed that this was a robust audit plan.

The Committee agreed: -

- To note reports and briefings
- To recommend that the Board approve the audit strategy 2020/21-2022/23

9. Mazars Audit Strategy Memorandum to 31 July 2020

Mazars presented the strategy outlining the approach to the audit, significant audit risks and areas of key judgements.

A timetable for the audit commencing in November had been agreed with officers noting it will be crucial to be prepared for the audit due to the tight timescale. The impact of remote working would also need to be taken into account.

One of the significant risks in the sector as a result of COVID-19 will be the reporting of colleges as going concerns. It is likely to have a potential impact on colleges both next year and the following year. The audit regulator has requested auditors to scrutinise going concern of clients thoroughly this year. This will be reflected in the report.

A Governor asked if additional information would be provided in the accounts as a result of COVID-19, its potential impact on the going concern opinion and if the cashflow would cover a longer period. It was confirmed that there will be an additional disclosure in the accounts and a note regarding the going concern opinion and the impact of COVID-19 on the organisation. The IFMC submitted to ESFA in February had included a 3-year cash flow forecast meaning that the Audit Committee will need to consider the narrative in the financial statements. There is a requirement from the Office for Students (OfS) to show expenditure in the financial statements this year.

Audit fees are in line with the previous year with an inflationary increase. There are increasing pressures in industry driven by the audit reform agenda and increased regulation.

There was a question about the impact of Brexit, particularly if there was no deal and how this could affect the College or the audit regime. It was not anticipated that this would have an impact on the audit; however, it could affect the economy and create additional challenges for the sector. This remained an uncertainty.

A question followed about Mazars reliance on internal audit work asking if additional work would be required as some internal audits were unfinished due to COVID-19. It was not anticipated that additional work would be required.

The Committee agreed: -

- To recommend that the Board approve Mazars Audit Strategy Memorandum to 31 July 2020

10. Audit Recommendation Tracking Report

The Director of Finance presented the report showing several recommendations have been completed since the last report.

The Committee agreed: -

- To note the recommendation tracking report

11. Risk Management Register

COVID-19 pandemic had been added as a major risk which will affect all of the College's strategic objectives. 16-19 student recruitment in 2020/21 could be affected negatively which would reduce funding in the following year due to the lagged funding methodology. There was uncertainty if the adult education budget and apprenticeships would reduce as a result of COVID-19.

A Governor raised risks identified by RSM in client briefings requesting relevant risks to be added to the risk register. There was discussion about fraud noting that some of these are specific to departments, such as finance and IT, with prevention measures embedded in procedures. In the event that there were any major incidents of fraud these would be reported to the Committee.

A Governor asked about delivery of teaching and learning and if this would continue to be delivered in classrooms and online based on requirements for social distancing. CMT are planning timetables for next year including identifying numbers of learners in classrooms. Future requirements for attendance to campuses will vary for applied academic and vocational courses. Practical elements of courses will be front-loaded to mitigate risks in the event that there is another lockdown. A Governor asked if there would be any impact of students who live in Wales as the Welsh and English government have some different controls. It was noted that this could be an issue for some students. It was noted that there could be issues and that some students will not want to attend campuses or use public transport. Students on courses requiring practical assessment will need to attend college to complete these.

The Committee agreed: -

- To note the risk register
- To task the Director of Finance to identify any further risks from RSM's briefing to add to the risk register

E Gwillim

12. Counter Fraud Policy and Assessment

- I. The College has a counter fraud policy within the Financial Regulations. A counter fraud strategy was presented for comment and approval. The auditors were asked if there were any omissions and confirmed that this covered requirements from the ACOP to prevent fraud and identify lessons learnt from fraud incidents.
- II. The annual counter fraud risk assessment would be completed and forwarded to Governors for comments and questions.

The Committee agreed: -

- To adopt the counter fraud strategy
- The Clerk, would liaise with the Director of Finance and Finance Manager to complete the annual counter fraud risk assessment and forward to Governors

L Watkins

13. Annual items for Committee

The Committee agreed: -

- To appoint Tony Ford as Chair of the Committee for 2020/21
- The Committee self assessed its performance concluding that it was effective and adequately met the requirements of its terms of reference
- No changes were required to the terms of reference

14. Any Other Business and comments

There was a suggestion to use MS Teams for future meetings if it was necessary to continue to hold these remotely.

L Watkins

15. Date and time of next meeting

The next meeting of the Audit Committee was arranged for Monday 30 November 2020 commencing at 4.00 pm.

Signed as a true record of proceedings

Chair: **Date:**