



**Minutes of the meeting of the Audit
Committee held via Zoom on Tuesday 24th
November at 16:30**

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

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)
Louise Tweedle – Internal Auditors – RSM (Items 1-12)

Governance Advisor: Joanna Boardman – Governance Advisor
Alex Farmery – Executive Officer (minutes)

1. Apologies for Absence

Lee Glover – Haines Watts.
Adam George – RSM

2. Membership Matters

The chair welcomed the new Governance Advisor and noted that the Executive Officer was in attendance to take the minutes

3. Declaration of Interests

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

4. Confidential Items

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

5. Minutes and Matters Arising

20AC01

The minutes of the meeting of the Audit Committee held on 7th July 2020 were confirmed as a true record. There were no matters arising not covered by the agenda.

6. Matters Brought Forward By the Chair

No business was brought forward by the Chair.

7. Annual Financial Statements, Regularity Self-Assessment and Audit Completion Report 20AC02

The independently audited financial statements were presented by Mazars as well as the Regularity Self- Assessment questionnaire signed by the Principal and Chair of Governors.

The remote audit process and results were presented to the committee and it was noted that whilst it is subject to confirmation of 'Going Concern' at the Full Governing Board only low priority recommendations were made.

2 Low priority internal control recommendations were made:

- The cost brought forward figure in the accounts does not agree to the cost brought forward figure in the fixed asset register. The gross total cost and total depreciation differs by around £200k, but has no impact on the net book value
- A difference between the aged debtors report and the debtors value as per the Trial Balance code (£8k);

There were 2 minor unadjusted misstatements and 2 minor adjusted misstatements reported.

It was reported by Mazars, that the financial statements are a true and fair reflection.

The committee received the Financial Statements for 2019/20 and recommended they be put forward to the Board in December for approval.

The committee approved the responses to the College Regularity Self-Assessment Questionnaire for the academic year 2019/20 and noted that it had been signed off by the Chair of the Board and the Principal and Chief Executive

The committee received and noted the Audit completion report 2019/20 prepared by Mazars.

The Audit committee noted that Mazars advised the college on the completion of its corporation tax return for 2019/2020 as a separate exercise and agreed that there was no conflict.

The committee expressed their gratitude to the Finance Team and all involved in producing the Financial Statements.

8. Internal Audit Reports **20AC03**

The Committee received and noted three reports for information and review; Haines Watts carried out two Internal Audits:

- Pandemic Response; and
- Subcontracting Controls.

And the ESFA also concluded their review of our Earnings Adjustment Statement (EAS).

It was noted that the Pandemic Response Audit provided Substantial Assurance with two low priority recommendations, both of which were accepted and have been implemented, and that

the ESFA concluded their audit of EAS and reached a satisfactory opinion that the College has substantially complied with the funding rules.

9. College Audit Monitoring Report 20AC04

The Vice Principal Finance and Resources presented the College Audit Monitoring Report

The report details 36 actions (at the last report to the committee this was 28), the increase is as a result of the 2 Internal Audits and a Funding Audit by the ESFA between February and September 2020:

- None are “high” or “medium” priority
- 18 are “low” priority (Mazars) or “Green/Amber” priority (Haines Watts)
- 18 are mandatory (ESFA Full Assurance Audit)

31 actions are fully completed, 3 Amber Actions, 1 Green Action and 1 other action are in progress.

It was noted that a further action had now been completed and that the GDPR Action will need to be addressed as soon as possible.

It was noted that Covid has had an impact on the colleges’ ability to act quickly and this will also be addressed.

10. Haines Watts Internal Audit Annual Report 19/20 20AC05

Haines Watts presented the annual internal audit, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation’s risk management, control and governance processes.

It was noted that for the 12 months ending 31 July 2020, internal audit opinion for Petroc is:

‘The organisation has an adequate and effective framework for risk management, governance and internal control’

and reported that this is the highest opinion available to the auditors within their methodology.

The change in number of days needed for internal audits was queried. Haines Watts took 30 days. In a recent tendering process RSM were successful and awarded the contract moving forward. RSM have proposed 37 days for this year which is usual for an initial contract year and is likely to drop to 30 in subsequent years.

The Audit Committee noted the report.

11. Strategic Risk Monitoring and Board Assurance 20AC06

Following the development of Petroc’s Strategic Plan for 2020-2025, a new Strategic Risk Register was presented which aligns with Petroc’s new Aims and Objectives.

This register has been updated from previous editions, not solely through its content but also in its layout and risk scoring methodology. A new risk scoring matrix has been introduced both to make scoring risks easier than the previous system, and to bring the register in line with other examples across the sector. The new layout has been introduced to create a more robust system for monitoring risks.

It was agreed that the following matters should be considered in informing minor amendments to the risk documentation in advance of the next committee meeting.

- The scoring criteria is to be available and understandable to all colleagues and be added to the risk register when presented to the committee.
- Emerging Risks to be included in the covering report when presenting to the committee
- Change the term “significant” to “severe” to indicate the highest level of risk
- Top level (risks where the inherent score is amber/high or a residual risk score exceeds risk appetite) should be presented to the Committee as a Dashboard presentation in addition to it having access to the full register for interrogation.

The committee reviewed and accepted the strategic risk register provides high levels of assurance to the committee, is of high quality and shows best practice.

ACTIONS: For Bill – Do the things in the 4 bullets

12. Annual Report of Audit Committee to the Board and the Principal 2019/20, review against ACOP 2020 and Committee Self-Assessment Report 20AC07

The Committee reviewed the compliance report, and noted that the College complied with the requirements of the Education Skills Funding Agency Audit Code of Practice.

The Committee noted the report on its work during 2019/20 and subject to some minor amendments recommended approval of the Annual Report from the Audit Committee to the Board and the Principal.

13. Tier 1 KPIs 20AC08

In approving the Petroc 2025 strategy, the Governing Body previously agreed to a three-tiered approach to defining the Key Performance Targets to measure the Strategy by and a presentation of the expected trajectory for each indicator.

The College then identified appropriate indicators, targets and data sources for monitoring and these were presented to the committee for approval.

Following agreement of common tier 2 and tier 3 indicators, data dashboards for different user groups will be produced, to facilitate a common set of college management conversations about performance.

The committee approved the report to recommend to the Board, but recommended adding a change control process and a quarterly snapshot to the committee to enable monitoring of progress.

The Auditors withdrew from the meeting

Any Other Business

None