**The Corporation of Newham Sixth Form College**

**Audit & Risk Committee**

**Minutes of the Meeting held on 27 June 2023**

**Members**

|  |  |  |
| --- | --- | --- |
| Kofo Ladele (Chair) | Independent Member | Present |
| Chris Folorunso | Independent Member | Present |
| Ebby Maps | Parent Member | Present |
| Simon Mayfield | Co-opted Member | Apologies – Business commitments |
| Avnesh Pandya | Independent Member | Present |

**Non-Members invited to attend**

|  |  |  |
| --- | --- | --- |
| Leisyen Cox | Scrutton Bland | Present |
| Michael Gainlall | Vice Principal Finance & Operations | Present |
| Mandeep Gill | Principal & Chief Executive | Present |
| Robin Jones | Clerk to the Corporation | Present |
| Hugh Swainson | Buzzacott | Present |

**1 MEMBERSHIP OF THE AUDIT & RISK COMMITTEE**

The Committee noted the revised membership of the Audit & Risk Committee for 2022/23 as approved by the Corporation:

* Kofo Ladele (Chair)
* Chris Folorunso
* Ebby Maps
* Simon Mayfield (Co-opted Member)
* Avnesh Pandya

The Chair, on behalf of the Committee, welcomed Ebby Maps to his first meeting following his appointment to join the Committee.

**2** **APOLOGIES FOR ABSENCE**

The Clerk advised that, at that point of the meeting, he had not received any apologies for absence.

The Committee was informed that:

* Although not present at this point it was expected that Avnesh Pandya and Simon Mayfield would join the meeting shortly
* Michael Gainlall had been called away on an urgent family issue but it was hoped that he would join the meeting a little later.

The meeting was quorate throughout.

In the eventSimon Mayfield, submitted his apologies during the meeting due to urgent commitments at the Academy where he was now employed.

**3 DECLARATION OF INTERESTS**

The Members and others present confirmed that there were no declarations of interest to be recorded on this occasion although, for the sake of transparency, Kofo Ladele made known, once again, that Scutton Bland acted as the Internal Auditors and Buzzacott the Financial Statements Auditors to the College where she is employed.

**4 MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 8 MARCH 2023**

The Minutes of the meeting of the Audit & Risk Committee held on 8 March 2023 were agreed to be a correct record subject to the addition of the word “Vice” in the context of the need to make a new appointment to the post of Vice Chair following the resignation of Miklos Sarosi.

**5 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 8 MARCH 2023**

The Committee agreed that there were no matters arising from the Minutes of the meeting held on 8 March 2023 which required attention at this time as items were covered by the published Agenda.

**6 APPOINTMENT OF VICE CHAIR OF THE AUDIT & RISK COMMITTEE – 2022/23**

Chris Folorunso was appointed as the Vice Chair of the Audit & Risk Committee for the remainder of the current year 2022/23 and until the first meeting in 2023/24.

**7 AUDIT CODE OF PRACTICE**

The Committee received and noted the updated Audit Code of Practice (ACoP) published by the ESFA in April 2023.

The attention of Members was drawn to the section in the presentation by the Financial Statements Auditors circulated with the Agenda which highlighted the key points from the updated ACoP although it was agreed that none warranted proposing to the Corporation any possible changes to the Terms of Reference of the Audit & Risk Committee.

**8 AGENDA ORDER OF BUSINESS**

In the absence of Michael Gainlall the Chair proposed, and Members agreed, that the order of business set out in the published Agenda should be amended by taking at this time the presentation from the representative of Buzzacotts on the approach to the end of review of the Financial Statements.

**9 FINANCIAL STATEMENTS AUDITORS**

The representative of Buzzacotts provided the Committee with a comprehensive presentation on, in particular, the approach to the end of review of the Financial Statements for 2022/23 and the preparation of the Management Report for consideration by the Committee in November 2023 and, subsequently, the Corporation in December 2023.

The services to be provided by the Auditors were noted to be as follows:

* Financial Statements audit
* Regulatory Assurance Review
* Teachers’ Pension Scheme audit

The timetable of events was explained which had already started with a pre-audit planning meeting on 9 June 2023.

A change from previous years was noted to be the reclassification of colleges in November 2022 by the ONS which meant that the Auditors would need to consider the College’s compliance with the “Managing Public Money” (MPM) requirements set out by HM Treasury.

The Clerk advised the Committee that the College Financial Regulations had been updated to reflect the implications of the ONS decision and these were to be considered by the Finance & Resources Committee the following day, 28 June 2023, for application as from 1 August 2023.

The presentation included an indication of issues of audit significance:

* Economic climate and financial performance
* Income recognition
* Regularity
* Capital works
* Management override of controls
* Related party transactions
* Accounting estimates

Finally the Committee was advised of the increases in fees which reflected the anticipated additional work involved as a result of the revised ISA 315.

The Committee AGREED following discussion

1. to note the presentation on the end of year audit review of the financial performance in 2022/23 including the range of factors to be taken into account when preparing the Auditors Management Report
2. to recognise that the College was in a strong financial position at present.
3. to look forward to receiving and considering the Auditors Management Report in November 2023

*Notes:*

* *Avnesh Pandya and Michael Gainlall joined the meeting during the item addressed immediately above*
* *The representative of Buzzacott left the meeting at this point*

**10 RISK REGISTER**

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

As noted at previous meetings, in the main the level of risks were reduced as a result of the mitigating actions.

A 4 colour indication of the current risk rating was provided in the Risk Register:

* Black – very high
* Red – high
* Amber – medium
* Green – low

Risk 13 related to the damage to the College’s educational and or organisational reputation / effectiveness. The current and ongoing strike action by members of NEU was now at day 35 of an anticipated 37 days in the current year, This meant that students missed 22% of learning which was bound to have an adverse impact on student achievement.

It was also anticipated that enrolment at the beginning of the Autumn Term (2023) was bound to be affected detrimentally by the negative publicity and community grapevine relating to the strikes at NewVIc. A knock on was the likely adverse impact on the outcome of the Ofsted inspection which was expected sometime in 2023/24.

The College had been taking action to try and support students given the loss of teaching opportunities by providing additional sessions. In terms of the forthcoming Ofsted inspection briefings were taking place for Curriculum Managers and the Management Team so as to agree how students could be best supported in such difficult circumstances.

Risk 14 concerned the College estate and security – this was in the process of being updated to reflect Martyn’s Law and how the College was to plan to prepare for this introduction. This places a requirement on those responsible for certain venues to consider the threat from terrorism and to implement appropriate and proportionate measures.

The Committee AGREED following discussion:

1. To note the updated Risk Register
2. To look forward to receiving at future meetings the updated Risk Register which would include additional comments as and when there were significant changes in circumstances

**11 INTERNAL AUDIT PROGRESS – IMPLEMENTATION OF RECOMMENDATIONS**

The Committee received the position statement presented by the Vice Principal Finance & Operations setting out the current position with regard to the progress being made with regard to the earlier Internal Audit recommendations as previously reported to the Committee.

It was explained that the statement included all recommendations up to the end of 2021/22 but not those made by the Internal Auditors in the current year.

The Committee agreed to NOTE the current position with regard to the Internal Audit recommendations and to look forward to receiving an update at the next meeting.

**12 INTERNAL AUDIT REPORTS**

The Committee received the following Internal Audit Reports:

* Procurement
* Business & Curriculum Planning
* Follow-up
* Risk & Assurance Progress Report

The outcome of the three Internal Audit reviews was noted to be as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Review | Audit Opinion | Number of Medium Recommendations | Number of Low Recommendations |
| Procurement | Significant | - | 4 |
| Business & Curriculum Planning | Significant | - | 1 |
| Follow-up | Good Progress | - | - |
| Risk & Assurance Progress Report | N/A | - | - |

Note of explanation: Scrutton Bland use a 5 assurance level scale when determining the opinion

* Strong
* Significant
* Reasonable
* Limited
* None

For the purposes of the Follow-up report an opinion such as “Good Progress” is given by the Internal Auditors if they see that most recommendations are being addressed.

The representative of the Internal Auditors took Members through the reports and highlighted the outcomes.

The content of the reports was discussed by Members and clarification sought as appropriate.

Particular attention was drawn to the review of Procurement and, in particular, where it was found that purchase orders were raised retrospectively. The approach of the College of “No PO No Pay” was explained whilst acknowledging that there are some services such as utilities where it was not appropriate or indeed possible to raise separate purchase orders. The College would be following up on this issue with reminders to staff and any new suppliers being informed of the need to have a purchase order.

Also in the context of the review of Procurement, the Committee was advised that the Approved Supplier Database was being updated.

The Principal & Chief Executive raised the “significant” opinion given to the outcome of the review of Business & Curriculum Planning. With only one low level recommendation it was asked what was required to receive a “strong” assurance opinion?

The one low level recommendation was thought to be relatively minor in the context of what was required in a relatively complex process involving many staff. The suggestion of the Internal Auditors was that a moderation of minutes was conducted “to ensure that any challenges and actions arising from the discussions are consistently documented and retained within each curriculum course file”. The point was accepted by the College Executive and would be actioned for September 2023.

The representative of the Internal Auditors agreed to review the opinion once again in the light of the comments made and the College would be advised accordingly.

The Clerk informed the Committee that the Governance & Search Committee had met the previous day, 26 June 2023, and agreed to recommend changes to the Committee’s Terms of Reference for consideration by the Corporation on 12 July 2023; these changes to the Terms of Reference took into account the points raised by the Internal Auditors in the review of governance.

The Committee AGREED following discussion:

1. To receive and note the Internal Audit reports as presented
2. To look forward to receiving updates on the range of issues where the Internal Auditors had made recommendations for action including on the examples cited of purchase orders being raised after the event and, therefore, contrary to College policy and practice
3. To note that the Internal Auditors would review once again the opinion on the outcome of the review of Business & Curriculum Planning and, specifically, if it should be “strong” rather than “significant”.

**13 INTERNAL AUDIT ASSURANCE STRATEGY AND ANNUAL PLAN – 2023/24**

The Committee received and considered the Internal Audit Assurance Strategy and Annual Plan for 2023/24.

The representative of Scrutton Bland took Members through the document and, in doing so, highlighted the areas covered to date and those which it was suggested would warrant attention in 2023/24.

The Committee AGREED following discussion:

1. to note the Internal Audit Assurance Strategy and Annual Plan for 2023/24
2. to forward the Internal Audit Assurance Strategy and Annual Plan for 2023/24 to the Corporation on 12 July 2023 with the RECOMMENDATION that the following aspects of College activity be covered by a review in the coming year:
   1. Human Resources with a focus on performance management and sickness absence management
   2. Budgetary Control and Cashflow Forecasting
   3. Enrolment Processes
   4. Health & Safety
3. to request the Internal Auditors to ensure that the review of Budgetary Control and Cashflow Forecasting includes a consideration of the Three Year Financial Plan which the Corporation approves in July of every year for submission to the ESFA

**14 DEVELOPMENT AND TRAINING OF MEMBERS OF THE AUDIT & RISK COMMITTEE**

The Committee recalled that at the meeting on 24 November 2021 it had been agreed that the development and training of the Members of the Committee should be a standing item on the Agendas for future meetings of the Committee so as to track progress and planned actions.

The Chair reported that she had attended the AoC Network for the Chairs of Audit and Finance on 13 March 2023 which she had found informative and worthwhile. A briefing note had been circulated to Members covering the key themes.

Unfortunately the Chair had not been able to attend the recent AoC session due to her own work commitments. However, she would review the slides and let Members know of any points of interest.

The Chair had also attend the national AoC Finance Conference and any key points would be made known to Members via email.

The Clerk confirmed Members would continue to receive information from the SFCA and others on webinars, online training opportunities etc so that they may register. He also explained that the ETF online module platform should soon be relaunched and he would let Members know when they could access the various programmes.

Finally the Committee discussed the value of having another briefing session on the role and responsibilities of the Audit & Risk Committee and it was agreed to request the Internal Auditors to provide such a presentation at the November meeting. This would help ensure that the consideration of such key issues as the Financial Statements Auditor’s Management Report and the content of the Annual Report of the Committee were appropriately addressed.

**15 CALENDAR OF MEETINGS – 2023/24**

The Committee noted the proposed dates for the meetings of the Audit & Risk Committee in 2023/24 as set out in the draft Calendar to be considered by the Corporation on 12 July 2023:

* Wednesday 22 November 2023
* Wednesday 6 March 2024
* Wednesday 26 June 2024

Members confirmed that the current online arrangements were working well and should continue.

The start times of the meetings would be 5.45 pm.

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 and a Written Resolution was not thought to be appropriate.

**16 GOVERNANCE REVIEW**

The Members were invited to consider the operation of the Committee during 2022/23 and consider if there were any learning points to be addressed for the future.

It was agreed that, given the changes in membership, the planned presentation by the Internal Auditors for the November 2023 meeting on the role and responsibilities of the Committee would be extremely helpful for all concerned.

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