



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

## MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

**Date:** Monday 14<sup>th</sup> June 2021  
**Virtual Meeting via Google Meet**  
**Time:** 4.00-5.00pm

**Present:** Ms C Coyne (Chair)  
Cllr D Clapham  
Ms J Gray (Principal)  
Mr C Simkins OBE

**Together with:** Mr J Marchant (Audit Partner-Mazars)  
Mrs S Hawitt (Governance Administrator-FCAT)

**Apologies:** Ms W Middlemas (Observer) and Ms L Gates (Head of Finance)

		Action
<b>15.2021</b>	<b>Preliminaries</b> The Chair welcomed everyone to the meeting. Apologies were received	
<b>16.2021</b>	<b>Declarations of Interest</b> There were no declarations of interest	
<b>17.2021</b>	<b>Consideration of any items of urgent business.</b> There were no items of urgent business to discuss	
<b>18.2021</b>	<b>Confirmation of Quoracy</b> It was noted the meeting was quorate	
<b>19.2021</b>	<b>Minutes of the meeting held on 23<sup>rd</sup> February 2021</b> The minutes of the meeting held on 23 <sup>rd</sup> February 2021 were approved	
<b>20.2021</b>	<b>Internal Audit Reports (If Appropriate)</b> Directors received the Safeguarding Audit report carried out by the Early Help and Safeguarding Officer for Blackpool Schools, presented by the Principal. Directors were informed that overall safeguarding practice at the college is very strong. The three areas for improvement from the report have been highlighted on the internal audit tracker and will be completed by September 2021. Directors were invited to ask questions <b>Questions</b> In response to a question about the actions on the action plan (directors could not access the link in the report) it was noted that three actions had been already been completed, five are in progress and the remainder will be started imminently, however all will be complete by the beginning of the next academic year.	

Asked about the three areas for improvement included on the internal tracker it was noted these were

- increase of Early Help Assessment
- refine and improve any issues pre-enrolment
- transition from schools-working better together to improve information sharing.

Ensure all directors are able to access hyperlinks within documents

21.2021

### External Audit

Directors received and considered the External Audit Strategy Memorandum for year ending 31<sup>st</sup> July 2021 (paper 8.1) presented by the Audit Manager from Mazars. He gave directors a summary of the audit approach and highlighted some changes within the audit team. Directors were assured that Mazars will ensure some continuity within the new team currently being put together.

Directors were previously asked to focus their attention to page 10 of the report 'proposed changes in audit approach', an emerging issue not yet fully resolved, the Audit Manager gave directors an update on the current situation. It was noted that the ESFA issued its Post 16 Audit Code of Practice (ACOP) 2020-21 which included a change that has the potential to significantly change the work that external auditors are required to undertake for FE colleges.

He went onto explain that in previous years auditors had not previously undertaken any detailed audit testing to agree a college's entitlement to ESFA's funding grants back to Individualised Learner Records (ILR) due to a clause in the ACOP which stated 'auditors can rely on assurance provided by the ESFA when considering income, recognised in the accounts from the main funding grants generated through ILR returns is fairly stated'; this clause has now been removed. Auditors have been advised that although the ESFA will continue to carry out their checks they feel they cannot give assurance when only a proportion of all colleges are subject to an ESFA funding audit in any given year.

Directors were informed that external auditors are now faced with the challenge of considering how to gain sufficient audit evidence, it is likely that a significant volume of detailed testing back to ILRs will be required. (An example used was the ESFA would look at 30 samples which would equate to approximately 5 days audit work, the new guidance suggests the audit team may need to look at 80 samples, a significant increase and impact on workload and costs.)

It was noted that further discussion will take place with the ESFA and the college will be contacted as soon as possible to discuss a proposed course of action.

A further change which is not included in the document is that there is a requirement for the auditor to present to the main board of directors.

**Question-** In response to a question about the role of the Audit Committee if auditors need to present to the full board, it was noted that this change is still being discussed and one option would be for the Chair of the board to attend the Audit Committee meetings.

Clerk

Directors were informed that the rest of the audit will follow the same approach to the previous year, risks are broadly the same however there are some new standards on auditing.

- 1 - is in relation to going concern the revised standard focusses on greater work on the part of auditors to more robustly challenge management's assessment of going concern.
- 2 - in relation to revisions to ISA UK 540 judgements and estimates the new standard requires the auditor to perform additional understanding and risk assessment procedures over estimates in the financial statements, it was noted that the college have very few estimates, apart from the pension fund where lots of estimates are required.

Directors were informed that it will not make too much of a difference to the work already carried out by auditors in terms of assumptions made. Other changes include being more specific about some of the risks faced as a college in the audit report, for example compliance with the law and regulations and commenting on any assumptions in the financial statements explicitly.

#### **Questions from Directors**

It was noted that the letter states that initial planning had taken place with management at the college to prepare the basis for the audit approach, it was noted that such meeting had not yet gone ahead. The planning meeting will go ahead as soon as more clarity on the code of practice from the ESFA had been received.

In response to a question about the cost of the additional volume of detail involved it was noted that if the level of risk was significant then all samples would need to be accessed, further work is being carried out to try to bring the level of risk down from significant to standard which could then reduce the sample required.

In response to a question about the timescale for the new standards, it was noted that is highly unlikely ESFA will delay the changes.

Directors noted that these changes appear to be calling into account the actual process of calculating college numbers, increasing workload and financial implications and taking away the essence of educating young people with no clear clarity of the process.

The Principal highlighted that usually at this time the audit committee would be signing off an audit plan for the year ahead, however this is not possible as the plan is incomplete. The Audit Partner agreed to provide an addendum to the Audit Committee explaining the situation and estimating costs to allow for the committee to approve the plan for 2021-22 as soon as possible.

Auditor

22.2021

#### **Internal Audit Tracking Report**

Directors received the latest Internal Audit Tracking Report (paper 9.1) presented by the Principal. She highlighted the following from the report, safeguarding champions had not yet been introduced due to Covid-19 but will be as soon as college is re-open fully.

The Single Central Record (SCR) system changes had not been fully complete due to the interruptions to college opening/closing

Two of three of the actions from the safeguarding audit carried out by Blackpool Schools Safeguarding Officer are in progress and RAG rated green before the next Audit Committee meeting.

#### **Questions from Directors**

Asked if GDPR should be an action on the internal tracker it was noted that a future internal audit could help to scrutinise GDPR and record keeping systems.

23.2021

**Risk Management**

Directors received and considered for approval the Risk Management Report (paper 10.1) and the Risk Registers (papers 10.1.2 & 10.1.3) presented by the Principal. She highlighted that a number of risks on the main register had increased slightly however the risks on the Covid register had been reduced. The risk 4.16 had been reduced as a result of the positive financial work the Head of Finance had been able to undertake whilst on compassionate leave, due to elements of her work being delegated to allow her to concentrate on the accountancy element.

The risk 7.02 had been archived as a result of a review of skills within the new SLT and the ability to call on the technical skills of others within the college as required.

It was noted no change had been made to risk C23. It was highlighted that communication from the government had been poor in terms of Summer examinations and Teacher Assessed Grades (TAGS)

Directors were assured that every single risk is scrutinised and gives an accurate picture of the college's position and were invited to ask questions.

**Questions from directors**

There were no questions to answer however the chair noted how pleasing it was to see some of the risks reduced especially with Covid.

**23.2021 D1 Resolved: to recommend to the Corporation for approval the Risk Management Report 2020-21 and assurance actions**

24.2021

**Private meeting of the committee with Auditors without staff**

No meeting was required

25.2021

**Private meeting of the committee without staff or Auditors**

No meeting was required

26.2021

**AOB**

There was no AOB to discuss

27.2021

**Identification of any new or amended risks**

Internal management of changes to Audit Code of Practice due to Head of Finance compassionate leave.

**Date and Time of next meeting**

Tuesday 16<sup>th</sup> November 2021 at 4pm

Signed \_\_\_\_\_

Date \_\_\_\_\_