



Mission Statement: *Inspiring learning, developing character, building futures*

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

Date: **Tuesday 30th June 2020 4.30-5.40pm**
Virtual meeting

Present: Ms Caroline Coyne (Chair)
Ms J Gray (Principal)
Cllr D Clapham
Ms W Middlemas (Observer)

Together with: Ms L Gates (Head of Finance)
Mr Ian Pinches (Audit Manager-Mazars)
Mrs S Hawitt (Governance Administrator-FCAT)

Apologies: Mr C Simkins , Cllr C Baxter and Charlene Lancaster

		Action
14.2020	Preliminaries The Chair welcomed everyone to the meeting. Apologies were noted	
15.2020	Declarations of Interest There were no declarations of interest	
16.2020	Consideration of any items of urgent business. There were no items of urgent business to discuss	
17.2020	Confirmation of Quoracy It was noted the meeting was quorate	
18.2020	Minutes of the meeting held on 28th January 2020 The minutes of the meeting held on 28 th January 2020 were approved	
19.2020	Matters arising from the minutes not covered elsewhere on the agenda There were no matters arising from the minutes not covered elsewhere on the agenda	
20.2020	Internal Audit (if appropriate) There were no Internal Audit papers to discuss	
21.2020	External Audit Strategy Directors received and considered the External Audit Strategy Memorandum for year ending 31 st July 2020 (paper 8.1) presented by the Audit Manager from Mazars. He gave a brief outline of the plan. He highlighted the company's audit scope, approach and timeline and gave an overview of Mazars responsibilities which include providing an audit opinion on the financial statements which include identifying any issues related to fraud in accordance with International Standards on Auditing (UK)	

He outlined the Audit team and informed directors that any member of the committee can contact auditors in between meetings should they need to do so.

Directors were informed of the key areas of work planned for 20/21 and the timeline for these tasks to be carried out as discussed with the Head of Finance, it was noted that these tasks are usually carried out by site visits but this will depend on the current (Covid-19) situation. The Audit Manager explained to directors how Mazars had responded to the pandemic and stated that the move to use remote systems are securely embedded which also include regular calls to clients, there are still face to face processes in place but these will depend on the current Covid-19 guidance. He does not anticipate Covid having an impact on any future audit work.

Directors were reassured that all Mazars staff will hold an enhanced DBS Check before they come into the college, this was an outstanding issue from the previous meeting.

Directors were informed of two significant risks mandated by auditing standards which include, management override of controls and income recognition, both these risks are assumed significant on all audits. The Audit Manager stated that there are no specific concerns for Blackpool Sixth.

Key areas of management judgements highlighted in the plan are:

- Defined benefit pension scheme assumptions
- Depreciation accounting policy
- Covid-19 covenant compliance and going-concern –Directors were informed that there will be greater focus on going concern at the moment as the full impact of the Covid-19 pandemic remains to be seen in the FE sector.

The Audit Manager went onto explain the fee for the current year and noted the increase. He acknowledged that the college were due to go out to tender for the audit work just as the Covid-19 pandemic started, due to the pandemic directors agreed to continue to work with Mazars for a further year until continuing with the tender process for 2020/21

Mazars assured directors that the new fee is comparable with other FE colleges, and this was because audit work imposed on the sector had increased and previous costs had not been covering the work agreed.

Directors were asked to draw their attention to appendix A which outlines the key communication points, appendix B which is a series of further sector wide reports which may be of interest and appendix C and D sets out the proposed Audit Engagement letter. Directors were invited to ask questions

Comments from Directors

Directors noted the 75% rise in fees was vast, especially at this present time when savings are being made across the college as a whole, it was also noted that there were no comparable fees within the new quote. It was also noted that the college tend to continue with the tendering process for 2020/21 to ensure fees remain competitive.

21.2020 D1 Resolved: Recommend to the Corporation for approval the Financial Audit Plan

22.2020

Risk Management

Directors considered the Risk Management Report dated June 2020 (paper 9.1) and appendix 1 and 2 (paper 9.1.1 & 9.1.2) presented by the Head of Finance. It was noted that the Senior Leadership Team meet at several points throughout the year to review the risk register and assurances making changes to the scores as appropriate. Directors were informed that during the latest meeting the risks associated with the Covid-19 pandemic were discussed and recorded on a separate risk register (paper 9.1.2))

Directors were informed that the number of risks on the main register has been reduced as some low level risks have been archived as are no longer applicable.

The Head of Finance highlighted to the committee that the evidence of assurance and action plans should enable the board to satisfy the requirements of the annual review of effectiveness. As the college no longer have an internal audit, the audit committee must make a recommendation to the board on the annual review of effectiveness for the college.

Questions from Directors and External Auditor

Asked about internal audit and the impact of Covid-19 on suppliers and payments to the college, it was noted that there is no longer an internal audit programme. In September, as is done each year, careful consideration will be given to identify any significant areas that need a review, and then identify who is best to carry out the work this may include bringing in external specialists.

22.2020 D1 Resolved: recommend to the Corporation for approval the Risk Management Report 19/20 and assurance actions

23.2020 Internal Audit tracking report 2019/20

Directors received the latest Internal Audit Tracking Report Presented by the Head of Finance, it was noted that some of the actions resulting from the internal safeguarding audit carried out earlier in the year had not been completed due to the Covid-19 pandemic and the closure of college. Directors were reassured that as soon as college re-opens these actions will be implemented as a priority.

Directors were invited to ask questions, there were no questions to answer.

24.2020 Private meeting of the committee with Auditors without staff

No meeting was required

25.2020 Private meeting of the committee without staff or Auditors

NO meeting was required

26.2020 AOB

There was no other business to discuss

27.2020 Identification of any new or amended risks

NO new or amended risks were identified

Date and Time of next meeting

Tuesday 24th November 2020 5pm

Signed _____

Date _____