



Minutes of the Meeting of the Audit and Assurance Committee 22 November 2022 at 4:00pm

| Present | In Attendance |
|---------------------------------|--|
| Sundeeep Bhandari (Chair) (SB) | Bob Pattni (Deputy Principal) BP |
| Shameem Rahman (ShR) (Co-opted) | Robert Heal (Director of Governance) (RoH) |
| | Thomas Parker (RC) – RSM Internal Auditors |
| | Mark Eagle (ME) MHLLP External Auditors |
| | |

1. Chairs Opening Remarks

SB checked the meeting was quorate. RoH confirmed that quorate with a minimum of 2 members present. SB welcomed everyone to the meeting, inc. Thomas Parker, a new auditor

2. Apologies for Absence

JL, RS (MHLLP Auditors) and MC (RSM Auditors)

3. Declarations of Interest

None

4. Minutes of the Meeting of 14 Jun 2022

These were accepted as a true record.

5. All action points were noted as complete.

6. Matters Arising Not on the Agenda

None

7i. Draft Financial statements for year ended 31 July 2022

BP noted it was a challenging year and offered thanks to the auditors. He noted there were No significant events to report.

The Financial Statements have been prepared in accordance with accounting standards and funding body rules. The Audit Strategy refers to the approach taken by MacIntyre Hudson in reviewing the reports and have focussed their review based on the risk profile and position of Stanmore College. The Management Letter from MacIntyre Hudson reviews the finding of the audit and refers to audit outcomes and any recommended audit changes. They offer an unqualified opinion.

The financial statements were overviewed and it was noted that the Financial Statements will be reviewed by the Resources Committee separately, who will review and recommend the accounts to the Board.

The committee also noted the change in Principal from 01 August 2022.

Governors challenged the LGPS Pensions swing and asked external audit if similar to other Colleges; which auditors confirmed. Identifying that it was due to the discount rate and that it was likely to swing back.

Governors questioned staff costs and value banding. Auditors noted that from an audit point of view this is OK and how the College historically presents the data. BP stated, we can change this if required. Not required.

Governors also challenged why only 99% of invoices are paid on time. It was noted that ones in dispute are not paid until dispute settled.

Governors suggested the addition of date of current appointment to be added to the Governor attendance table in the statement. Auditors had no recommendation. Governors chose to add.

Agreed to add Governor start date - Action

RECOMMENDATION

APPROVED

DRAFT FINANCIAL STATEMENTS

7ii 2021/ 2022 Financial Statements Management Letter

Auditors explained highlights of external audit, highlighted there were no adjusting errors. BP noted sports provision are direct, employed or self-employed staff. It was reported that the Office of National Statistics are asking if Colleges should return to public sector and that this will change reporting in future.

Governors challenged benchmark performance against London Colleges. Auditors noted this was not required by Governors last year. **Governors requested the benchmarking be provided at next meeting.-ACTION**

Governors checked the final distribution figures against annual statement. BP noted we remain a going concern.

RECOMMENDATION

APPROVED

FINANCIAL STATEMENTS MANAGEMENT LETTER

7iii Letter of Representation

Auditors gave thanks to team and noted that this is a straight forward College
Governors thanked them for the hard work of Macintyre Hudson

RECOMMENDATION

APPROVED

LETTER OF REPRESENTATION

7iv Regularity and Self-Assessment Report

This was previously presented as an interim report at June Board due to an outgoing Principal. This is the full assessment at year end. No significant points were noted to be addressed. There were two whistleblowing incidents, both independently investigated and unfounded. Incidents summarised and discussed.

RECOMMENDATION

NOTED

REGULARITY AND SELF-ASSESSMENT REPORT

7v LGPS Pension Actuarial Report inc. feedback from SR

BP, the expert reported that volatility in the market there is an actuarial gain, but it is artificial and recommended that we forego this years evaluation and show no movement. The accounting procedure is that we should apply it and note that it will swing the other way.

Governors challenged the report and sought the auditors accounting recommendations, to which auditors stated they are not recommending foregoing the reporting.

RECOMMENDATION**NOTED****LGPS REPORT****7vi ESFA Financial Assessment**

Governors gave a well done to BP and Team on an outstanding result.

RECOMMENDATION**NOTED****FINANCIAL ASSESSMENT****8i Internal Audit Reports: Safeguarding**

Auditors noted there was reasonable assurance, with a high priority action being training
Governors challenged the Prevent training figures, which was explained as there is not a policy for retraining, leading to a lower number of training sessions. Safeguarding training is reported to C&Q. Auditors explained the process.

Governors asked for the Principals report to cover Prevent training update in relation to this report – ACTION

RECOMMENDATION**NOTED****SAFEGUARDING INTERNAL AUDIT****8ii Cyber Security and Action Plan**

Auditors noted this is a good report and a good plan. There are a number of findings that are being responded to and in progress.

Governors challenged remediations, asking have we got budget and are we able to implement?

BP confirmed, Resources offered a significant capital budget contingency to the incoming Principal and that this is affordable.

Governors challenged preparedness and BP noted the action plan is in place, monitored and regularly updated.

Audit Report to Board in Dec - ACTION

RECOMMENDATION**NOTED****CYBER SECURITY INTERNAL AUDIT**

8iii Learner Number Systems

Auditors explained the report and the ESFA approach regarding learners enrolled on courses and reported in the ILR.

Governors challenged funding changes. BP explained the funding rule change and made sure those changes are carried forward. The college has a target for a clean ILR for all learners and submitted monthly. We currently have clear responses and no issues year on year. Governors noted a good report and good management responses, good culture.

BP overviewed an external GLA random review of learner numbers report and noted that the GLA are interpreting the rules in a very austere fashion and recovering funds. This was being monitored.

RECOMMENDATION**NOTED****LEARNER NUMBER SYSTEMS REPORT****9i Internal Audit Service Annual Report for the Year Ended 31 July 2022**

Auditors explained that we received 2nd grade and very positive. Governors challenged the follow up progress. Auditors noted that the implementation of high / med actions was underway with a few incomplete. BP stated we will see good progress on the next report.

RECOMMENDATION**NOTED****INTERNAL AUDIT REPORT****9ii Emerging Issues**

Governors noted the Holiday pay rate – **pass to HR Dir Action**

RECOMMENDATION**NOTED****EMERGING ISSUES****10. Review of Internal Audit Strategy**

Auditors overviewed the strategy and noted an opportunity to change the audit based on TAGS, as the audit period has passed. BP proposed, that this be left vacant and see what arises in year. Auditors agreed to review Feb reports and bring suggestions to next Audit committee.

Governors agreed, and suggested the potential for one relating to capital project impacts on students.

RECOMMENDATION**APPROVED****INTERNAL AUDIT STRATEGY****11. Draft Annual Audit Committee Report 2021/ 2022**

Governors were concerned about overall attendance, but noted that the committee remained quorate. Governors challenged the external audit impression. Auditors gave opinion that remote attendance improves this.

RECOMMENDATION**APPROVED****AUDIT COMMITTEE REPORT**

12 Management Accounts up to 31 October 2022

BP explained the latest accounts position, subject to audit. Noting a surplus, cost reducing actions and an approved business cases for new income. The College will remain prudent, reporting improvements in the Forecast Surplus when actions/ bids have crystallized. There are also concerns about the actuarial valuation of LGPS pensions, which is affected by external market conditions beyond the College's control. For the previous year 2021/22, the pension liability has moved in the College's favour however, with higher CPI rates, this gain is likely to significantly swing back to a liability position by July 2023.

Governors challenged the pay rise and impact on bottom line. Also, the cost of interims. BP, noted we were struggling to hire interims and therefore we generally put people in post. Post situation was explained.

Governors challenged learner numbers. BP,16-19 is below target. We are at target now for GLA and were down on level 3 loans. A local school has increased their sixth form count and this has impacted us. There is only a finite number, but our competitors are worse against target than us.

Governors challenged what is the biggest risk to the organistaion? BP, noted the view of the principal is to change focus to a community college and take more adult learners. Mitigation means we may see 16-19 learner drop. On a good point, we have more learners on site and fewer at satellites. The Principal is reviewing satellite provision.

Governors challenged satellite strategy. BP noted, we are providing a service and we are excellent at sports provision. Within scope of territory. We are local and moving further afield. We are also exploiting adult education there. Discussion considered apprenticeship funding restrictions.

RECOMMENDATION**NOTED****MANAGEMENT ACCOUNTS****12ii Monthly Monitoring reports to 31 October 2022**

Taken with above

RECOMMENDATION**NOTED****MONITORING REPORTS****12iii whistleblowing and fraud log**

Noted there are 2 whistleblowing reports from external contacts. Both investigated by external organisations with no issues or actions arising.

RECOMMENDATION**NOTED****WHISTLEBLOWING AND FRAUD LOG****12iv Asset Management report from Oct Board**

Reviewed

RECOMMENDATION**NOTED****ASSET ANAGEMENT REPORT**

13i. Risk Register October

The risk register was reviewed

13ii Deep Dive of a risk of choice

Governors challenged the development of a Capital Build Risk register creation. BP, explained the build timeline, funding cycles and associated major risks. It was agreed to create a substantive risk register once progress had reached the point of need.

Governors challenged, what keeps you awake at night? BP, explained learner numbers falling and satellite centers not being positive. Mitigation strategies and student attendance measures were discussed.

RECOMMENDATION

NOTED

RISK REGISTER**13iii KPIs October**

Performance noted.

RECOMMENDATION

NOTED

KPI's**14. Outstanding Governance Plan****RECOMMENDATION**

NOTED

OUTSTANDING GOVERNANCE PLAN**15. FE Commissioners letter**

RoH overviewed contents

RECOMMENDATION

NOTED

FE COMMISSIONERS LETTER**16.Policies****Gifts and hospitality policy,**

Governors challenged the increase from £50-£60 increase? BP explained this was inflationary

Risk Management Policy.

Governors questioned the risk appetite statement. It was noted this was updated 2 years ago and Auditors said we were broadly consistent.

Auditor Appointment Policy

BP spoke on external audit and action to tender by Jan23

Noted service was good and robust and teams rotation. This is only to satisfy the FE Commissioners requirement

Whistleblowing Policy

No significant change

RECOMMENDATION

APPROVED

POLICIES**17. AOB**

governors wished to understand the Principal's thoughts and reflections of control and risk environment, is MI satisfactory – **invite Principal to next meeting Action**

18. Date of next meeting

4.00 pm Tuesday 28 February 2023

Meeting ended at 6:10 pm

Signed

Chair

Date

Action points:

| Item | Action | Responsibility | Timescale |
|-----------------|--|-----------------------|------------------|
| Previous | The committee gave BP authority to plan tender of external audit | BP | Jan 2023 |
| 7i | Add Governor start date to Financial Statement | RoH | Dec 2022 |
| 7ii | Requirement for Benchmark analysis from external audit | BP | Dec 2022 |
| 8i | Principals report to cover Prevent training update | AC | Dec 2022 |
| 8ii | Audit Report on Cyber Security to Board | RoH | Dec 2022 |
| 9ii | Emerging Issues, Holiday pay rate questioned, share with HR | RoH | Dec 2022 |
| 17 | Principals thoughts on risk, invite to next meeting | RoH | Feb 2023 |