**CORPORATION OF SIR GEORGE MONOUX COLLEGE**

**Minutes of the Meeting of the Audit Committee (Ordinary Business)**

**held on 23 November 2021**

|  |  |
| --- | --- |
| **Present** | Riddhi Bhalla (Chair), Kwame Atta, Sara Whittaker, Adenike Betiku |
| **In Attendance** | David Ball (Vice Principal: Corporate Services), Paul Goddard (Internal Audit Service), Maurine Lewin, Sudhir Singh (MacIntyre Hudson: Financial Statements Auditor), David Vasse (Principal). |

|  |  |
| --- | --- |
| **1** | **Welcome to New Member, Apologies for Absence and Quoracy**  It was noted that all members of the Corporation had been invited to attend for agenda 1-6. Those present are recorded under *In Attendance* above.  Sara Whittaker was welcomed on the occasion of her first meeting of the Committee.  Apologies for absence owing to technical access issues were received from the Clerk to the Corporation: Robert Smith.  The meeting was quorate. |
| **2** | **Declarations of Interest**  None. |
| **3** | **Minutes of the Previous Meeting: 15 June 2021**  It was noted that the draft minutes had been approved by the Chair of the Committee for circulation.  The minutes were approved as a correct record of the business transacted, and *prima facie* evidence of the proceedings to which they relate. |
| **4** | **Matters Arising from the Minutes: 15 June 2021**  *Minute 7*: a risk appetite statement will be prepared and submitted for approval by the Corporation in the Spring Term 2021-22.  *Minute 8*: the internal audit report on governance (recruitment and succession) was made available to the Governance & Nominations Committee.  *Minute 11*: a draft External Audit Re-Tendering proposal will be prepared and submitted to the Audit Committee at the Spring Term meeting for approval on behalf of the Corporation. The external audit tender document will be submitted similarly.  *Minute 13*: the Audit Committee induction programme is a work in progress.  There were no other matters arising except those dealt with elsewhere on the agenda. |
| **5** | **Post-Audit Management Letter: Financial Statements Audit and Regularity Audit for the year ended 31 July 2021**  The draft letter was received and considered.  It was noted that there are some matters in the Report relating to items which require further conclusions, mainly in relation to the conclusions on going concern and irregularity matter. |
|  | It was particularly noted that the 2022 budget and beyond had been reviewed and considered in the light of the funding implications linked to student numbers, and that a paper had been shared with the auditor in respect of the implications of a fall in student enrolments in the current academic year.  Student enrolments are significantly lower than the target of 1,820. Draft financial projections shared with the auditor by management show that cost savings will be sought in salary costs in the year to reflect the decrease in income. Retention rates are positive after the 42-day cut-off by comparison with previous years, and the College had seen success with the Accelerated Learning Pathway.  The External Relations Committee had reviewed the matter and will report to the Corporation in December. A revised financial forecast will be considered at the Resources Committee in December. The auditor will review the Corporation’s assessment of going concern before concluding his own work. ISA 570 now requires a “stand back” approach immediately prior to audit completion.  The College and MacIntyre Hudson will need to conclude if a material uncertainty in relation to going concern exists and needs disclosure within the financial statements. This would affect the wording of the audit report. |
|  | It was also noted that, in the course of the audit, it had been brought to the auditor’s attention that a potentially irregular matter had arisen which had been reported internally using an escalated reporting structure, and is currently in the process of investigation within the College and by the internal audit service. No external report has been made to date, including to the ESFA.  The outcome of the internal audit on procurement which is currently being undertaken will be reviewed by the financial statements’ auditor.  Because the financial exposure of this irregular transaction is greater than £10,000 this appears, as per the Audit Code of Practice, likely to require disclosure to the ESFA. Additionally, on completion of the work of the Internal Audit Service, and based on their further findings, the financial statements’ auditor will seek internal technical guidance on whether there are any implications for the regularity reporting accountant opinion and, in liaison with management and the Audit Committee / Corporation, on appropriate disclosure wording to be included in the Regularity Report and Strategic Report. |
|  | The audit work on the financial statements is now substantially complete and the financial statements’ auditor anticipates issuing an unqualified audit opinion for the year ended 31 July 2021 for the College, though this remains subject to the above conclusions. |
| **6** | **Draft Annual Report & Financial Statements for the year ended 31 July 2021**  The following documents were received and considered:   1. *The Annual Report and Financial Statements* 2. *The Letter of Representation* 3. *The Regularity Self-Assessment Report* 4. *The Accounting Estimates Paper*   It was noted that the papers had been prepared on the basis that the matter under investigation by the internal audit service will report that there is not a systemic control issue. If this is not the case, they will be amended.  It was agreed that the Internal Auditors will confirm their investigation by December 6. Following the completion of that document all documents relating to this agenda will be updated by the College. Once amended, they will be received and approved by the Corporation at the meeting to be held on 14 December 2021. It will be decided at that meeting if the letter should be signed by the Acting Chair of the Corporation.  The draft financial statements in the prescribed format were received and considered. They were noted and recommended for approval by the Corporation, subject to the potential changes. |
| **7** | **Reports from Other Committees on the Monitoring of Risk**  Minutes of the monitoring of board level risks by other committees were received for information. The Audit Committee was satisfied with the approach taken by each Committee.  It was recommended that T-Levels henceforth be monitored by the Quality & Performance Committee (see Minute 8 below). |
| **8** | **Risk Management Report: Autumn Term 2021-22**  A report prepared by the Senior Director: Finance and Resources, together with the College’s revised COVID 19 plan (dated August 2021), was received and considered.  It was noted that T-Levels have not been included on the board level risks in line with the discussion at the previous audit committee meeting. It was suggested by the Committee that T-Levels are included as standing business on the agenda for the Quality and Performance Committee who can monitor the College’s preparation for their introduction and report back to Audit Committee.  Sara Whittaker raised a question on the target rating for financial health which is a 3 while the impact score is also a 3. It was noted that the Risk Committee will review this and amend the target score in light of the fact that the target score is not achievable given the impact score. |
| **9** | **Opportunity for Members to Meet the External Auditors in the Absence of College Officers**  It was noted that from the next meeting this item will be amended to include the Internal Auditors as well. |
| **10** | **ESFA Letter to Chief Accounting Officers**  The letter was received and noted. |
| **11** | **Schedule of Implementation of Outstanding Internal Audit Recommendations**  A report prepared by the Senior Director: Finance and Resources was received and considered.  It was noted that recommendations are being acted on in a timely manner. |
| **12** | **Internal Audit Reports: HR, and IT Infrastructure and Cyber Security**  A Risk and Assurance Report on Human Resources – Safer Recruitment was received and considered. It was noted that a reasonable assurance opinion had been given. Two medium-level recommendations had been made, both of which had been agreed by the College management for implementation by December 2021.  The Chair also noted that risks herein identified had also been identified independently while investigating a grievance. For this reason, the Chair questioned whether this risk should in fact be rated as “High” rather than “Medium”.  A Risk and Assurance Report on IT Infrastructure and Cyber Security was received and considered. |
| **13** | **Internal Audit Service Annual Report 2020-21**  The Report was received and considered.  It was noted that, in the audit service’s opinion the College has adequate and effective risk management, governance and control processes. |
| **14** | **Internal Audit Plan 2021-22**  The Plan, was discussed, and the Chair questioned if the plan continues to  reflect the most pressing matters or should be amended in any way. It was discussed and decided that the current plan was appropriate and hence approved. |
| **15** | **Audit Committee Annual Report 2020-21**  A draft report was received.  The internal audit service recommended a few additions. Sara also independently pointed out that some items from the Post-16 Audit Code of Practice 2020 – 2021 were not explicitly addressed. It was agreed by the Committee to amend the annual report to note these additional points. |
| **16** | **Any Other Competent Business**  None. |
| **17** | **Dates and Times of Remaining Meetings in the 2021-22 Year**  The following approved dates and times were noted:  ***Tuesday 8 March 2022 (17.30)***  ***Tuesday 14 June 2022 (17.30)*** |

**List of Actions Arising from This Meeting**

|  |  |  |
| --- | --- | --- |
| ***Minute*** | ***Person Responsible*** | ***Action*** |
| **8** | Clerk to the Corporation (or interim appointee).  Chair of Quality & Performance Committee | Include T levels as standing business on Quality & Performance Committee agendas, and report deliberations to the Audit Committee. |
| **8** | Risk Committee | Revise the target rating for financial health which is a 3 to ensure it is achievable. |