



BURY COLLEGE FURTHER EDUCATION CORPORATION

**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD VIA ZOOM ON TUESDAY, 24th NOVEMBER 2020**

Meeting Commenced: 1.00 p.m.
Meeting Closed: 1.44 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:

Jenny Elgar	Grant Thornton
Mick Frankish	Grant Thornton
Andrew Harrison	Deputy Principal Finance and Corporate Services
Paul Haydock	RSM
Peter Ryan	Clerk to the Corporation
Becky Tootell	Deputy Principal Curriculum, Quality and Standards

AC20/21.01	<u>APOLOGIES FOR ABSENCE (AGENDA ITEM 1)</u>
	There were no apologies for absence.
AC20/21.02	<u>DECLARATIONS OF INTEREST (AGENDA ITEM 2)</u>
	Anne Holt declared an interest in item 14. There were no other declarations of interest in relation to any of the items on the Agenda for the meeting.
AC20/21.03	<u>STANDING ITEM – Meeting between Auditors and the Audit Committee (AGENDA ITEM 3)</u>
	The Audit Committee agreed that there was no reason to meet with the Auditors to the exclusion of College Management.
AC20/21.04	<u>MINUTES (AGENDA ITEM 4)</u>
	The Minutes of the Audit Committee meeting held on 18 th June 2020 were approved and signed as a true and correct record.
AC20/21.05	<u>MATTERS ARISING (AGENDA 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.
AC20/21.06	<u>INTERNAL AUDITORS (AGENDA ITEM 6)</u>
	<u>a) Internal Audit Annual Report 2019/20</u>
	Paul Haydock, RSM presented the final version of the RSM Internal Audit Service Annual Report and Opinion for 2019/20 and confirmed the Audit Opinion as, “The organisation has an adequate and effective framework for risk management, governance and internal control”.

	To inform the Governance opinion for 2019/20, RSM had taken into consideration the governance related elements of each of the assignment reviews undertaken as part of the 2019/20 internal audit plan. The Governance opinion was also informed by RSM's attendance at meetings of the Audit Committee throughout the year.
	It was Resolved that the contents of the report should be noted.
	<i>b) Internal Audit Progress Report 2020/21</i>
	Paul Haydock, RSM introduced the report and confirmed that the Internal Audit Plan for 2020/21 had been agreed by the Corporation in July 2020. Fieldwork was scheduled to commence on 30 th November 2020 for the first two audits i.e. Learner Number Systems - Apprenticeships and Governance and Risk Management - Safeguarding.
	It was Resolved that the contents of the report should be noted.
AC20/21.07	<u>EXTERNAL AUDITORS (AGENDA ITEM 7)</u>
	<i>a) External Audit Letter of Engagement</i>
	<p>The Deputy Principal Finance and Corporate Services confirmed that unfortunately, at the time of the last Corporation meeting, agreement on the content of the Engagement letter had not been reached between the ESFA and Audit providers. This was the same for all Colleges within the sector.</p> <p>Subsequently, the draft Engagement Letters from Grant Thornton were received. GT had introduced a £1m liability cap in the draft LOE for the first time. It appeared that other Colleges have had a similar response from audit firms who have not previously capped their liability. This was because they had discovered that some other firms already have a liability cap. The College had an obligation to consult funding bodies on the change. ESFA had no objections and GMCA had sought clarification on the scope of work involved.</p> <p>Mick Frankish confirmed that the £1m liability cap only related to the Regularity element of the work</p> <p>Members were asked to note that, in order to meet audit deadlines, the Chair of the Corporation has implemented Chair's action in order sign the Letters of Engagement and GT's current Terms and Conditions.</p>
	It was Resolved that the contents of the report should be noted.
	<i>b) College Financial Statements and Regularity Audit Reports for the year ended 31st July 2020; and</i>
	<i>c) BCE Limited Financial Statements for the year ended 31st July 2020</i>
	<p>The Deputy Principal Finance and Corporate Services advised the Committee that the Resources Committee had considered and approved the financial aspects of the draft Members' Report and Financial Statements for Bury College and BCE Limited at their meeting earlier in the day.</p> <p>The Audit Committee was being presented with a copy of the draft Financial Statements for information, to be read in conjunction with the Grant Thornton Audit Findings Report.</p>
	It was Resolved that:
	<p>a) The contents of the report should be noted; and</p> <p>b) The Financial Statements for year ended 31st July 2020 for Bury College and BCE Limited be recommended to the Corporation for approval.</p>
	<i>d) Grant Thornton Letters of Representation</i>
	The Deputy Principal Finance and Corporate Services advised the Audit Committee that the Financial Statements and Regularity Auditors issue, as part of normal audit processes, a letter of

	<p>representation which seeks to ensure that the Corporation can certify that it has supplied all information necessary for the auditors to conduct their work and reach their audit opinion. The Resources Committee had also considered and approved the financial aspects of the draft Letters of Representation for Bury College and BCE Limited at their meeting earlier in the day.</p>
	<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and</p> <p>b) The Committee recommend to the Corporation that the Chair of the Corporation and the Chair of BCE should sign the Letters of representation.</p>
	<i>e) Grant Thornton Audit Findings for Bury College</i>
	<p>Mick Frankish, Grant Thornton, presented the Audit Findings Report for the year ended 31st July 2020 and highlighted the following key issues:</p> <ul style="list-style-type: none"> • The audit had been performed remotely throughout as a result of the Covid-19 imposed restrictions. The audit has progressed well and in line with the original timetable despite the challenges of remote working for both the finance team and audit team; • There were additional areas of risk for the 2020 audit which were detailed within the Audit Plan due to Covid-19. In particular, the significant risk in respect of Going Concern; • The Audit work was substantially complete and there were currently no matters of which Grant Thornton were aware that would require modification of their audit opinion, subject to the outstanding matters detailed within the report; • Grant Thornton's anticipated audit report opinion will be unmodified for Bury College and Bury College Enterprises Limited; • Both of the issues raised in respect of internal controls had been actioned by the College. <p>Jenny Elgar confirmed that discussions were ongoing with GMPF in respect of the date of the College pension valuation report and the impact of Covid on property valuations.</p> <p>The Deputy Principal Finance and Corporate Services confirmed that a report which had provided assurance in respect of going concern had been reviewed at the Resources Committee earlier in the day.</p>
	It was Resolved that the contents of the report should be noted.
AC20/21.08	<u>OTHER AUDITS (AGENDA ITEM 8)</u>
	<i>Grant Thornton – Teachers’ Pensions Report to the year-end 31st March 2020</i>
	Mick Frankish, Grant Thornton, presented the report and confirmed that no exceptions or errors had been identified.
	It was Resolved that the contents of the report should be noted.
AC20/21.09	<u>POST 16 AUDIT CODE OF PRACTICE 2019/20 (AGENDA ITEM 9)</u>
	The Clerk confirmed that the Post-16 Audit Code of Practice (the ‘Code’) sets out a common standard for the provision of assurance in relation to funding of post-16 providers. It was updated in July 2020, with the key changes being outlined within the report.
	It was Resolved that the contents of the report should be noted.
AC20/21.10	<u>SOLVENCY AND FINANCIAL VIABILITY UPDATE (AGENDA ITEM 10)</u>
	<p>The Deputy Principal Finance and Corporate Services confirmed that at the Corporation meeting held on 28th October 2019, Members had reviewed the following:</p> <ul style="list-style-type: none"> • FE Bodies Insolvency Guidance; • Government Review of arrangements to monitor Colleges’ finances and financial management; and • Recommendations made by ESFA arising from the investigation at Bournville College.

	<p>The College had reviewed the recommendations within the ESFA Bourneville College report and the Regularity Self-Assessment Questionnaire and agreed an action plan which would be monitored by the Audit Committee</p> <p>Members of the Audit Committee reviewed the plan and note that all agreed actions had been completed.</p>
	It was Resolved that the contents of the report should be noted.
AC20/21.11	<u>MONITORING REPORTS (STANDING ITEM) (AGENDA ITEM 11)</u>
	<i>(a) Risk Management Register 2020/21</i>
	<p>The Deputy Principal Finance and Resources 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 has identified 10 High Risks with, of course, the response to Covid being of paramount importance at this point in Term 1. Much of the College resources are engaged in mitigating the risk of the Covid infection whilst providing good quality education. But the College could not lose sight of other high risks. A risk now elevated to high risk status is the threat of cyber-attacks which had become more frequent and sophisticated.</p>
	<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and b) The Risk Management Register is approved</p>
	<i>(b) Risk Management Policy Update</i>
	The Deputy Principal Finance and Resources confirmed that the Risk Management Policy had been updated for changes of titles and to reflect the more targeted approach to monitor action to address high risks.
	<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and b) The Risk Management Policy be recommended to the Corporation for approval.</p>
	<i>(c) Accuracy of Funding and Data Returns</i>
	<p>The Deputy Principal Finance and Resources confirmed that the report detailed funding and data returns made in 2019/20 and to date and Members were assured that the College had a good track record of accurate and timely funding and data returns. All returns for 2019/20 were all completed timely and accurately.</p> <p>Additional checks on the Fee Remission Reasons for AEB funded learners were made to ensure that the R03 return contained accurate funding data to feed through into early indication Management Reports. The College continued to make monthly ILR returns without significant issues or concerns. Members of the MIS, Student Information and Funding Teams were all working from the office, and were fully geared up to work from home at short notice if required to Self-Isolate. The College had continued with the same level of data checking, through remote working. DSATs, Validation and Funding Monitoring Reports are checked and actioned.</p> <p>Particular focus was now being given to the R04 ILR Return, to ensure the accurate recording of the number of students and their Study Programme Hours, to ensure maximisation of lagged funding for future years.</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. 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 the following: Overseas Travel – not surprisingly given the Covid situation, there were no business trips abroad in 2019/20 or in 2020/21 year-to-date. The College would normally run a small number of student trips abroad mainly for travel & tourism students but these are suspended during the pandemic. Gifts & Hospitality – the Gifts & Hospitality Policy was approved by Governors in November 2019. No declarable offer of gifts or hospitality have been identified since that date. In the first Term of 2020/21, all staff with financial responsibilities were invited to Financial Regulations training including Gifts & Hospitality. Follow-up sessions would continue throughout the year.
	It was Resolved that the contents of the report should be noted.
	f) Audit Recommendations Monitoring Report Update
	The Clerk introduced the report and asked Members to consider and note the Audit Recommendations: Implementation Tracking Report, as at November 2020.
	It was Resolved that the contents of the report should be noted.
	g) Audit Committee Self-Assessment 2019/20
	The Clerk confirmed that the Self-Assessment provided evidence for the annual audit of the College's Financial Statements, in accordance with the Joint Audit Code of Practice.
	It was Resolved that the contents of the report should be noted.
AC20/21.12	<u>AUDIT COMMITTEE ANNUAL REPORT 2019/20 (AGENDA ITEM 12)</u>
	The Clerk presented the Draft Audit Committee Annual Report for 2019/20 and drew attention to the statement of assurance to the Corporation Board and the Principal/CEO under the heading of "Audit Committee Opinion 2019/20" which was based on the reports received by the Committee during the year.
	It was Resolved that: a) The contents of the report should be noted; and b) The Audit Committee Annual Report 2019/20 is approved and should be signed by the Chair and submitted to the Corporation.
AC20/21.13	<u>POST MEETING EVALUATION (AGENDA ITEM 13)</u>
	The Clerk presented a summary of the post meeting evaluation responses from the meeting held on 18 th June 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.
	<i>Anne Holt withdrew from the meeting at 1.35 p.m.</i>

AC20/21.14	PROCUREMENT REPORT – CONFIDENTIAL ITEM (AGENDA ITEM 14)
	The Deputy Principal Finance and Corporate Services introduced the report and highlighted the issues that had been investigated and actions that had subsequently been taken. Members of the Committee acknowledged that controls were in place to enable the College to identify and address such issues.
	It was Resolved that the contents of the report should be noted.
AC20/21.15	DATE AND TIME OF NEXT MEETING (AGENDA ITEM 15)
	<ul style="list-style-type: none"> • 1.00pm Tuesday, 9th March 2021 • 1.00pm Tuesday, 15th June 2021

There being no further discussion the meeting closed at 1.44 p.m.

Signed and approved as an accurate record of the meeting

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

Summary of Actions - Audit Committee 24 TH November 2020			
Item	Action	Person Responsible	Timescale
AC20/21.07 <i>(b) College Financial Statements and Regularity Audit Reports for the year ended 31st July 2020; and (c) BCE Limited Financial Statements for the year ended 31st July 2020</i>	The Financial Statements for year ended 31 st July 2020 for Bury College and BCE Limited be recommended to the Corporation for approval.	Deputy Principal	15 th December 2020
<i>(e) Grant Thornton Audit Findings for Bury College</i>	The Committee recommend to the Corporation that the Chair of the Corporation and the Chair of BCE should sign the Letters of representation.	Deputy Principal	15 th December 2020
AC20/21.11 <i>b) Risk Management Policy Update</i>	The Risk Management Policy be recommended to the Corporation for approval.	Deputy Principal	15 th December 2020
AC20/21.12 Audit Committee Annual Report 2019/20	The Audit Committee Annual Report 2020/21 is approved and should be signed by the Chair and submitted to the Corporation.	Clerk	15 th December 2020