**The Corporation of Newham Sixth Form College**

**Audit & Risk Committee**

**Minutes of the Meeting held on 23 June 2021**

**Members**

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| --- | --- | --- |
| Jay Nair (Chair) | Independent Member  | Present  |
| Sohidul Hoque | Independent Member  | Apologies – work commitments  |
| Kofo Ladele  | Independent Member  | Present |
| Julianne Marriott  | Independent Member  | Present |

**Non-Members invited to attend**

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| --- | --- | --- |
| Carl Bullen | Scrutton Bland | Present  |
| Michael Gainlall | Vice Principal Finance & Operations  | Present  |
| Mandeep Gill | Principal & Chief Executive  | Present  |
| Paul Goddard | Scrutton Bland  | Apologies – work commitments  |
| Robin Jones | Clerk to the Corporation  | Present  |
| Leisyen Keane | Scrutton Bland  | Present  |
| Hugh Swainson | Buzzacott  | Present  |

**1** **APOLOGIES FOR ABSENCE**

The Committee received and noted that apologies for absence submitted by Sohidul Hoque who was unable to attend due to work commitments.

**2 DECLARATION OF INTERESTS**

The Members and others present confirmed that there were no declarations of interest to be recorded on this occasion.

**3 MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 17 MARCH 2021**

The Minutes of the meeting of the Audit & Risk Committee held on 17 March 2021 were agreed to be a correct record.

**4 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 17 MARCH 2021**

The Clerk advised the Committee that the request to the Corporation that consideration be given to the appointment of an additional Member to join the Committee.

The view of the Corporation was that consideration be given to the identification of someone with the appropriate skills and experience for appointment as a Co-opted Member rather than appointing someone from within the current Corporation. The Executive and the Clerk planned to investigate the opportunities to find a suitable person over the summer and to report the outcome to the Corporation and the Committee in the autumn.

The Committee agreed that there were no other matters arising from the Minutes of the last meeting which required attention at this time.

**5 POST 16 AUDIT CODE OF PRACTICE**

The Clerk presented the updated Post 16 Audit Code of Practice published by the ESFA for review by the Committee.

The particular attention of Members was drawn to paragraph 66 of the Code which was said by the ESFA to clarify the position that the External Auditors would present their findings annually to the Corporation. This had been interpreted in different ways across the FE sector with some Colleges believing that, having spoken to ESFA Officers, it was now a requirement that the External Auditors attended the meeting of the Corporation when the Financial Statements were considered. Elsewhere it had been suggested that the requirement would be satisfied if the Chair of the Corporation attended the meeting of the Audit & Risk Committee when the External Auditors presented the Management Report on the findings of the end of year audit which accompanied the draft Financial Statements.

The Clerk explained that he had been in contact with the AoC as the appropriate national membership body to request that clarification be obtained from the ESFA so that there was clarity as to what was meant by paragraph 66 of the Code.

The Partner from Buzzacott was invited to comment and it was helpful to hear from that firms contact with the ESFA it was not necessary for attendance at both the Audit & Risk Committee and the Corporation to present the Auditors Management Report as long as the full documentation was made available to the Corporation.

An option, therefore, was for all Members of the Corporation to be invited to attend the meeting of the Committee when the External Auditors Management Report was presented.

The Committee was also reminded that, in addition to the review by the Audit & Risk Committee, the establishment of the Finance & Resources Committee provided a second forum for a review of the detail of the Financial Statements with the background support of the Auditors Management Report before the Corporation was invited to approve the Financial Statements.

 The Committee AGREED following discussion:

1. To note the contents of the updated Post 16 Audit Code of Practice including the changes from the previous version as listed on pages 4, 5 and 6
2. To confirm that, at this time, no changes to the Terms of Reference of the Audit & Risk Committee were to be proposed to the Corporation
3. To note the different understandings across the FE sector on what was required under the terms of paragraph 66 of the updated Code and the Clerk had asked the AoC to take up the issue with the ESFA
4. To note the view of Buzzacott that, as long as all appropriate documentation was made available to the Corporation (which it was recognised was the longstanding practice at NewVIc), it was not necessary for the External Auditors to attend meetings of both the Audit & Risk Committee and the Corporation
5. To advise the Corporation, via the Minutes of this meeting, that it was proposed to extend an invitation to all Members of the Corporation to attend the meeting of the Committee in November 2021 and as appropriate in future years so that they could hear first hand the presentation of the Auditors Management Report on the end of year review of the Financial Statements
6. To look forward to receiving the outcome of the approach to the AoC and any other developments on the arrangements to receive and consider the Auditors Management Report on the Financial Statements

**6 RISK REGISTER**

The Committee received and discussed the report of the Vice Principal Finance & Operations and the updated Risk Register.

As in the recent past the Risk Register was comprehensive and summarised the issues, the mitigating actions to reduce the risks, progress made and the calculated scores.

In the main the level of risks were reduced as a result of the mitigating actions. In the case of High Needs funding the level of risk remained high and for Estates & Resources the assessed risk was the same as the inherent risk.

The Vice Principal Finance & Operations explained that one area had been added to the Risk Register since the last meeting – IT infrastructure – which was thought to be by the College to be amber based on the RAG rating.

The Committee agreed:

1. To receive and note the updated Risk Register including the addition of IT infrastructure
2. To look forward to receiving further updates at future meetings of the Committee when the Vice Principal Finance & Operations was asked to highlight the actions taken since the previous review of the Risk Register.

*Note: At this point Leisyen Keane left the meeting given a longstanding business commitment*

**7 FINANCIAL STATEMENTS AUDITORS STRATEGY**

The Committee received a presentation by the representative of the External Auditors with regard to the strategy for the end of year audit for 2020/21 which would cover three aspects:

* Audit of the Financial Statements
* Regularity assurance
* Teachers’ Pension Scheme audit

The Engagement Partner on behalf of Buzzacott took the Committee through the key issues associated with the audit which, unlike last year, would be it was intended largely progressed onsite rather than conducted remotely.

A key issue to address will be the impact of Covid given the ESFA supplementary bulletin.

To satisfy the requirements of the updated Audit Standards Buzzacotts will give particular attention to the Going Concern opinion. It was explained that in line with national requirements more audit work was required to back up the opinion.

The External Auditors were aware of the intentions relating to the proposed new build on the College campus. A view would be taken on which costs would be capitalised and which would need to be a revenue charge. A related factor concerned the limited period remaining for planning permission on certain temporary buildings used by the College although, given the impact of the pandemic, discussions were to take place with the London Borough of Newham with the intention of extending the current timeline.

The Committee was also advised that the Auditors would review the accounting treatment of the £80k currently held given the earlier uncertainties associated with the warranties for the last major building project.

The Committee AGREED:

1. To note the presentation setting out the Financial Statements Audit Strategy for 2020/21 including the approach, the timetable of events and the fee assumptions
2. To note that, based on current information and the end of year projections, the College would meet the requirements of the bank covenants
3. To note that there was now a requirement for the Statement of Corporate Governance and Internal Control to include the number of meetings of the Audit (& Risk) Committee which took place in the year and the attendance records for each Committee Member (in the past only the attendance at meetings of the Corporation was disclosed)
4. To look forward to receiving the Management Report at the meeting scheduled for 24 November 2021 together with the proposed Financial Statements for 2020/21 for review and forwarding to the Corporation

**8 INTERNAL AUDIT – REVIEW OF SAFEGUARDING**

The Committee received and discussed the Internal Audit report prepared following the review of Safeguarding.

The Committee was pleased to NOTE:

1. That the assurance opinion outcome of the Internal Audit review of Safeguarding was “significant” which was the second best of 5 opinions which may be allocated
2. That two “low level” recommendations were provided by the Internal Auditors and these would be addressed by the College by 31 October 2021.

**9 INTERNAL AUDIT – FOLLOW-UP REVIEW**

The Committee received the Follow-Up Report on Previous Internal Audit Recommendations prepared by Scrutton Bland.

The position in summary was noted to be as follows:

* Implemented – 6 recommendations
* Part implemented or in progress – 6 recommendations
* Not implemented – 2 recommendations

The outcome opinion on the part of the Internal Auditors was noted to be “Good Progress”.

The risk rating of the two earlier recommendations which had not yet been implemented was regarded as “low”. Both concerned procurement and would be addressed by the new Head of Finance.

The current implementation of a new HR & Payroll System – Civica- was noted during the discussion of the report. At present this was about 40% completed.

A Member asked about the meeting on High Needs Learners mentioned in the report. It was confirmed that the planned meeting with Officers of the London Borough of Newham had taken place but given changes in the staff involved and expectations /understandings of the funding of High Needs Learners it was reasonable to anticipate that further discussions would be needed.

The Committee AGREED to note the report on the Follow-Up on Previous Internal Audit Recommendations.

**10 INTERNAL AUDIT TRACKER**

The Committee received and noted the Internal Audit Tracker maintained by the Vice Principal Finance & Operations and AGREED that, given the Follow-Up Review recently carried out by Scrutton Bland, there were no additional comments to be made on this occasion.

**11 INTERNAL AUDIT ANNUAL PLAN – 2021/22**

The Committee received the Internal Audit Plan for 2021/22 prepared by Scrutton Bland on a risk based approach.

It was explained that 11 areas had been idedntified as warranting review by the Internal Auditors plus the usual follow-up on previous recommendations. Given the number of audit days available under the terms of the engagement (ie 20 days per year) it was recognised that choices had to be made to gain the greatest possible benefit. The other priorities would be considered for inclusion in the Internal Audit Plan for 2022/23 to be presented to the Committee this time next year.

The Committee agreed, following discussion, to RECOMMEND to the Corporation on 14 July 2021 that the following areas be reviewed by the Internal Auditors in 2021/22:

* High Needs Learners
* Learner Recruitment
* Governance
* Human Resources – Performance Management
* Mental Health and Wellbeing

The Committee recalled that governance had been reviewed by the previous Internal Auditors as recently as June 2020 but the scope had been limited due to the pandemic and had, therefore, not involved Members of the Corporation.

The Clerk drew attention to the proposal in the recent Government FE White Paper (Skills for Jobs: Lifelong Learning for Opportunity and Growth) where an external review of governance was promoted. Whilst the basis for such reviews was not known in any detail the suggested cost was thought to be around £15k every three years. The review by the new Internal Auditors was, therefore, timely and should add value in preparing for the national approach.

**12 FINANCIAL CRIME POLICY**

The Committee received the proposed Financial Crime Policy.

It was explained that the document covered a range of issues including (1) money laundering, (2) bribery, (3) tax evasion and (4) hospitality.

In response to a question from a Member the Vice Principal Finance & Operations confirmed that all staff would be made aware of the Policy and this would include new staff via the refreshed induction programme which was about to be launched.

The Committee agreed following discussion to RECOMMEND to the Corporation on 14 July 2021 the approval of the Financial Crime Policy with a review by July 2024 unless circumstances and experience suggest an earlier review date.

The Vice Principal Finance & Operations confirmed that the margins and other layout issues would be addressed before presentation of the Financial Crime Policy to the Corporation.

**13 WHISTLEBLOWING POLICY**

The Committee received the Whistleblowing Policy as approved by the Corporation on 15 July 2020 on the recommendation of the Audit & Risk Committee with a planned review date by 15 July 2021.

The Committee AGREED:

1. To note that no changes were proposed to the current version of the Whistleblowing Policy on this occasion
2. To RECOMMEND to the Corporation on 14 July 2021 that the current Whistleblowing Policy be approved for continued use with a review to take place by July 2024
3. That should there be any national or local developments impacting on the contents of the Whistleblowing Policy before July 2024 then an early review would be arranged.

**14 MEMBERSHIP OF THE AUDIT & RISK COMMITTEE – JAY NAIR**

The Committee noted this was the last meeting of the Committee to be attended by Jay Nair who was to step down from membership of the Corporation on 31 July 2021 after all but 8 years service**.**

The Members of the Committee and others present acknowledged the significant contribution to the NewVIc Corporation since 2013 and appreciated the calm and effective way that Jay Nair had chaired the Audit & Risk Committee.

Jay Nair responded to the comments and wished all concerned and the College well.

**15 CALENDAR OF MEETINGS - 2021/22**

The Committee noted the proposed calendar of meetings for 2021/22 provided for the Audit & Risk Committee to meet on the following dates:

* Wednesday 24 November 2021
* Wednesday 23 March 2022
* Wednesday 22 June 2022

The start time of meetings would be confirmed after consultation with the Members once the new Chair had been appointed by the Corporation.

It was recalled that it was hoped that as many Corporation Committee meetings as possible would take place during College hours rather than in the evenings.

Another issue to be addressed by Members in due course was if meetings would take place in College or on-line.

Members recognised that additional meetings of the Committee could be arranged if there was urgent business to consider which could not wait until the next scheduled meeting.

**16 AUDIT & RISK COMMITTEE - REVIEW OF 2020/21**

The Committee AGREED that, based on the experience of the past year, there were no immediate changes to be put forward in terms of the role, responsibilities and operation of the Audit & Risk Committee.

*Note: At this time Carl Bullen and Hugh Swainson left the meeting*

**17 CONFIDENTIAL ITEM OF BUSINESS**

The Committee considered one item of confidential business as set out below in the separate Minute which would only be made available to Members of the Corporation and the College Executive.

Chair: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_