

THE TRAFFORD COLLEGE GROUP

**Minutes of the Audit Committee Meeting  
held at 6.00pm on Monday 28 June 2021 Via Microsoft Teams**

<b>Present:</b>	Jed Hassid Lina Tsui-Cheung Heather Lang Ian Duncan Dawn Cole Brian Bradley Dawn Cole	(Chairperson)
<b>In Attendance:</b>	Barry Watson Andrea Bennett Michelle Leslie Darryn Hedges Brian Welch Michael Frankish Michael Lowe Nivi Muthukumar Simon Hannett Carmen Gonzalez-Eslava Alison Duncalf Kal Kay	(Corporation Secretary) (Director of Finance & Strategy) (Vice Principal Corporate Services & Planning) (Interim Chief Finance Officer) (BDO) (Grant-Thornton) (Grant-Thornton) (Grant-Thornton) (Director of MIS) (Deputy Principal) (Deputy Corporation Secretary) (Chief Finance Officer Designate)

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Prior to the commencement of the meeting the Chairperson welcomed Lina Tsui-Cheung, Kal Kay and Alison Duncalf to their first Committee meeting.

**AUD/11/21 Apologies for Absence**

The Corporation Secretary (CS) reported that no apologies for absence had been received from Committee members but that Natalie Hinchcliffe (BDO) and Anthony Gribben-Lisle (DPO) had reported their apologies.

**AUD/12/21 Declarations of Direct or Indirect Interest in any of the Meeting's Business Items**

There were no declarations of either Direct or Indirect Interest in any of the meeting's business items.

**AUD/13/21 Minutes of the Meeting held on 26 April 2021**

The minutes of the meeting were approved and accepted as a correct account of the meetings proceedings.

**AUD/14/21 Matters Arising from the Minutes**

i) AUD /06/21- Internal Audit Progress Report – Remote Learning

The Internal Auditor (IA) presented the Internal Audit report that had been undertaken in respect of Remote Learning as discussed at the last meeting of

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the Audit Committee.

The IA advised that the purpose of the review was to provide assurance that appropriate arrangements were in place and operating effectively in relation to the Group's provision of Remote Learning.

The IA advised they had noted some good areas of practice during the audit and that, overall, the systems and controls that were found to be in place mitigated the key risks in establishing a robust learning environment.

It was further advised that there were some areas of required improvements in the control environment and that there were **1 medium and 4 low recommendations** arising from the report which had been agreed and implemented by management.

It was further advised that the level of assurance for **Design was Moderate – Blue and for Operational Effectiveness it was Moderate – Blue.**

Members raised several issues arising from the report as follows:

- It was commented that the implementation date for the recommendation concerning ICT loan equipment appeared to be incorrect and should be January 2021. The IA confirmed that this was the case and undertook to amend the recommended date of implementation accordingly.

### **Action: Internal Auditor (BDO)**

- A member sought clarification concerning the actions that had been taken in respect of the finding that 270 students did not have access to laptops and 9 students did not have Wi-Fi at home.

The IA confirmed that the figures were accurate at the time of testing but that actions would have been taken by management to reduce the figures since the report was written. The Vice Principal Corporate Services & Planning (VPCSP) advised the Committee of the actions that had been taken to address the issue and the outcomes from the Ofsted visit in relation to the delivery of remote learning which had been very positive. It was agreed that details of the up to date figures would be provided to the Committee in due course.

### **Action: Deputy Principal**

- Regarding the students who lacked access to Wi-Fi a member asked if Dongles had been issued to students and she also asked about clarification of the keeping of accurate records regarding the loaning of ICT equipment to students.

The IA advised concerning the issues relating to record keeping explaining the historical context of the situation and that systems were now up and running and the record keeping was as it should be. He further advised that the matter would be followed up in due course and would be presented to the Committee in September 2021.

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It was confirmed that the students who did not have access to Wi-Fi were supported to be able to access Wi Fi and allowed into College during lockdown.

- A member commented that the Group appeared to be very proactive in its support to students in this context and in the broader environment.

There were no further issues raised by members arising from the report and after due discussion and consideration it was unanimously resolved that it be recommended to the Board of the Corporation for approval.

**Action: Board of the Corporation**

There were no further matters raised by members arising from the minutes.

**AUD/15/21 Closure of Accounts – Cheadle and Marple Sixth Form College up to 3 May 2021**

The Interim Chief Finance Officer (ICFO) advised the Committee of the up to date position and the process that would be undertaken regarding the closure of the accounts for the Cheadle and Marple Sixth Form College (CAMSFC).

The following key issues were highlighted:

- The management accounts for CAMSFC would be completed by the end of May 2021 and would be used to support the drafting of the Statutory Accounts.
- The External Auditors (Mazars) would conclude their field work by Friday 2<sup>nd</sup> July 2021.
- The work relating to the Local Government Pension Scheme (LGPS) had been effectively completed and the closing meeting with Mazars would take place by within the next two weeks. It was advised that a consistent approach between the two sets of External Auditors in terms of the LGPS valuation had been agreed.
- The process to sign off the accounts which would be, the reporting of the Draft Report and Financial Statements to the Audit Committee at its meeting in September 2021, with a view to Board approval at its meeting on 20 October 2021.

**Action: Interim Chief Finance Officer / Corporation Secretary**

There were no issues raised by members arising from the verbal report and after due consideration it was resolved that it be noted.

**AUD/16/21 Internal Audit Progress Report**

The IA presented a report which advised the Committee on the performance to date against the Internal Audit Plan for 2020/2021.

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The IA provided the Committee with details of the key issues arising from the report which were as follows:

- The Higher Education Controls audit was under review and that it would be considered as part of the Internal Audit Review Plan.
- The Risk Management audit would be recommended to be undertaken in 2021/2022 due to the impact of the merger with CAMSFC.
- The Review of Learning Curve was still with the subcontractor and it was hoped that it would be presented to the Committee in September 2021.
- The outstanding reports that were still to be undertaken including T Levels, Subcontracting and Follow Up would commence on 12 July 2021 and reported to the Audit Committee at its next meeting.

**Action: Internal Auditor (BDO)**

There were no issues raised by members arising from the report and it was resolved that it be noted.

**AUD/17/21 Internal Audit – Visit 2 2020/2021**

The Committee received the IA's Internal Audit reports (Visit 2 – 2020/2021) as follows:

- **AEB Learner Records – Covid19 Completers**

The IA advised that the report was advisory and that there therefore was no opinion attached to the report.

The IA outlined to the Committee the scope and key findings from the report and advised that there had been no double counting on the Individual Learner Record and that there were currently still 4 outstanding enrolment forms to be processed.

The Chairperson commented that there appeared to be good performance by the Group in this context and asked that the IA check on the outstanding enrolment forms.

**Action: Internal Auditors (BDO)**

There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be noted.

- **Project Management- Capital Projects**

The IA advised that the following areas were covered by the review:

- That the approach to managing large capital projects was outlined in the Financial Regulations and project execution plan.

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- That the project had clearly defined objectives and an investment appraisal was prepared which allowed for effective benefits realisation.

The IA commented that several areas of good practice had been evidenced from the review and that only **one recommendation of medium significance and one of low significance** had been identified which had been agreed with the Group's management.

It was further advised that the level of assurance for **Design was Moderate – Blue and for Operational Effectiveness it was Substantial – Green.**

The ICFO advised that the recommendation relating financial approval limits had now been included in the updated Financial Regulations which the Resources Committee had recommended for approval to the Board of the Corporation.

- A member commented about the Governance structural arrangements in relation to the Project and suggested that given the scope and likely duration of the SPWG it could possibly be made a standing Committee of the Group.

The CS outlined the role and responsibilities of both the SPWG and the Resources Committee and outlined why the current arrangements led to a more effective Governance approach to the Boards responsibilities for the oversight of Capital Projects. The VPCSP commented that she concurred with the CS's view.

- A member asked about the reporting of the escalation of risks for capital projects and how the Board of the Corporation is made aware, for example of increases in costs which must be a concern at the moment given the substantial increase in material costs within the Construction industry.

The VPCSP advised of the approach that is taken concerning risks identification and how they are reported to both the SPWG and the Board of the Corporation to the members satisfaction.

There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that it be recommended to the Board of the Corporation for approval.

### **Action: Board of the Corporation**

#### ▪ **Marketing and Communications**

The IA advised that the purpose of the review was to consider the controls that were in place in relation to marketing and communications with a focus on student recruitment and future business plans and forecasts.

The IA commented that the review had highlighted some areas of good practice with the noting of some recommendations of medium significance in the areas of testing and controls.

It was advised that **5 recommendations of medium significance and two of low significance** had been identified which had been agreed with Group management.

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It was therefore further advised that, on the basis of the required improvements, the level of assurance for **Design was Moderate – Blue and for Operational Effectiveness it was Moderate – Blue.**

Members raised several issues arising from the report as follows:

- A member asked about the operation of ProSolution and the fact that it did not appear to be being consistently used and was it worth considering a different approach from a value for money perspective.

The Deputy Principal advised on the costs and function of ProSolution and that in her view it was an effective and valuable product.

It was further commented that the challenge was around implementation, training for staff and effective monitoring which was a management issue that was being dealt with.

The member commented that this appeared to be a significant issue that needed to be addressed and it was agreed that an update would be provided at the next meeting.

### **Action: Deputy Principal**

- A member commented that there appeared to be a lack of student input into this audit review and that the report was very process driven and asked that when the report is reviewed if the Director of Marketing should be present at the meeting.

The member further asked about how the scope had been developed particularly with regard to the apparent lack of student input into the report.

The Committee discussed the matter in detail and after discussion it was agreed that the Link Governor (Marketing) would raise the issues with the Director of Marketing and report back to the Committee in due course.

### **Action Link Governor Marketing.**

- A member commented about the availability of benchmark data in relation to other comparable Colleges regarding the speed with which enquiry's were dealt with through to the enrolment position. The member also asked that if the data relating to oversight and reporting on enquires was the norm (Page 19 of the report).

The IA commented that he was not aware of any national benchmark data regarding the outcomes in the report but undertook to look at comparative data in respects of Audits undertaken by BDO at other Colleges.

### **Action: Internal Auditor (BDO)**

There were no further issues raised by members arising from the report and after

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due discussion and consideration it was resolved that it be recommended to the Board of the Corporation for approval

**Action: Board of the Corporation****AUD/18/21 Draft Internal Audit Plan 2021/1022**

The IA presented a copy of the Draft Internal Audit Plan for 2021/2022 and advised the Committee that the Draft Plan was focused on the Key Risks to the Group and had been produced in discussion with the Executive Leadership Team.

The IA went through the proposed Draft Plan in detail and commented that a key element of the plan was the merger with CAMSFC and that it was proposed that the number of audit days was the same as last year.

Members raised several issues arising from the report as follows:

- A member asked why there were no planned audit days for any of the Core Financial areas and that this was very unusual in any internal audit plan in terms of key coverage.

The IA advised on the reasons why it was recommended that the core financial areas were not covered including the use of Follow Up audit to review any aspects raised by the previous financial audits. The ICFO advised that he was comfortable with the position given the key area of payroll was solid and that other areas of audit review were of greater priority.

- A member commented that the draft plan rightly focused on the merger with CAMSFC but asked why key areas of Culture and Mental Health and Well- Being were not covered until 2022/23. He further commented that he would have thought that they should both be covered in next year's plan.

The ICFO commented that this was a very good point and that given that the number of Audit days had stayed the same as last year and that the Group was now a much larger business following merger then the Committee might like to give consideration to increasing the number of Audit days in the Plan.

A member commented that in her view the number of Audit days should be increased as a direct result of the merger with CAMSFC.

The VPCSP commented that members should be aware of the capacity issues regarding the Groups managers and that any increase in the planned number of audit days needs to consider the current pressures that are on the Leadership Team.

The VPCSP also advised that an audit into IT Security was undertaken last year and members may want to consider the appropriateness of a further audit in 2021/2022.

KK asked if BDO had the capacity for additional audit Days and the IA confirmed that they did.

After due discussion and consideration it was resolved that the Chairperson of the

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Audit Committee, taking into account the points made by members, should have delegated Authority, following discussions with the ICFO and further consideration of the Executive Leadership Team, to recommend revisions to the proposed Internal Audit Plan for 2021/2022 to the Board of the Corporation.

**Action: Chairperson of the Audit Committee/Interim Chief Finance Officer/ Executive Leadership Team**

It was further agreed that the agreed revised draft plan would be circulated to Audit Committee members.

**Action: Corporation Secretary**

**AUD/19/21 Draft External Audit Plan Year Ending 31 July 2021**

The Financial Statements and Regularity Auditors (FSRA) presented to the Committee a copy of their Draft External Audit Plan for the year ending 31 July 2021.

The FRSA reminded the Committee that the Plan was draft at this stage and any significant changes going forward would be shared with the Committee as appropriate.

**Action: Financial Statements and Regularity Auditor (Grant Thornton)**

It was advised that the context of the plan should be recognisable by members as nothing had changed from last years plan. The FRSA further advised of the changes to the members of the Grant Thornton audit team who would be undertaking the audit which was noted.

The FRSA drew the Audit Committee's attention to the main issues contained in the Executive Summary of the Plan which were as follows:

- Significant Risks which continued to be Revenue and Going Concern.

Regarding revenue it was advised that the FRSA had recently received notification from the ESFA that they would no longer provide confirmation of funding in their annual letter.

It was further advised that this change would require a revised audit approach which would lead to additional work for the Audit team which would lead to a modest additional cost.

The FRSA challenged the Committee that they needed to get assurance that the figures in the accounts were correct given the change in assurance.

A member asked if the ESFA had given any reason for the change in revenue assurance and if there had been any consultation with the sector.

The FRSA advised that no reasons or consultation had been given or undertaken and that it came as areal shock to the sector.

The Chairperson asked if there could be any assistance from the internal audit

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service in securing revenue funding assurance. The FRSA commented that Governors should look to secure assurance that students were in existence and how the Board secured comfort that the numbers were correct.

In discussion it was agreed that this aspect could be added to the considerations for the Annual Internal Audit Plan for 2021/2022.

**Action: Chairperson of Audit Committee/ Interim Chief Finance Officer**

- Management of Override of Controls which were now subject to new auditing standards.
- Pensions. It was confirmed that the approach taken last year would be repeated and that the delays experienced due to asset movements in July were not expected to be repeated. A member asked about the validity of the pension assumptions around Covid19. The FSRA advised of the basis on which GMPF would make the valuation and that actual figures for July 2021 would not be delayed.
- Merger. It was advised that the same approach would be taken as for the merger with Stockport College. A member commented that the merger would be treated as an acquisition and asked if lessons had been learnt from the previous merger process. The FSRA confirmed that it would be treated on an acquisition basis and that he did not expect the process to be as challenging this year due to the nature of the merger and the lessons learnt from the previous merger. The FRSA went through the differences in the mergers and the ICFO commented that he agreed with the assessment and that the Group had secured access to all legacy documentation at CAMSFC and that he did not anticipate an unexpected issues in terms of fair value adjustments.

A member commented in respect of Other Risks as detailed in the report and referred to the Impairment of the Campus. He asked if there was any material impairment. The FSRA advised that he was not expecting any material impairment and that a lot of the work was undertaken last year in this respect.

The ICFO sought clarification regarding the proves of agreeing and approving the fees for the Audit and the CS advised that given the uncertainty around the additional funding work then the ICFO should negotiate the fee with the FSRA with a view to agreeing it with the Chairperson of the Audit Committee before recommendation to the Board of the Corporation for approval.

**Action: Interim Chief Finance Officer.**

There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that the Draft External Audit Plan for the year ending 31 July 2021 it be recommended to the Board of the Corporation for approval subject to any agreed fee adjustments and significant changes identified by the Auditor.

**Action: Board of the Corporation**

**AUD/20/21 Board Assurance and Risk Management Policy 2021-2023**

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The ICFO advised that, because the Board of the Corporation had yet to determine and approve the Strategic Plan for the period 2021-2024 then the Board Assurance and Risk Management Policy (BARMP) review should be delayed until September 2021.

It was further advised that this would enable the BARMP to reflect the Group's Strategic Plan and Strategic Priorities for the relevant period.

The Audit Committee concurred with this approach and it was agreed that the BARMP should be considered by the Committee at the meeting on 13 September 2021.

**Action: Chief Finance Officer/ Corporation Secretary**

**AUD/21/21 Board Assurance and Risk Management Framework 2020/2021- Update June 2021**

The ICFO presented a report, which updated the Committee in respect of the Board Assurance and Risk Management Framework (BARMF).

The report provided members with the following information:

- A copy of the Board Assurance Framework Heat Map.
- A copy of the CAMSFC Risk Management Framework (Risk Register)

The ICFO went through the each of the frameworks in detail and advised the Committee that no risks needed to be the escalated to the Board of the Corporation due to the down grading of Risk 15 relating to the merger with CAMSFC.

There were no issues raised by members arising from the report and after due discussion and consideration it was resolved that the report be noted.

**AUD/22/21 Anti-Fraud, Theft, Bribery and Corruption Policy 2021-2023**

The ICFO presented a report which included a copy of the updated Anti-Fraud, Theft, Bribery and Corruption Policy for the period 2021-2023.

The ICFO advised that the update Policy remained largely unchanged other than minor job changes and typographical adjustments.

Members raised several issues arising from the report as follows;

- A member asked who was covered by the Policy as there was no mention of Board members in Paragraph 1. In discussion the ICFO agreed to amend the paragraph to include Board members.

**Action: Interim Chief Finance Officer**

- A member asked about reporting process if the Chief Finance Officer was

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allegedly involved in any regularity. The ICFO advised that the final paragraph of the reporting procedure covered that instance and it would be referred to the Chairperson of the Board and the Chairperson of the Audit Committee. The Committee also discussed liability in respect of offences and the ICFO advised that in this respect the defence would be around having the correct procedures in place. A member asked about the responsibilities of sub-contractors in this context and the ICFO agreed to investigate the matter.

**Action: Interim Chief Finance Officer**

There were no further issues raised by members arising from the report and after due discussion and consideration it was resolved that the Anti-Fraud, Theft, Bribery and Corruption Policy for the period 2021-2023 be recommended to the Board of the Corporation for approval.

**Action: Board of the Corporation****AUD/23/21 Annual Value for Money Report**

The ICFO presented a report which provided members with information which were in line with the Groups Procurement and Value for Money strategies.

The ICFO commented that the report and data were largely self-explanatory, and that the recurrent savings identified were annualised from the previous year.

Members raised several issues arising from the report as follows:

- A member asked if the non- pay savings from the merger would be identified for next year. The ICFO advised that the current position in terms of how the savings were being reported were under consideration by the Turnaround Manager but that he expected a separate reporting line to be added to identify merger savings. The members asked if the Group still expected to achieve the savings and the ICFO gave an example of the printing tender and how it was hoped to achieve not only original targets but possibly stretch targets.
- A member asked why pay was not included in the report as it had been agreed that it would be included during last year's considerations. The ICFO advised that this could be readily added and that he would bring an updated and revised report to the Audit Committee for the September 2021 meeting.

**Action: Interim Chief Finance Officer**

There were no further issues raised by members arising from the report and it was resolved that it be noted.

**AUD/24/21 ESFA Assurance Review – 16-19 Funding Support Bursary and Free Meals 2019/2020**

The ICFO presented a copy the letter and ESFA Assurance Review regarding the audit that they had undertaken in respect of the 16-19 Funding Support Bursary and Free Meals for 2019/2020.

The ICFO advised that there was no clawback arising from the Audit and that

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management had been satisfied with the outcome.

A member asked if the £26,000k of funding errors was in line with expectations and the ICFO confirmed that it was and added that the auditors went through errors on a line by line basis.

There were no further issues raised by members arising from the letter and review and it was resolved that they be noted.

**AUD/25/21 Post Audit Code of Practice 2020/2021**

The CS presented a report which provided the Committee with a summary of the changes that were required as a result of the ESFA updating and changing the requirements in the Post 16 Audit Code of Practice 2020/2021(ACOP).

It was noted that the changes required the Terms of Reference of the Audit Committee to be amended and updated and the report included a copy of the updated Terms of Reference which met the revised ACOP requirements.

There were no issues raised by members arising from the report and after due consideration it was resolved that the amendments and impact of the ACOP be noted and that the amended and updated Terms of Reference for the Audit Committee be recommended to the Board of the Corporation for approval.

**Action: Board of the Corporation**

**AUD/26/21 Any Other Business**

There were no matters raise under any other business.

**AUD/27/21 Date of Next Meeting**

Following discussion, it was agreed that the next meeting would be held at 6.00pm on Monday 13 September 2021.

The meeting closed at 8.03 pm.