



BURY COLLEGE FURTHER EDUCATION CORPORATION

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON TUESDAY, 15th JUNE 2021 VIA ZOOM

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

Present:

Liaqat Ali	Independent Corporation Member - Chair
Anne Holt	Business Support Staff Corporation Member
Phil Johnson	Independent Corporation Member

In Attendance:

Patrick Drever	Grant Thornton
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

AC20/21.27	<u>APOLOGIES FOR ABSENCE (ITEM 1)</u>
	Apologies for absence were received from Peter Bury and Danny Weidenbaum. The Chair welcomed Patrick Drever to his first meeting.
AC20/21.28	<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.
AC20/21.29	<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.
AC20/21.30	<u>MINUTES (ITEM 4)</u>
	The Minutes of the Audit Committee meeting held on 9 th March 2021, were approved as a true and correct record.
AC20/21.31	<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.
AC20/21.32	<u>INTERNAL AUDITORS (ITEM 6)</u>
	a) Internal Audit Service Reports Louise Tweedie, RSM introduced the reports and highlighted the following:
	i) Key Financial Controls: Payroll and Expenses <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 • 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) Higher Education Framework</p> <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; • No management actions had been identified; and • 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>iii) 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 2019/20; • The 8 management actions considered during the review were all 'low' priority actions; and • RSM confirmed that 7 of the 8 management actions were fully implemented at the time of the follow up. In the one remaining case, the management action was ongoing at the time of the review (this related to the completion and approval of the College's Mental Health and Wellbeing Strategy). An updated management action had been raised relating to this matter based on the current status of the action.
	It was Resolved that the contents of the reports should be noted.
	b) Internal Audit Service Progress Report 2020/21
	<p>Louise Tweedie, RSM introduced the report and confirmed that the 2020/21 internal audit plan had been approved by the Audit Committee in June 2020. All of the assignment reviews included in the 2020/21 internal audit plan have now been completed.</p> <p>The report also referred to the following RSM Briefings and Updates:</p> <ul style="list-style-type: none"> • Webinar invite: Post-Budget Breakfast update • Change in internal audit assurance level wording briefing (to take effect from 2021/22 onwards) • Higher and further education audit committees – comparison of sector requirements. <p>Members expressed thanks to the College staff and management team who were involved in the audits.</p>
	It was Resolved that the Internal Audit Service Progress Report should be received.
	c) Internal Audit Strategy 2021/22 to 2023/24 (including the Internal Audit Plan for 2021/22)
	<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 2021/22 were appropriate.
	<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 Internal Audit Needs & Audit Plan 2021/22.</p>
AC20/21.33	EXTERNAL AUDITORS (ITEM 7)
	External Audit Plan 2020/21
	Michael Frankish presented the Grant Thornton Audit Plan for the audit of the Bury College Financial Statements and Regularity Audit for the year ending 31 st July 2021 and drew attention to the following:

	<ul style="list-style-type: none"> • Executive Summary highlighting changes; • Grant Thornton’s risk-based approach and the significant risks; • Other Risk identified – including Revenue, Employee Remuneration, Bank Loan Covenants, Trade Creditors and accruals, Impairment of campus/other assets; • 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 significant risks within the audit:</p> <ul style="list-style-type: none"> • The revenue cycle including fraudulent transactions; • Management over-ride of controls; • Defined benefit pension scheme valuation; and • Going concern. <p>Members note that in previous years a key element of the audit approach for Revenue was the receipt of funding confirmations from the ESFA. This would not be provided for 2020/21 and work was ongoing to finalise the approach to this change in scope.</p>
	<p>It was Resolved that:</p> <ol style="list-style-type: none"> a) The contents of the report should be noted; and b) A recommendation be made to the Corporation to approve the Grant Thornton External Audit Plan for 2020/21.
AC20/21.34	<u>POLICY ACTIONS (ITEM 8)</u>
	a) Post 16 Audit Code of Practice
	<p>The Clerk confirmed that the Post-16 Audit Code of Practice (the ‘Code’) set out a common standard for the provision of assurance in relation to funding of post-16 providers. It was updated in March 2021. The 19 Key changes together with the College position and any actions required were outlined within the report.</p> <p>It was noted that there was now a requirement for Corporations to have a policy in place for regular re-tendering of external auditors, which should happen at least every five years and it was suggested that the Audit Committee Terms of Reference should be amended to reflect this requirement.</p>
	<p>It was Resolved that:</p> <ol style="list-style-type: none"> a) The contents of the report should be noted; and b) A recommendation be made to the Corporation to amended Section 7.4 of the Audit Committee Terms of reference to read: “The Audit Committee shall advise the Corporation on the appointment, re-appointment (subject to retendering the service at least every 5 years), dismissal and remuneration of the Financial Statements and Regularity Auditor and the Internal Audit Service.”
	b) Anti-Fraud Checklist
	<p>The Clerk confirmed that the Post-16 Audit Code of Practice (the ‘Code’) set out a common standard for the provision of assurance in relation to funding of post-16 providers. Annex D of the Code was an Anti-fraud checklist for post-16 providers. The 10 questions within the checklist were intended to help providers review their arrangements for preventing, detecting and dealing with fraud should it occur. Arrangements will vary according to the size, structure and complexity of the provider.</p> <p>The College position in respect of the 10 questions contained within the checklist was detailed within the report and no additional actions had been identified.</p>
	<p>It was Resolved that:</p> <ol style="list-style-type: none"> a) The contents of the report should be noted; and b) The College position in respect of the Anti-Fraud Checklist is approved.

	c) Fraud Risk Self-Assessment
	<p>The Clerk confirmed that on 10th March 2020, the Audit Committee reviewed the Internal Audit report - GDPR Framework for Senior Staff Pay and Anti-Fraud Arrangements. This included the following action:</p> <p>“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.”</p> <p>The Fraud Risk Self-Assessment was agreed by the Audit Committee on 18th June 2020 and the latest version was submitted for the review and consideration of the Committee.</p>
	<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and b) The Fraud Risk Assessment is approved.</p>
AC20/21.35	MONITORING REPORTS (ITEM 10)
	(a) Risk Management Register 2020/21
	<p>The Deputy Principal Finance and Corporate Services introduced the report and confirmed that the College had continued with a more targeted Risk Management approach with a comprehensive College Risk Register with the same sections as the Strategic Plan. This risk assessment then identified the high risks which would be monitored throughout the year in the High-Risk Action Plan.</p> <p>The Leadership team had identified 10 High Risks which had been monitored in depth throughout the year. The response to Covid-19 remained of paramount importance still at this point in Term 3 with the local situation. Significant College resources were engaged in mitigating the risk of Covid-19 infection including a testing centre and regular communication with students and staff re home tests.</p> <p>The College has not lost sight of other high risks. Cyber Security was now the greatest emerging risk and additional actions were being taken to reduce access out-of-hours. It had also been identified for an Internal Audit review in Term 1 of the next academic year.</p>
	It was Resolved that the contents of the report should be noted.
	(b) Audit Recommendations Monitoring Report 2020/21 Update
	The Clerk introduced the report and asked Members to consider and note the Audit Recommendations Implementation Tracking Report 2020/21, as at June 2021.
	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 the College has a good track record of accurate and timely funding and data returns. All Returns for 2019/20 were all completed timely and accurately. All 2020/21 returns had been completed timely and accurately. Additional checks on the Fee Remission Reasons for AEB funded learners were made to maximise full funding claimed. Staff worked diligently to accurately recorded all ILR data for the R04 return, ensuring an error free return with accurately recorded Study Programme Hours. The College had continued to make monthly ILR returns without significant issues or concerns. All members of the MIS and Funding Team returned to the office in March 2021.</p>
	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.

	<p>The Fraud Log recorded the nature of suspected/actual fraud/Irregularity, actions taken to prevent reoccurrence and lessons learned.</p> <p>The Head of Finance had explored the option of moving away from Barclaycard. Unfortunately, so far, the reputable banking institutions/card providers approached had insisted that the provision of credit cards could only be part of a day to day banking package. The College was not in a position yet to consider given the ties to Barclays re the outstanding loan. The Head of Finance will continue to review options.</p>
	It was Resolved that the contents of the report should be noted.
	(e) Gifts/Hospitality/Overseas Travel
	<p>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:</p> <p>Overseas Travel – there had been no business trips abroad in 2020/21 year-to-date.</p> <p>Gifts & Hospitality – No declarable offer of gifts or hospitality had been identified in 2020/21. The Chair of the Corporation had asked that the flowers sent to him by the College as part of his recovery from Covid should be recorded.</p>
	It was Resolved that the contents of the report should be noted.
	(f) Performance of the Internal Auditors 2020/21
	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.
	(g) Performance of the External Auditors 2020/21 (2019/20 Accounts)
	<p>The Deputy Principal Finance and Corporate Services introduced the report and confirmed that Grant Thornton had not delivered their service on time and within budget.</p> <p>The Accounts were scheduled to be signed off by the Corporation on 15th December 2020. However, this was delayed by the finalisation of procedures in respect of the GM pension scheme valuation regarding specific Covid-19 factors. The Chair of the Audit Committee, Deputy Principal Finance and Corporate Services and Clerk met, via Zoom, with GT on 14th January 2021, in order that GT could clarify their position and explain how the matter had been resolved. Grant Thornton subsequently issued an unmodified audit opinion and the Accounts were signed off by the Corporation on 26th January 2021 and submitted to the ESFA by the deadline of 31st January 2021. Planning had begun for the 2020/21 accounts with an aim to iron out any issues in advance.</p>
	It was Resolved that the contents of the report should be noted.
AC20/21.36	<u>POST MEETING EVALUATION (ITEM 11)</u>
	The Clerk presented a summary of the post meeting evaluation responses from the meeting held on 9 th March 2021 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.
AC20/21.37	<u>DATE AND TIME OF NEXT MEETING</u>
	To be agree at the Corporation on 29 th June 2021.

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 15 th June 2021			
Item	Action	Person Responsible	Timescale
AC19/20.32 c) Internal Audit Strategy 2021/22 to 2023/24 (including the Internal Audit Plan for 2021/22)	A recommendation be made to the Corporation to approve the Internal Audit Strategy 2021/22 to 2023/24 (including the Internal Audit Plan for 2021/22)	Deputy Principal Finance and Corporate Services	Corporation 29 th June 2021
AC19/20.33 External Audit Plan 2020/21	A recommendation be made to the Corporation to approve the Grant Thornton External Audit Plan for 2020/21.	Deputy Principal Finance and Corporate Services	Corporation 29 th June 2021
AC20/21.34 Policy Actions a) Post 16 Audit Code of Practice	A recommendation be made to the Corporation to amended Section 7.4 of the Audit Committee Terms of reference to read: "The Audit Committee shall advise the Corporation on the appointment, re-appointment (subject to retendering the service at least every 5 years), dismissal and remuneration of the Financial Statements and Regularity Auditor and the Internal Audit Service."	Clerk	Corporation 29 th June 2021