

THE TRAFFORD COLLEGE GROUP

Minutes of the Meeting of the Audit Committee held at 6.00 pm on Thursday 16 September 2021 Via Microsoft Teams

Present:	Jed Hassid Heather Lang Lina Tsui-Cheung Brian Bradley Ian Duncan	(Chairperson)
In Attendance:	Barry Watson Alison Duncalf Carmen Gonzalez-Eslava Kal Kay Michelle Leslie Anthony Gribben-Lisle Natasha Bintley Michael Speight Nicola Wakefield Brian Welch Michael Frankish Nivi Muthukumar	Corporation Secretary Deputy Corporation Secretary Deputy Principal Chief Finance Officer Vice Principal Corporate Services and Planning Data Protection Officer/Interim Director of MIS Director of Finance Mazars – Financial Statements and Regularity Auditor (CAMSF) Mazars – Financial Statements and Regularity Auditor (CAMSF) BDO - Internal Auditors Grant Thornton - Financial Statements and Regularity Auditor Grant Thornton - Financial Statements and Regularity Auditor

Minute No:

AUD/28/21 Apologies for Absence

The Corporation Secretary (CS) reported that apologies for absence had been received from Dawn Cole.

AUD/29/21 Declarations of Direct or Indirect Interest in any of the meetings business items

There were no declarations of either direct or indirect interest in any of the meeting's business items.

AUD/30/21 Minutes of the meeting held on 28 June 2021

The following amendments to the minutes were agreed:

- Dawn Cole had been recorded as being in attendance twice
- Min AUD/17/21 to read "a member commented about the availability of benchmark data in relation to other comparable Colleges regarding the speed with which **enquiries** were dealt"
- Min AUD/24/21 to read "A member asked if the **£26k** of funding errors was in line with expectations and the ICFO confirmed that it was and added that that the auditors went through errors on a line-by-line basis".

The minutes of the meeting, incorporating the agreed amendments, were approved and accepted as a correct account of the meeting's proceedings.

Action: Corporation Secretary

Minute No:**AUD/31/21 Matters Arising from the Minutes**

i) AUD/14/21 – Remote Learning Opportunities and Quality (Internal Audit Report)

The Deputy Principal (DP) stated that it was her understanding that the issue relating to student access to Wifi and dongles had been resolved and as students were now back on site and no longer working remotely the issue was no longer a concern.

ii) AUD/17/21 – Internal Audit Visit 2 2020/2021 – Marketing and Communications

The Chairperson indicated that in his capacity as link governor for this area a conversation has taken place with the Director of Marketing and External Communications in respect of the lack of student input to the audit review undertaken. There was confirmation that further reporting would be made by the link governor to the Board of the Corporation.

Action: Link Governor Marketing

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

The Chief Finance Officer (CFO) confirmed that the Policy covered subcontractors and Board members which was duly noted.

iv) AUD/23/21 – Supplementary Annual Value for Money Report (Pay) 2021

The CS confirmed that the report in respect of Value for Money on Pay Costs had been circulated in advance of the meeting consistent with it being a matter arising.

The CFO stated that this was a supplementary report the content of which should have been included in the wider Value for Money Report as presented to and considered by the Committee at its meeting on 28 June 2021.

There was confirmation that this was the first time a pay costs report had been produced in this context.

The CFO highlighted the following aspects of the report:

- the external benchmarking data relating to the previous year
- analysis and comparisons of the Group's performance for previous years and the current budgeted year (2021/2022)
- confirmation that the Group's pay costs were broadly within the national benchmark guidelines of 65% and that the figure had been impacted through the merger with Cheadle and Marple Sixth Form College (CAMSFC).

Questions from members were invited.

- A member thanked the CFO for the report and asked a question in respect of the pay/income ratio benchmark of 65% and the accompanying graphs in which one indicated that costs were slightly higher than other colleges.

The CFO responded that this had been a known position for a number of years consistent with the Group paying at a slightly higher rate than other local comparable organisations.

- The member further referenced the contribution analysis in respect of the per-merger work and questioned whether such an exercise on an annual basis would help support the value for money analysis.

Minute No:

The CFO concurred that this would be a useful exercise to undertake and cautioned that it could be difficult to disaggregate the pay costs for some courses as they were sometimes apportioned across a number of activities.

There was further confirmation that systems were not currently sophisticated enough to provide the information required however the CFO suggested that an internal exercise could be undertaken with manually adjustment for staff operating within different income streams.

The CFO stated that by undertaking the exercise at a mid-year point the data arising would contribute to the end of year value for money analysis.

The CFO indicated that she would review the normal schedule of work for the year with a view to undertaking contribution level analysis at an appropriate point.

The Chairperson commented that the information arising may also be of interest to the Resources Committee.

Action: Chief Finance Officer

- A member commended the report adding that from a non-financial perspective it had been easy to follow. The member sought clarification concerning the apparent high level of staff turnover particularly during the pandemic.

The CFO responded that the staff turnover was where it was expected to be. Reference was also made to the Key Performance Indicators (KPIs), as considered at the recent meeting of the Board of the Corporation, and the expected level of turnover of 10%. It was stated that this figure was considered to be indicative of the current economic climate and the uncertainty created by a merger. There was confirmation that moving forward termly updates on the KPIs would routinely be considered by the Board of the Corporation.

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

There were no further matters arising from the minutes that were not on the agenda for the meeting.

AUD/32/21 Draft Report and Financial Statements for Cheadle and Marple Sixth Form College up to 4 May 2021

The CFO referred members to the previously circulated Financial Statements (FS) prepared for Cheadle and Marple Sixth Form College (CAMSFC) up to the point of merger on 3 May 2021. The CFO confirmed that Financial Statements for the Group, when presented, would comprise 3 months in relation to CAMSFC and 12 months in relation to The Trafford College Group (TTCG).

The CFO highlighted the following key headlines:

- that the FS were broadly in line to that reported through the monthly management accounts
- the two biggest items affecting the FS related to the pension liability which had decreased and ESFA loan write off, of £2,272k as part of merger
- the net assets and liabilities transferred across at point of merger
- the timeline associated with the signing of the FS at the December 2021 meeting of the Board of the Corporation alongside the signing of the FS for TTCG

Minute No:

- the completion by Mazars of their work in relation to the FS which from their perspective was now finalised, with their letter of engagement letter in the process of being forwarded to the Group
- that a going concern disclosure had been prepared accordingly.

The External Auditor (Mazars) advised the Committee that the Annual Report and Financial Statements and Accounts had now been finalised and reported that two high level risks had been identified as follows:

- that management could override controls however further work had suggested that nothing had occurred to reveal that this happened; and
- the cut off of income and the non-standard year end.

The External Auditor further confirmed that the Accounts had been prepared on the basis of 9/12 of a year, that the relevant income streams had been included together with merger turnaround costs. It was further confirmed that and that the payroll number of days worked had been divided by number of calendar days and that they were unaffected by misstatements.

There was confirmation that the cut off in respect of income and expenditure were considered to be satisfactory.

In terms of the three judgements the following was indicated:

- the position in relation to depreciation was satisfactory
- no issues had been raised in relation to pension liability and principles
- the consideration of impairment of fixed assets, the vast majority of which would be used by TTCG going forward, was underpinned by a valuation obtained as part of the merger arising from which it was considered there were no impairment issues.

It was further advised that historically there had been confirmation from the ESFA of College's entitlement to grant funding and income assurance. Members were reminded that this had recently changed and that subsequently an appropriate piece of work needed to be undertaken to verify the Group's income. The External Auditor confirmed that following appropriate testing there had been no issue of concern with regard to this issue.

The External Auditor reported that there had been no internal audit recommendations in year and the only issue arising was in relation to the July 2021 income and expenditure was a mismatch in pay of £14k. There was confirmation that there had not been a request to make an accounting adjustment with regard to the matter.

Clarity was provided by the CS that the Committee was required to consider three reports in relation to the cessation accounts and in advance of the making of a formal recommendation to the Board of the Corporation for their approval:

- the CAMSFC Report and Financial Statements for the year ended 3 May 2021
- the Final Audit Report from the Auditor which would be circulated to members for consideration in advance of the 22 November 2021 meeting of the Committee
- an Annual Report of the Audit Committee for CAMSFC, which sat alongside the FS and would also be available for consideration at the 22 November 2021 meeting of the Committee.

Questions from members were invited:

- A question was asked by a member in relation to the change in the value of the pension assets which had increased quite considerably.

Minute No:

The CFO responded that pension valuations could present huge swings year on year. It was added that a similar position was likely to be seen for TTCG and across the sector. Members noted that increased valuation was indicative of a recovery following a bad year the previous year.

There were no further questions from members and following due consideration it was resolved that the Report and Financial Statements for CAMSFC up to 4 May 2021 be presented in its finalised format to the 22 November 2021 meeting of the Audit Committee, alongside the Final Audit Report and Annual Report of the Audit Committee.

Action: Chief Finance Officer/Corporation Secretary

AUD/33/21 Financial Considerations for the Draft Report and Financial Statements 2020/2021

The CFO referred members to the previously circulated report on the financial considerations for the Draft Report and Financial Statements (DRFS) 2020/2021 in relation to the TTCG and expressed her appreciation to the Director of Finance for undertaking the associated work in producing the DRFS.

The CFO outlined the five considerations under which the Annual and Financial Statements for the year ended 31 July 2021 had been prepared:

- an impairment review of tangible fixed assets – no impairment of assets
- the capital grants from Greater Manchester Combined Authority (GMCA) in respect of the Stockport redevelopment within which a significant sum of monies had been received and for which consideration needed to be given to both its application and the timing of that application - £3m deferred to 2021/2022
- the Local Government Defined Benefit Pension Scheme Valuation – content with the valuation
- treatment of the merger with CAMSFC – based on acquisition accounting which would show a gain of £8.5m
- going concern assessment – there were no issues from a management perspective in respect of going concern.

The CFO reported that a supplementary paper would be presented to the November 2021 meeting of the Committee to provide assurance in respect of any further changes that may be made by the auditors.

Action: Chief Finance Officer

Questions from members were invited.

- A member highlighted and sought an explanation for the upward adjustment of £4m in respect of the value of CAMSFC.

The CFO responded that at the point of acquisition there would be accounting for the asset at its value on that date. There was confirmation that the amount was considered to be the fair value at that time and was consistent with accounting standards.

There were no further questions raised by members and following due consideration it was resolved that it be recommended to the Board of the Corporation, subject to audit, that the draft Financial Statements be prepared on the basis of the treatments as outlined in the Chief Finance Officer's Report.

Action: Board of the Corporation

Minute No:**AUD/34/21 Final External Audit Plan 2020/2021**

A representative from Grant Thornton (GT) referred members to the previously circulated proposed Financial External Audit Plan 2020/2021. Attention was drawn to the main areas of change since the Plan had previously been reviewed by the Committee at its last meeting.

It was indicated that there was clearly a link with the pre-merger information presented by Mazars and the audit of the post-merger period which was to be undertaken by GT.

The GT representative stated that the Audit Plan as presented was consistent with the draft previously considered by the Committee with two areas remaining open:

- the auditing of revenue figures; and
- any merger considerations.

The GT representative stated that GT was ready to complete the required work but cautioned that there was nervousness as to how long the work might take and thus its associated cost particularly in the context of it being the first year that this type of work to be undertaken.

Questions from members were invited.

- Clarity was sought with respect to the different approach from previous years to the revenue cycle and whether any reliance would be made on the internal auditor's work.

The GT representative advised of the reasons for the change arising from the ESFA no longer providing a letter of assurance around clawback and grant income and that the DRFS auditor would now need to undertake the necessary work.

The GT representative stated that the External Auditors could not place reliance on internal audit work undertaken during the course of the year but was able to risk assess and that the intention was to use these reports in risk assessing.

The GT representative indicated that the work would include extended walk throughs of 25 areas followed by some spot checks. He added that it was anticipated that this would comprise 2 weeks of work. It was also noted that there would be some element of looking back to the previous year.

- A question was asked by a member in relation to the projected additional work fee of £8,500 and whether there was any "wriggle room".

The GT representative responded that he was expecting the data to be robust but also that there would be some element of challenge, adding that this was the reason why the figure had a caveat.

The GT representative further stated that there was always an element of not knowing in terms of the level of work required and that the going concern aspect was always a risk in an audit. MR reiterated that this was his best estimate but added that a significant amount of planning had been undertaken and there was a reasonable level of confidence should a serious issue not emerge.

- A member suggested that the fee for the revenue work was likely to be more quantifiable but may be less quantifiable around merger aspects.

The GT representative responded that the areas that needed to be worked through included the point on pensions; VAT; and the valuation of buildings. He added however the Mazars piece of work was very important in terms of the work to be undertaken.

Minute No:

There were no further questions or issues raised by members and following due consideration it was resolved that the Final Audit Plan be recommended to the Board of the Corporation for approval subject to any minor adjustments in fees due to the merger aspects of the work undertaken.

Action: Board of the Corporation

AUD/35/21 Management Information Systems (MIS) Audits September 2020/2021

The Interim Director of MIS (IDMIS) referred members to the previously circulated report and an overview of recent audit work in relation to MIS, and the action taken to address the risks identified.

Copies of the relevant reports were made available as follows:

- CAMSFC Pre-Merger Audit Recommendations - Funding Assurance Review in relation to Adult Education budget provision and 16-19 provision 2019/2020 – report dated July 2021 – KPMG report commissioned by the ESFA
- CAMSFC Adult Education devolved provision from the Greater Manchester Combined Authority (GMCA) 2019/2020 GMCA Audit – KPMG report commissioned by the ESFA
- GMCA Compliance Checker 2020/2021 Report in respect of TTCG
- GMCA Compliance Checker 2020/2021 Report in respect of CAMSFC.

The DPO/IDMIS provided context to the report and his involvement as an External DPO and also his role in the development of the MIS and Digital Strategy. There was confirmation that the MIS Manager had left the Group at the end of the summer term 2021 for personal reasons and that the DPO was now leading this area on a temporary basis.

The IDMIS reported that an initial review of outstanding actions, risks and current priorities had taken place plus a number of audit reviews of the MIS function pre and post-merger had been concluded, with the reports arising being provided for review by the Committee.

It was further reported that there were also a number of actions, including those tracked by the Internal Auditors, that remain outstanding at the time of writing the report.

The IDMIS stated that from the audits that had been completed and which had not previously reported to the Committee, a number of areas of risk had been identified.

Assurance was provided by the IDMIS that an action plan was now in place to address the risks in relation to both current and future years.

It was further noted that conversations had taken place with Grant Thornton informing them of the up-to-date position so that they could take any issues into account during their audit work.

Action: Grant Thornton

Questions from members were invited.

- A member asked a question in relation to the identified funding error of £20,844 in the CAMSFC Pre merger Audit Funding Assurance Review and asked for further information to support her understanding of the error and whether there had been any evidence of manipulation of the figures.

Minute No:

The IDMIS advised in detail of how the error had occurred which related to data input in respect of a large number of a large number of Individual learner records (ILR) and that due to management actions that had been taken there were no significant risks going forward.

- A member asked a question in relation to the context behind conclusions relating to section 6 where everything that was tested did not comply. It was asked whether this was minor non-compliance as opposed to systemic issues.

The IDMIS advised that of the arrangements that were in place and that there was no direct or material funding risk due to system-based issues. He further advised that a review of frameworks and compliance within the MIS section was being progressed and that he was working with the MIS team in terms of building a new development plan which would include the adoption of best practice.

- A member asked if claw back would be initiated in respect of the GMCA Adult Education Audit of the £24k

The IDMIS stated that the audit had been completed some time ago and related to audit activity from November 2020. He added that it was a known issue which had been actioned pre-merger and that this was the reason it was being reported as an audit action.

- A member highlighted the red risk associated with the GMCA report relating to in year monitoring and the direct impact of a monitoring visit this academic year as opposed to light touch. It was suggested that this would provide assurance to members that the position was improving.

Members thanked the DPO/IDMIS for stepping into the role of interim MIS Manager and for his comprehensive reporting. The IDMIS responded that the team was focused and committed to continuous improvement.

There were no further questions or issues raised by members and following due consideration it was resolved that the MIS reports 2020/2021 be received and noted.

AUD/36/21 Internal Audit Progress Report 2021/2022

The Internal Auditor (IA) presented a verbal update regarding the Internal Audit Plan which had been presented to the June 2021 meeting of the Committee.

The IA reported that a small number of minor revisions had been agreed with management together with revised delivery dates.

It was further reported that there had been a request to undertake some of the audits early in the academic year including support for risk management and a piece of work with members in relation to risk appetite.

There were no questions from members and following due consideration it was resolved that the updates to the Internal Audit Progress Report 2021/2022 be received, noted and endorsed.

AUD/37/21 Internal Audit Visit 3 2020/2021

- **Learner Records – Learning Curve 16-18 – September 2021**

The IA referred members to the previously circulated report and confirmed that this was Phase 2 of work in relation to the devolved Adult Education Budget (AEB) formed as part

Minute No:

of the agreement with the Greater Manchester's devolution deal. It was noted that the Phase 1 report related to Covid completers and was presented to and considered at the last meeting of the Committee.

The IA advised the Committee that there had been concerns with regard to Learning Curve, one of the Group's sub-contractors, in relation the number of hours delivered and those evidenced in comparison to the Guided Learning Hours (GLH) for the qualifications. The IA further advised that as a result of their investigations a sample of 40 learners had been selected from the 2019/2020 academic year, over a variety of qualifications, from which it had emerged that there was a marked difference in the evidence that could be provided to support the learning delivered.

The IA further reported that following conversations with the subcontractor, for 2020/2021 there had been some evidence to substantiate the delivery provided but that management were working with LC to review initial procedures and processes.

Questions from members were invited.

- A member commented on the management response made to the recommendation relating to evidence of learning and questioned whether the management response was adequately robust.

The IA responded that for some of the data relating to 2020/2021, 14 from the sample of 40 sessions were above 20 hours and it was suggested this looked like someone had logged on and left themselves logged in and further commented measurement was not an exact science.

The IDMISS added that it was important to note that in the light of the changing and evolving guidance from the GMCA and the view of the ESFA, the Group would not be contracting with Learning Curve for the coming year.

It was further reported that the GMCA and ESFA had developed new guidance around this provision and that moving forward the intention was for blended provision comprising tutor led input and more evidence of learning.

It was further recognised that the delivery on the part of Learning Curve was within the rules at the time and that Learning Curve had not made an invalid claim.

It was reiterated that the Group had responded to the issues in two ways: by working with Learning Curve to respond to the issues identified and further by not re-contracting with Learning Curve for the current academic year. There was confirmation that the Group was able to offer similar/equivalent provision.

- The question was asked as whether the learners had completed their qualifications successfully.

The DP assured the Committee that learners had not been disadvantaged and they had successfully completed their programmes of study and achieved.

The DP added that open and positive conversations with the GMCA and they had confirmed their support moving forward.

- A member sought assurance, from a governance perspective, that there would not be repetition in the future and that moving forward robust processes would be in place.

The DP responded that the Group now offered its own distance model and would not enrol students on to a model until there was confidence of full compliance. The DP reiterated that it was a valid delivery model within which there was tutor input and face

Minute No:

to face learning. Assurance was provided that models would be maintained under review and there would be no repetition of these issues moving forward.

Action: Deputy Principal

- A further question was asked by a member in relation to whether there had been any lessons learnt from the experience, particularly in relation to contractual matters when the delivering organisation got into difficulties.

The IDMIS offered reassurance, stating that it was more of issue from a commissioning and funders stance, and was indicative of the position at the time of contracting when it was within the funding rules. The IDMIS added that the Group was now looking at how it would we deliver on GMCA requirements and how it worked with subcontractors.

Action: Interim Director of MIS

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

- **Subcontracting (Follow Up)**

The IA reported that the Subcontracting Report 2020/2021 and associated audit was carried out annually and provided assurance on the arrangements in place to manage and control subcontractors for 2020/2021.

It was further noted that under funding agreements with the ESFA there was a requirement for further education providers to obtain external assurance on subcontracting arrangements, annually, where such subcontracted delivery had an aggregate value of £100k or more in a year.

There was confirmation that six subcontractors were in place for the 2020/2021 academic year.

A number of areas of good practice were highlighted with a small number of areas identified where there was a need to address areas of control enhancement and which included the following:

- the timely completion of due diligence checks pre-delivery
- evidence of performance monitoring meetings with all contractors arising from which arrangements were now in place and were ongoing
- procurement and contract management training which had now been addressed in the training cycle
- enrolment information and the provision to learners supported through subcontracting of information in relation to their subcontractor's roles and responsibilities.

Members were referred to the summary of detailed recommendations and the four findings arising.

Questions from members were invited.

- A member highlighted the recommendation in relation to procurement and invited observations from the CFO of how the Group undertook procurement and what it may need to look at in the future.

Minute No:

The CFO responded that there was a need to understand more clearly the difference between procurement and subcontracting. The CFO added that training was now in place for the budget holders to support procurement activities and undertook to explore the matter further with IA with a view to providing a more detailed response and report back to the Committee.

Action: Chief Finance Officer and Internal Auditors

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

- **Introduction to T Levels – September 2021**

The IA reported that T Levels were scheduled to be introduced by the Group from September 2021 and that in preparation for their introduction and implementation an internal audit of actions taken had been commissioned accordingly.

There was confirmation that the review had been undertaken to provide assurance over the Group's preparations for the introduction of the new qualifications.

The IA reported that an award of substantial assurance had been made for design and moderate assurance for operational effectiveness and further that no medium or high significance findings had been raised as part of the review with only one low recommendation being made.

The following observations were highlighted:

- the clearly developed plans and preparations were in place for the introduction of T Levels
- that a number of areas for good practice were identified with only one low level recommendation made in respect of monitoring and reporting on action plans.

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

Action: Board of the Corporation

- **Follow Up – September 2021**

The IA confirmed that the report was to provide the Committee with assurance that the Group had relevant mechanisms in place to ensure that recommendations made by internal auditors were monitored and implemented within appropriate timescales.

It was reported that 26 recommendations were reviewed and that the IA were able to confirm the following outcomes:

- 7 recommendations were from the from previous follow up report (September 2020) and remained outstanding
- the vast majority of recommendations had been actioned and carried out in the 2020/21 academic year however there remained some significantly older unactioned recommendations
- 13 recommendations had been satisfactorily implemented, a significant number were in progress and for 4 recommendations there had been no action.

Minute No:

The IA stated that the CFO was currently exploring ways in which the implementation of internal audit recommendations could be monitored and tracked. He added that a number of areas were currently covered by task and finish scenarios and reiterated that going forward he would be working with the CFO to develop an effective monitoring system.

Action: Chief Finance Officer and Internal Auditor (BDO)

Questions were invited from members.

- A member commented on the historic outstanding recommendations and the asked whether it was adding value to continue to monitor their progress.

The CFO concurred with this statement adding that moving forward there was a need to focus internal audit work on the most up to date processes.

A member echoed the approach in respect of inherited recommendations particularly where it had not been possible to validate their value. Members supported the adoption of a pragmatic approach and the determination of an agreed way forward with the IA.

Action: Chief Finance Officer and Internal Auditor (BDO)

The CS referred to a tracker management approach, in respect of the progressing of audit actions from recommendations, as previously used by the Group. The CS undertook to share with the CFO a copy of the approach.

Action: Corporation Secretary

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**AUD/38/21 Draft Annual Internal Audit Report 2020/2021**

The IA referred members to the previously circulated Draft Annual Internal Audit Report for 2020/2021. There was confirmation that the report presented an overview of the internal audit work conducted over the 2020/2021 academic year.

The following aspects of the report were highlighted:

- the executive summary
- a review of the 2020/2021 work
- the annual statement of assurance
- performance against the operational plan
- audit performance.

Member attention was directed to the review of work and summary of recommendations and their classification as high medium or low. Members were further directed to the conclusion of the internal auditors that:

"In our view, based on the assurance reviews undertaken, the follow-up audits completed during the period, and in the context of materiality:

Minute No:

- *the risk management activities and controls in the areas we examined were found to be suitably designed to achieve the specific risk management control and governance arrangements; and*
- *based on our sample testing, the risk management, control and governance were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved during the period under review.*

This is given with the exception of the high significance recommendations raised as part of the audits.”

The IA further reported that the final section of the report presented a summary reconciliation back to the original plan

Questions from members were invited.

- An issue was raised in relation to the final sentence in the annual statement of assurance relating to the exception statement concerning the high significance recommendations. The question was asked as to whether this statement should be amended to take into account the management actions relating to the audits.

The IA responded that the follow up work relating to the audits had not yet been undertaken but added that the assurance statement could reference the management responses and undertook to provide an amended statement.

Action: Internal Auditor (BDO)

There were no further questions or issues raised by members and following due consideration it was resolved that the Draft Annual Internal Audit Report 2020/2021, subject to a revision to the final sentence of the Annual Statement of Assurance, be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation

AUD/39/21 Board Assurance and Risk Management Policy 2021/2024

The CFO referred members to the previously circulated Board Assurance and Risk Management Policy 2021/2024 and supporting covering paper. There was confirmation that the Policy had previously been updated every year to coincide with the Annual Business Plan (now Operational Plan). It was further noted that the Policy should be aligned to the Strategic Plan (SP) and that the Policy had been prepared on this basis.

The CFO reported that the Board Assurance and Risk Management Framework (the Framework) would continue to be updated in full every year to coincide with the Operational Plan. The CFO added that the Framework had been refreshed and updated in line with the new SP and that the IA had been involved in creating this new revised Framework. The main changes were highlighted as the risks being grouped under strategic priorities and enablers with corresponding numbering.

The increased focus on risk management was also highlighted which was consistent with the ESFA’s publication of College Oversight: Support and Intervention, which focused on the importance of risk management in ensuring viability and reducing the likelihood of formal intervention.

There was also confirmation of the amendments within in the text and further that the policy was set for 3 years aligned to SP with the Framework being reviewed annually to reflect the risks in place.

Minute No:

The CFO also asked that members of the Committee note the closure of the merger risk log.

Questions from members were invited:

- A member commented that the risk appetite and risk assessment training previously alluded to by the CS was to be welcomed.

There were no further comments or questions from members and following due consideration it was resolved that the Board Assurance and Risk Management Policy 2021/2024 be recommended to the Board of the Corporation for approval.

Action: Board of the Corporation**AUD/40/21 Supplementary Bulletin to College Accounts Direction and Post 16 Audit Code of Practice 2020/2021**

The CFO referred members to the previously circulated Supplementary Bulletin to the College Accounts Direction 2020/2021 and the Post-16 Audit Code of Practice 2020/221 as published by the ESFA.

The CFO confirmed that the document introduced a small number of additional requirements that Boards of Corporations must comply with. It was added that in the main the bulletin provided guidance and additional requirements as a result of Covid-19.

There were no questions from members and following due consideration it was resolved that the contents of the bulletin and the potential impact of the work of the external auditors be noted.

AUD/41/21 Annual Audit Committee Self-Assessment 2020/2021

The CS referred members to the previously circulated report and a summary of the responses arising from the Committee's self-assessment of its own performance.

The CS reminded members that it was good practice for the Committee to annually undertake a review of their performance and good conduct. It was noted that the review was undertaken in the form of questionnaire which incorporated an opportunity for members to make additional comments.

Members were directed to the summary of responses. There was recognition that some of the answers had been impacted on by the number of new members of Committee. The CS confirmed that the summary of responses suggested that there were no emerging significant issues.

Questions were invited from members.

- A comment was made by a member in relation to whether separate meetings were held with the external auditors and internal auditors.

There was confirmation that there was the opportunity for these meetings to take place however they were not routinely scheduled.

There were no further comments or questions from members and following due consideration it was resolved that the outcomes of the Committee's self-assessment be noted and that there be no action plan arising.

AUD/42/21 Any Other Business

There were no further items of business.

Minute No:

AUD/43/21 Date of Next Meeting

It was agreed that the next meeting of the Committee would be held on Monday 22 November 2021 at 6.00 pm.

Action: Corporation Secretary

The meeting closed at 19.52 pm.

Michael Speight and Nicola Wakefield (Mazars) left the meeting following agenda item 5 at 6.33pm.

Michael Frankish and Nivi Muthukumar (Grant Thornton) left the meeting following agenda item 7 at 6.52pm