

PETROC

Minutes of the meeting of the Audit Committee held via Zoom on Tuesday 23 November 2021 at 18:10

Present:

Iain Springate	Chair of Committee
Rob Nicholls	External Governor
Mark Tibbert	External Governor
Karen Taylor	External Governor

In attendance:

Bill Blythe	Vice Principal Finance and Resources
Craig Litster	Interim Vice Principal Education and Learners
Sheena Murphy-Collett	Director of HR and Organisational Development
Claire Isaac	Head of Finance
Joanna Boardman	Governance Advisor and Head of Executive Office
Richard Bott	Auditors - Mazars
Carol Davey	Auditors - Mazars
Adam George	Auditors - RSM
Louise Tweedie	Auditors - RSM

1. Apologies for Absence

Apologies were received from Andy Champion

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

Two items on the agenda are marked as confidential

4. Minutes and Matters Arising

It was noted that Louise Tweedie's name has been spelt incorrectly. A reminder that any matters arising can be sent to Joanna Boardman. In section 10 can it be clarified that the statement relates to the number of risks.

5. Matters Brought Forward By the Chair

No business was brought forward by the Chair.

6.

i: Audit Completion Report

21AC02

RB from Mazars spoke to the report and complimented CI on the accounts as a pleasure to read. No changes have been made this year to the core documents required although there have been changes to the audit code of practice. The final version was issued before consultation. There was one point carried forward from last year with no new ones.

Mazars were presenting an unqualified as the month 3 accounts for going concern need reading. The difficulty in the sector currently with covenants can be tricky, however the way in which the college handled the issues with Barclays were commended.

Carol Davey asked where the college was in the Tiverton Land Sale. It was confirmed that the plan is still to sell the land. Comments were made to make sure the consideration of the related 90k is carried on the balance sheet. Pension amounts vary around the difference of opinion on Covid Mortality and the college's provider is one of the few doing this. Whilst it is a different approach to others, it is too early to establish which approach is correct.

In relation to the Audit Code of Practice, there was additional work needed for the ILE and it replicated a paragraph from their report. There is some discussion around related clawbacks however it shouldn't so have not been included at this time.

There are no new internal control recommendations and the point from last year has been cleared down. The report is longer than previous years due to the expanded responsibility and there is more to do to provide external assurance.

Thanks, were given to Claire and the finance team for a smooth audit.

The committee asked if the liability increasing by £1.2m was a risk and should it be added to the risk register. It was felt to be more favourable to the college, however no-one really knows fully yet.

The report was accepted and approved

ii: Regularity Self-Assessment report

21AC03

The report was approved

iii: Annual Internal Audit Report (RSM)

21AC04

The auditors talked through the full report with the committee.

It was confirmed that six audits had been undertaken this year and in general the results are that the college has adequate and effective processes, although some areas of further enhancement can be made. The auditors felt that is in line with other clients with around 80% achieving this grading.

The committee asked if all areas would need to be of substantial assurance to achieve a top-level grade and this was confirmed by the auditor. This was felt by them to be a very rare outcome.

It was clarified for the committee that issues brought forward in an audit from RSM are owned by the College whose responsibility it is to make any changes and then the auditors check progress in the following year.

It was noted that the pandemic has had an impact on risk profiles and ways of working for all organisations.

iv: Annual Report of the Audit Committee

21AC05

The Governance Advisor presented the annual report set against changes in the Audit Code of Practice. It was noted that Section nine was incorrect and should read 1 adjusted and 1 non-adjusted.

The committee accepted the report and were happy to recommend to Board in December.

v: Strategic Risk Register Review

21AC06

The Director of Finance and Resource presented the Risk Register and commended Dan Brown for the work undertaken to manage the register and the report. The ongoing development of risk at the college has seen a move to create separate registers for both operational and strategic risks which were presented here. The Executive had recently reviewed all risks and agreed allocation with some risks being archived.

Overall the risk profile was reported as solid with a mix of red/amber/green and being well managed.

Comments from the committee:

- Very good progress was noted with internal audit recommendations bring put into place reducing the number of strategic risks and embedding risk at an operational level.
- Next steps should be to look across the remaining strategic risks as the number seems too high
- As the risks were developed from the Strategic Operating Plans they seem very detailed with some duplication. The college should consider undertaking a 'blank page' exercise to identify which risks 'keep people up at night' and be a joint Executive and Board exercise.
- Would a join risk workshop be appropriate which could also look at risk appetite?

- Where risks are proposed for archiving the committee understood the reluctance to do so and suggested that more detail on what internal controls now exist which means that a risk can just become part of the internal control framework. That should provide greater assurance to both the Executive and Board.

The Principal and CEO supported the proposal for a workshop and the Governance Advisor will look into this.

A discussion was held on emerging risks as the committee would like some insight into these. The Principal and CEO confirmed that there may well be some appropriate risks in governmental changes that could be classified in this and the college would report at the next meeting.

The committee approved the risk register

vi: Risk Management and Board Assurance – Policy Update 21AC07

The new policy was presented by the Director of Finance and Resources presented the new policy and confirmed that it had been amended in line with the Risk Audit outcomes, Audit Code of Practice and Orange Book best practice.

Thanks, were given to the auditors for their input and advice and it was shared that the college is taking part in a risk CF project to further share practice.

The policy was approved by the committee

vii: KPIS's 21AC08

The principal and CEO presented the Key Performance Indicator update to the committee explaining that there still existed a lack of external measures and data due to the pandemic fallout.

The impact of Covid, lockdowns and the switch to digital learning still continues on the sector and the learners themselves. Volatility is high and the college is still adapting tutorial processes and managing low attendance figures.

It is too early in the year to identify if the college will fall short of targets as opportunities to drive areas may still be available. Policies have started to move in the college's favour and it will continue to push forward and there is a general sense that the targets will be met.

The committee what was happening with the self-assessment work on quality and curriculum and would be fed through into the quality reports. The Principal and CEO confirmed that the Quality Review Meetings were looking at sub faculty level this year and would be feedback through the Curriculum and Quality committee into Board.

The committee approved the KPI report

viii: IAS Progress Reports **21AC09**

The Director of Finance and Resources presented the report and described it as a high value-added item from RSM auditors.

The auditors confirmed that it was early in year however there were no concerns at this time. Any current issues would get reported to the governors through the weekly briefings.

ix: College Audit Monitoring Report **21AC10**

The Director of Finance and Resources presented the report. It contains 51 items, 4 reporting very good progress and 45 completed.

The Committee commended the report where it showed controls in place where the action couldn't be achieved.

Committee accepted and approved the report

x: Report any additional work undertaken by IAS/FSA

Nothing added in this item

8. Confidential Items – Auditors withdrew from the meeting

i: IAS/FSA – Performance Review **21AC11**

The Director of Finance and resources spoke to the performance of IAS/FSA and confirmed that both teams have performed extremely well in the circumstances. A commendation for RSM with the value added from the IAS progress reports. The committee were asked to approved the scoring

It was noted that RSM have not quite kept up with the timetable of activity and the college have had to chase, although the off-site working may be a factor in that. This will be monitored moving forward.

The committee agreed and noted that it was reflected in their own KPIs in their report and requested feedback on that to RSM.

The committee approved the scoring.

ii: Process for re-tender **21AC12**

The Director of Finance and Resources presented the item and stated that this is an important point currently as the agreement for external financial audit has run out. Income recognition with any provider will be a core requirement and some auditors will not be continuing with that. The process will be a transparent one will full access from audit committee in the selection.

The final account for this year would be the new providers starting point. Would look to assess in spring 2022 and appoint pre-year end in May/June 2022.

The committee approved the proposal

The next meeting of the Audit Committee is 15 March 2022