



BURY COLLEGE FURTHER EDUCATION CORPORATION

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY, 18th JUNE 2020 VIA ZOOM

Meeting Commenced: 1.00 p.m.
Meeting Closed: 1.35 p.m.

Present:

Liaqat Ali	Independent Corporation Member - Chair
Peter Bury	Independent Corporation Member
Anne Holt	Business Support Staff Corporation Member
Phil Johnson	Independent Corporation Member
Danny Weidenbaum	Co-opted Committee Member

In Attendance:

Andrew Harrison	Deputy Principal Finance & Corporate Services
Michael Frankish	Grant Thornton
Peter Ryan	Clerk to the Corporation
Becky Tootell	Deputy Principal Curriculum, Quality and Standards
Louise Tweedie	RSM
Sarah Walton	Director of Personal Development

AC19/20.26	<u>APOLOGIES FOR ABSENCE (ITEM 1)</u>
	There were no apologies for absence and the Chair welcomed Sarah Walton, who was attending the meeting as part of her induction to the College.
AC19/20.27	<u>DECLARATIONS OF INTEREST (ITEM 2)</u>
	There were no declarations of interest in relation to any of the items on the agenda for the meeting.
AC19/20.28	<u>STANDING (ITEM 3) – Meeting between Auditors and the Audit Committee</u>
	The Audit Committee agreed that there was no reason to meet with the Auditors to the exclusion of College Management.
AC19/20.29	<u>MINUTES (ITEM 4)</u>
	The Minutes of the Audit Committee meeting held on 10 th March 2020, were approved as a true and correct record.
AC19/20.30	<u>MATTERS ARISING (ITEM 5)</u>
	The Clerk presented the Matters Arising Report and advised the Committee that all agreed actions had been implemented.
	It was Resolved that the contents of the report and management actions implemented should be noted.
AC19/20.31	<u>INTERNAL AUDITORS (ITEM 6)</u>
	a) Internal Audit Service Reports Louise Tweedie, RSM introduced the reports and highlighted the following:
	i) Financial Sustainability and Financial Planning <ul style="list-style-type: none"> • Taking account of the issues identified, the Corporation can take substantial assurance that the controls upon which the College relies to manage the identified area are suitably designed and are being consistently applied; • 1 low priority management action had been identified and agreed; and

	<ul style="list-style-type: none"> • An area of good practice based on RSM's observations in the sector had been identified, which management may wish to consider as part of their ongoing work in this area.
	<p>ii) Follow Up</p> <ul style="list-style-type: none"> • RSM had undertaken a review to follow up progress made by the College to implement the previously agreed management actions from the 5 audits completed in 2018/19; • No management actions were raised as part of the Follow Up report and therefore no follow up work was undertaken in relation to that review; • The 14 management actions considered during the review comprised of five 'medium' priority, six 'low' priority and three uncategorised advisory actions; and • RSM confirmed that all 14 of the management actions that were followed up had been fully implemented at the time of the review.
	It was Resolved that the contents of the reports should be noted.
	b) Internal Audit Service Progress Report 2019/20
	<p>Louise Tweedie, RSM introduced the report and confirmed that the 2019/20 internal audit plan had been approved by the Audit Committee in July 2019. All of the assignment reviews included in the 2019/20 internal audit plan have now been completed.</p> <p>The report also referred to the following RSM Briefings:</p> <ul style="list-style-type: none"> • COVID-19 Fraud alert leaflet – May 2020; • Assurance and Control over COVID-19 Relief Incentive PPN02/20; and • FE Emerging Issues – Spring 2020.
	It was Resolved that Internal Audit Service Progress Report should be received.
	c) Draft Internal Audit Needs and Audit Plan 2020/21
	<p>Louise Tweedie, RSM introduced the report and confirmed that RSM's approach to developing the internal audit plan was based on analysing the College corporate objectives, risk profile and assurance framework as well as other factors affecting Bury College in the year ahead, including changes within the sector. As part of process, Members of the Committee considered the following:</p> <ul style="list-style-type: none"> • The Committee was satisfied that sufficient assurances were being received within the annual plan to monitor the organisation's risk profile effectively; • The strategy for internal audit covered the organisation's key risks as they were recognised by the audit committee; and • The areas selected for coverage in 2020/21 were appropriate. <p>Following discussion, it was confirmed that the impact of Covid-19 would be considered in each individual audit.</p>
	It was Resolved that:
	<p>a) The contents of the report should be noted; and</p> <p>b) A recommendation be made to the Corporation to approve the Internal Audit Needs & Audit Plan 2020/21.</p>
	d) RSM Briefing – Helping our IA Clients on the Road to Recovery
	<p>Louise Tweedie, RSM introduced the report which intended to reassure clients that in respect of the spread of COVID-19 outbreak RSM were focused on the following three areas:</p> <ul style="list-style-type: none"> • The health and welfare of our clients and staff; • Our ability to continue to support clients in all scenarios; and, • Of course, the delivery of our planned audit reviews and annual opinions. <p>The report highlighted the specific actions that RSM have taken and their proposed solutions as we move gradually from lockdown.</p>

		It was Resolved that the contents of the report should be noted.
		<i>Louise Tweedie withdrew from the meeting at 1.10 p.m.</i>
AC19/20.32	EXTERNAL AUDITORS (ITEM 7)	
	<i>External Audit Plan 2019/20</i>	
		<p>Michael Frankish presented the Grant Thornton Audit Plan for the audit of the Bury College Financial Statements and Regularity Audit for the year ending 31st July 2020 and drew attention to the following:</p> <ul style="list-style-type: none"> • Grant Thornton’s risk-based approach and the significant risks as defined by ISAs; • Other Risk identified – including Revenue, Employee Remuneration, Trade Creditors and accruals, Impairment of campus/other assets and Bank Loan Covenants; • Other areas of particular focus in the audit included Pension Scheme valuations; • Grant Thornton’s approach to Materiality and Regularity Assurance; and • Logistics and the audit team including audit fees and independence to carry out the audit. <p>Following discussion, the following points were highlighted as key risks within the audit:</p> <ul style="list-style-type: none"> • The Impact of Covid-19 on Going Concern; • The impact of remote working by staff and students; • The potential impact of any funding clawback; and • The significant risks associated with the reassessment of notional pensions liabilities.
		<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and</p> <p>b) A recommendation be made to the Corporation to approve the Grant Thornton External Audit Plan for 2019/20.</p>
AC19/20.33	OTHER AUDITS (ITEM 8)	
	<i>GMPF Visit to Contributing Bodies</i>	
		The Deputy Principal Finance and Corporate Services confirmed that the audit had concluded that “the controls in place for Pension Fund administration at Bury College are operating effectively and a High Level of Assurance has been given. Staff members on the Payroll and Pensions Team were found to be enthusiastic and committed to ensuring all processes were operating as effectively and accurately as possible”. Only a small number of issues were identified and the College has committed to actioning the recommendations.
		It was Resolved that the contents of the report should be noted.
AC19/20.34	POLICY ACTIONS (ITEM 9)	
	a) Anti-Fraud and Irregularity Policy	
		<p>The Deputy Principal Finance and Corporate Services confirmed that Internal Audit issued a report in February 2020 on the Framework for Senior Staff Pay and Anti-Fraud Arrangements. RSM had noted that the Anti-Fraud and Irregularity Policy and the Response Plan were incorporated into the same document and recommended that it would be good practice to have the Response Plan as a separate document.</p> <p>The College accepted the recommendation and agreed that the Fraud Response Plan would be held as a separate document to the Anti-Fraud and Irregularity Policy and would only be made available to appropriate individuals within the College. This required a resubmission and re-approval of the Anti-Fraud and Irregularity Policy.</p>
		It was Resolved that:
		a) The contents of the report should be noted; and

	b) A recommendation be made to the Corporation to approve the revised Anti-Fraud and Irregularity Policy.
	b) Fraud Risk Self-Assessment
	<p>The Deputy Principal Finance and Corporate Services confirmed that on 10th March 2020, the Audit Committee had reviewed the Internal Audit report - GDPR Framework for Senior Staff Pay and Anti-Fraud Arrangements. This included the following action:</p> <p><i>The College will undertake a documented fraud risk self-assessment exercise in order to demonstrate how the area's most vulnerable to suspected fraud have been identified. This will be used to highlight the controls and proposed actions for a range of identified fraud related risks. The self-assessment document will also be used to assign management owners and timeframes to the related tasks, which will be monitored by management and/or governors on an ongoing basis.</i></p> <p>Members reviewed the draft Fraud Risk Self-Assessment and the additional actions that had been identified within the report. It was confirmed that the College had clear processes to manage the write off/disposal of assets and timescale to change IT passwords.</p>
	<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and b) The draft Fraud Risk Self-Assessment is approved.</p>
AC19/20.35	MONITORING REPORTS (ITEM 10)
	(a) Risk Management Register 2019/20
	<p>The Deputy Principal Finance and Corporate Services introduced the report and confirmed that the Covid-19 crisis has been added as an eleventh high risk given the severe impact on the running of the College and the impact of learners.</p> <p>This was the final term update completed in May 2020. By this point, the College was largely in lockdown providing distance learning and support to learners. The College had managed the situation effectively: minimising risk of infection and protecting staff and student health, providing a good support and learning experience to the students as far as possible, avoiding severe financial repercussions.</p> <p>The College had implemented an extended reopening to Year 12 students from 15th June 2020 as requested by the DfE, with detailed risk assessments and consultation with staff.</p> <p>The Resources Committee had reviewed the impact of the extended reopening arrangements on HR and Finance on 16th June 2020 and the C&Q Committee had reviewed the impact on Teaching and learning and Safeguarding on 17th June 2020.</p>
	It was Resolved that the contents of the report should be noted.
	(b) Audit Recommendations Monitoring Report 2019/20 Update
	The Clerk introduced the report and asked Members to consider and note the Audit Recommendations Implementation Tracking Report 2019/20, as at June 2020.
	It was Resolved that the contents of the report should be noted.
	(c) Accuracy of Funding and Data Returns
	<p>The Deputy Principal Finance and Resources confirmed that in light of the latest guidance, Governors had identified that current arrangements would be enhanced by including a standing agenda item on the Audit Committee to report on the accuracy of Funding and Data Returns.</p> <p>Following Questions, Members were assured that all 2019/20 returns had been completed timely and accurately. Throughout the lockdown period the College had continued with the same level of data</p>

	checking, through remote working. DSATs, Validation and Funding Monitoring Reports were checked and actioned. Monthly ILR returns continued to be made without significant issues or concerns.
	It was Resolved that the contents of the report should be noted.
	(d) Fraud Log
	The Deputy Principal Finance and Corporate Services confirmed that the College Fraud Log was presented to the Audit Committee, in accordance with Bury College Anti-Fraud and Irregularity Policy. The Fraud Log recorded the nature of suspected/actual fraud/irregularity, actions taken to prevent reoccurrence and lessons learned.
	It was Resolved that the contents of the report should be noted.
	(e) Gifts/Hospitality/Overseas Travel
	The Deputy Principal Finance and Corporate Services confirmed that one of the actions within the College Solvency & Financial Viability Action Plan was the introduction of regular reports to the Audit Committee on sensitive and high-profile items of expenditure, as follows: Overseas Travel – there had been no business trips abroad in 2019/20 year-to-date. The College ran a small number of student trips abroad mainly for travel & tourism students. The aim was that they are cost neutral from student contributions. The cost of the trip was covered for the accompanying staff. Gifts & Hospitality – No declarable offer of gifts or hospitality had been identified in 2019/20.
	It was Resolved that the contents of the report should be noted.
	(f) Solvency and Financial Viability Update
	The Deputy Principal Finance and Corporate Services confirmed that at the Corporation meeting held on 28th October 2019, Members had reviewed the recommendations within the ESFA Bournville College report and the Regularity Self-Assessment Questionnaire and agreed an action plan which would be monitored by the Audit Committee. Following the Internal Audit of Financial Management Processes - Compliance with DfE Insolvency Guidance, the action plan had been updated to include action owners and target completion dates. Members reviewed the Solvency and Financial Viability action plan and noted that actions were on track for completion within the agreed timescales.
	It was Resolved that the contents of the report should be noted.
	(g) Performance of the Internal Auditors 2019/20
	The Deputy Principal Finance and Corporate Services introduced the report and confirmed that RSM continued to provide a good quality internal audit service and provide good support and guidance.
	It was Resolved that the contents of the report should be noted.
	(h) Performance of the External Auditors
	The Deputy Principal Finance and Corporate Services introduced the report and confirmed that Grant Thornton had delivered their service on time and within budget. The planning and delivery enabled a good working relationship with the finance team of the College and timely completion of the accounts/audit process.
	It was Resolved that the contents of the report should be noted.
AC19/20.36	POST MEETING EVALUATION (ITEM 11)

	The Clerk presented a summary of the post meeting evaluation responses from the meeting held on 10 th March 2020 and it was noted that the overall feedback was positive with no concerns having been highlighted.
	It was Resolved that the contents of the report should be noted.
AC19/20.37	DATE AND TIME OF NEXT MEETING
	To be agree at the Corporation on 7th July 2020.

There being no further discussion the meeting closed at 1.35 p.m.

Signed and approved as an accurate record of the meeting

Signature.....Date.....

Summary of Actions - Audit Committee 10 th March 2020			
Item	Action	Person Responsible	Timescale
AC19/20.31 c) Draft Internal Audit Needs and Audit Plan 2020/21	A recommendation be made to the Corporation to approve the Internal Audit Needs & Audit Plan 2020/21.	Deputy Principal Finance and Corporate Services	Corporation 7 th July 2020
AC19/20.32 External Audit Plan 2019/20	A recommendation be made to the Corporation to approve the Grant Thornton External Audit Plan for 2019/20.	Deputy Principal Finance and Corporate Services	Corporation 7 th July 2020
AC19/20.34 a) Anti-Fraud and Irregularity Policy	A recommendation be made to the Corporation to approve the revised Anti-Fraud and Irregularity Policy.	Deputy Principal Finance and Corporate Services	Corporation 7 th July 2020