



**Minutes of the meeting of the Audit Committee
held via Zoom
on Tuesday 7th July at 16:30**

Present: Lindy Stacey (Chair), Rob Nicholls, Maxine Padgham, Iain Springate, and Jenny Wallace

In attendance: Bill Blythe – Vice Principal Finance and Resources
Sean Mackney – Principal and Chief Executive
Claire Isaac – Head of Finance

Auditors: David Long – Internal Auditors, Haines Watts (items 1-12)
Richard Bott, and Carol Davey – External Auditors, Mazars (items 1-12)
Adam George and Louise Tweedle – Internal Auditors – RSM (Items 1-12)

Governance Advisor: Jane Barton –Governance Advisor

1. Apologies for Absence

Lee Glover – Haines Watts.

2. Declaration of Interests

No declarations of pecuniary or non-pecuniary interests were made in respect of the items on the agenda.

3. Confidential Items

Item 13 on the agenda will be taken as a confidential item without the presence of the Internal and External Auditors.

4. Minutes and Matters Arising 19AC22

The minutes of the meeting of the Audit Committee **held on 17th March 2020 were confirmed as a true record.** There were no matters arising not covered by the agenda.

5. Business Brought Forward By the Chair

No business was brought forward by the Chair.

6. Strategic Risk Monitoring and Board Assurance 19AC24

The Vice Principal Finance and Resources took the Committee through the Dashboard summary of Risks; this document summarises the current Strategic Risks, the risk categories, the performance

against the inherent residual risk appetite criteria, the levels of assurance and current planned actions where appropriate.

The changes reported were:

TR1

Student and/or Staff safety and/or well-being is compromised

The July update detailed how Covid-19 presents an **increased** risk to staff and student welfare. However, Governors were reassured to hear how the risks are being assessed, monitored and where possible mitigated.

New and developing technology is not embraced within teaching and curriculum provision

The July update reported on how Covid situation forced a massive culture change to digital learning, virtual meetings, remote assessing and other digital practices which was positively embraced by the College; (hence the **reduced** risk score) acknowledging that this will provide a positive platform to build from. However, it was noted that the DfE seem somewhat reluctant to embrace and/or fund this.

PR1

Insufficient staff in place to support the business and meet our learners needs

In the July Update Governors heard how, with the restructuring programme underway, there is some movement to a more efficient curriculum delivery resulting in a **reduction** this risk level.

Pandemic (currently Covid-19) impacts on the colleges business by forcing closures of campuses

This risk has been **increased** as the college had remained closed other than for Key workers from Mid-March to June 15 when a few (c 200) learners returned to site for catch up/assessments.

GR1

We are unable to deliver planned growth and return due to geographical, reputational, financial or workforce constraints

Governors noted that the impact of Covid on Apprenticeships is likely to be significant and negative. HE growth has been capped (AoC believe this cap will last beyond 20/21), hence the **increased** risk level.

FR1

Students cannot access resources remotely and or in a timely fashion leading to reduced recruitment and lower success rates.

This risk has been **reduced** – LEP funding now confirmed, Covid has pushed the College digital resources to be more equitably spread and connectivity, whilst weak is not as poor as feared.

Budget not achieved and Financial Health declines, ESFA consider intervention

July Update – The impact of Covid on Apprenticeships is likely to be significant and negative. HE growth has been capped (AoC believe this cap will last beyond 20/21), therefore this risk has been **increased**.

ER1

Petroc is perceived to be disengaged with local/regional stakeholder requirements and misses strategic partnership opportunities.

July Update – The College appears to have been perceived positively during Covid and is clearly now an integral part of stakeholders thinking on economic recovery hence the **reduced** risk level.

Governors recognised that the level of Risk Assessments overtaken by the College during the Pandemic had been extensive and very comprehensive. Governors also suggested that the College

should recognise within in the Risk Register the possible effect on staff returning to the workplace in September after a long period of working from home coupled with the impact of restructuring.

The Committee were satisfied that the College has demonstrated that good and effective assurances are in place that suitably mitigate its Strategic Risks and recommended approval by the Board.

7. Internal Audit Reports 2019/2020 19AC24

The Committee received the Internal Audit Report by Haines Watts.

- **Core Financial Controls - Management Accounts**

David Long from Haines Watts reported that, whilst taking into account the issues identified from the audit survey, the Corporation can take **Substantial Assurance** that the controls upon which the organisation relies are suitably designed and effective.

The report and the recommendations were considered by the Committee who were pleased to note the substantial assurance whilst noting the minimal recommendations from Haines Watts and the agreed actions accepted by the College.

8. Internal Audit Progress 19AC25

The Committee were asked to consider the Internal Audit Strategy from Haines Watts and to take notice of progress against the 2019/2020 detailed plan. It was noted that two reports are outstanding; Subcontracting Controls and the report on Covid 19 (which was substituted for learner numbers).

The Subcontracting controls has been delayed by the complications of off-site working and remote auditing; the Covid report was a late substitute and will take longer to produce. The outcome from these will be reported to at a future meeting of the Audit Committee.

Governors noted the progress against the plan.

9. Internal Audit Plan 2020/2021 19AC26

Louise Tweedle and Adam George from RSM presented the proposed Internal Audit Strategy for 2020/2021. The plan presented to Governors outlined how the priorities within the proposed Annual Audit Plan had been arrive at, the resources needed to deliver the plan and a charter for the provision of those services. In terms of the current year plan it also identified the draft timings for the audits.

The proposed areas to be subject to Internal Audit in 2020/2021 were:

- Curriculum Planning (to incorporate aspects of the Learner Journey)
- Risk Management
- Funding Assurance (to incorporate compliance with the funding rules which apply to the Learner Journey).
- Sub-Contracting Controls

The Audit Committee approved the proposed Strategy confirming that that it reflected the areas that the Committee believe meets the College's needs and will provide adequate assurance to the Board.

10. External Audit Strategy 2019/2020 19AC27

The Committee were asked to agree the strategy proposed by Mazars our Financial Statements Auditors.

Mazars presented the approach to be taken in auditing the financial statements for 2019/2020 and for providing a regularity; confirming that this year due to Covid-19 the Audit will be managed remotely. Mazars reminded the Audit Committee that the board is required to provide these statements including the audit opinion to the ESFA by 31st December 2020.

The approach is quite standard and, following an initial scoping review in the summer, the substantive field work is planned for w/c 12th October 2020.

The Committee agreed to recommend Mazars' Audit Strategy Memorandum and Terms of Engagement, for approval by the Board.

11. College Audit Monitoring Report

19AC28

The Vice Principal Finance and Resources presented The College Audit Monitoring Report which tracks the progress made with actions from Audits; whilst detailing the actions the Vice Principal Finance and Resources committed to completing some of the longer outstanding actions as soon as practical.

The report details 28 actions (at the last report to the committee this was 30):

- None are "high" or "medium" priority
- 16 are "low" priority (Mazars) or "Green/Amber" priority (Haines Watts)
- 12 are mandatory (ESFA Full Assurance Audit)

9 actions are fully completed and all others are in progress.

The Committee noted the progress made in the implementation of audit actions.

12. Financial Accounting Policies

19AC29

The Vice Principal Finance and Resources presented the proposed changes to the accounting policy section of the Financial Accounts for the year ending 31st July 2020.

Minor updates to this year's accounting policies to included:

- Date references
- Loan value
- Reference to OfS Accounts Direction
- Treatment of AEB Funding

Governors approved the changes to the accounting policy.

DATE OF NEXT MEETING

The Committee noted the date of the next meeting:

Tuesday 24th November 2020 at 16:30

The Auditors withdraw from the meeting

The Vice Principal Finance and Resources reported that an EAS Audit was currently underway the outcome of this would be reported to the Audit Committee in due course.

13. Performance Indicators

19AC30

The Committee is expected, in November, to agree a score on Performance Indicators for the college's internal and external auditors. The proforma used is one used by the sector and is unchanged from the version used in the past.

Governors endorsed the continued use of these indicators.

The meeting ended at 17:55