

**Minutes of the Audit Committee (AC) video-conference AC21.1 held on Wednesday 10 November 2021
Long Road Sixth Form College, Cambridge**

Present: Sebastian Rasinger (committee Chair), Steve Fosher, and Alison Miles

In attendance: Yolanda Botham (Principal), Charlotte Hemmins (Finance Director), Hugh Swainson (Buzzacott, FSA)

Clerk: Anne-Marie Diaper

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AC21.1.1	Apologies for absence Apologies were received from Hugo Macey. The Chair welcomed Hugh Swainson from Buzzacott LLP the College's recently appointed financial statements auditor (FSA).	
AC21.1.2	Declarations of Interest None	
AC21.1.3	Request for any other business None	
AC21.1.4	Minutes of AC20.3 Wednesday 16 June 2021 With no comments or amendments the committee approved the minutes of the last meeting as a true and accurate record.	
AC21.1.5	Matters arising from the minutes not covered elsewhere on the agenda None.	
AC21.1.6	Annual report and self-assessment of effectiveness from the Audit Committee 2020/21 The Chair reported that there had been a few delays in drafting the AC annual report. The draft report would be shared shortly with the committee as the Board would need to approve it at the December 2021 meeting.	
AC21.1.7	Risk Management <u>Risk Management Annual report.</u> The Finance Director (FD) explained the purpose of the annual risk management report which was for information only, she gave an overview of the key points, including the risks associated with Covid. She reminded the committee of the responsibility to assure the Corporation on the effectiveness of risk management processes, assurances and effective systems of internal control in place, and then she paused for any questions or comments. One Governor commented that revised levels of risk indicates that committee is probing quite deep that risks were being managed effectively in College. <u>Review risk register 2021/22 and termly update.</u> The risk register had been updated with changes highlighted clearly. The Risk Management Action Plan had also been included in the papers.	

At a prompt from a Governor the meeting discussed under what circumstances a risk becomes so green that it is removed from the register.

A Governor wanted to discuss the rating of risks 1.3 and 1.5 and whether the time was right to raise the rating on these risks relating to Governor numbers/recruitment. The committee agreed to keep this under review for these particular risks dependent upon the success of recruiting new Corporation members in the immediate future. A Governor also raised the topic of recruiting to improve the diversity of the Board, sentiments echoed by other Governors, and a matter for affirmative action. This was a matter picked up in the governance SAR rather than a College operational matter. The FSA advised that this remained a current issue in the charities sector and identified in the Charities Governance Code. A Governor added that it was an easy issue to discuss but not so easy to resolve. The Clerk commented that the Governance & Search committee (GSC) had discussed the matter at length in its November meeting, and appealed for further help/support/ideas to widen the search.

The FD described issues related to Brexit with supplies and with delivery of supplies affecting the catering provision and the earlier erection of the new canopy. A Governor asked if the same difficulties would affect the planned new build and if so what would happen to/with the funding. The FD commented that this would need to be monitored closely. The FD referred to a discussion at the recent meeting of the Capital Project Task Group and the terms/acceptance of the grant funding about which the College had written to the DfE. The specific risk assessment for the new build was to be shared with the committee at an appropriate time.

AC21.1.8 Audit assurance mapping

The assurance map had been included in the papers for the committee to review, with changes clearly marked. She spoke to the amendments, and the committee raised a couple of minor questions, the FD commented that as the College's strategic priorities develop then the map would need to be updated accordingly.

AC21.1.9 Review draft Counter Fraud Strategy

The FD handed over to the Clerk who had provided a first draft of a Counter Fraud Strategy for committee consideration. She explained the origin, the purpose and relevance to the extant Fraud policy which was part of the financial regulations, according to the practice and culture of the College. The strategy was to help support and raise awareness of an anti-fraud culture.

The FD added that the strategy was relevant to the College practices and culture to avoid and reduce the risk of fraud, but it may need to be brought back for further revision once operationally in place. The Clerk asked the committee to consider whether revisions or adaptations should be made to the initial draft.

One small amendment was suggested to section 6, otherwise the committee queried the appendices. The strategy which could be seen as

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an overarching document, that could better cross reference to other relevant policies and procedures in place (funding agreement, codes of conduct, rules around plagiarism etc) in order to add value.

The Clerk confirmed that the strategy needed, since it linked to the funding agreement, and according to the Post-16 Audit Code of Practice (P16ACOP), Board approval.

It was agreed to delete the appendices, bring references into the main body of the document, and make more illustrative. A further iteration of the strategy would be brought back for AC consideration in March for the May Board.

Clerk**AC21.1.10 Key financial controls report**

The FD gave a verbal update on the key financial controls auditor which was separate from the year-end financial statements auditor to maintain independence.

The FD reported she had gone out to internal audit services firms as part of the CPC framework for the key financial controls audit and internal audit provision, and had obtained 3 responses from 3 different audit firms.

Wylie Bissett had been chosen as the partner for this service. Board approval was not required. A meeting was planned shortly to discuss a plan for the work to be undertaken. She advised the audit was likely to occur within next month and the report would be shared with the AC at the next meeting. She agreed to share the proposal with the AC.

**Finance
Director****AC21.1.11 Draft financial statements for year ending 2020/21**

The AC Chair reminded the committee that the textual elements were for recommendation for Board approval. Hugh Swainson from Buzzacott drew the committee's attention to the post audit completion report.

He reported that the external audit had gone well. All parties had been well prepared. The FSA pointed out that the key outcomes from the audit were set out in the report, including an unqualified opinion. The report was slightly longer this year due to new auditing standards, covering fraud and regularity, and a higher level of assurance on going concern. He advised the accounts themselves were in line with the Accounts Direction for the College and the SORP.

The FSA mentioned a minor query on accommodation reserves (presentational) otherwise the audit was complete, and regularity audit clear. He referred to the College's operational surplus on page 4, explained the LGPS value on the balance sheet on page 5, the size of the pension deficit and contribution rates/employers contribution rates, internal control 3 small B/C controls, capital work in year, and IT refresh. On 'going concern', the College had provided the FSA with budget and forecast to support the audit opinion.

He referred in detail to a new minor points/recommendations in the appendices. The FSA referred to the staff cost ratio.

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On the letter of representation from Corporation to Buzzacott to request representations from the College, the FSA reported nothing unusual in this letter. With this the FSA concluded his report.

The Principal thanked the FSA for a successful remote audit. The FD and Principal referred to in-year growth and lagged funding methodology affecting the staff cost ratio.

The AC Chair invited the committee to make a recommendation to approve the narrative in the financial statements.

In response to a message in the P16ACOP the FSA confirmed that as long as the full Corporation was given access to the financial statements and the audit completion report, including the regularity audit and management letter, and be given an opportunity to ask questions, he did not deem it necessary for the him to attend the Board meeting.

With one small amendment to page 12 of the financial statements, the committee agreed to recommend the written content in the financial statements for the year ended July 2021 including the accounting policies and FRS102 disclosures, including the governance statement, for Board approval.

The FSA left the meeting at 6.16pm

AC21.1.12 Re-confirmation of the appointment of the external auditor (FSA)

The FD reminded the committee that each year the Board must reconfirm the appointment of the FSA following the external audit.

This was the first year working with Buzzacott LLP since appointment. The audit had been completed remotely with a pre audit in the summer. Feedback from both sides was positive. There had been a detailed closedown meeting and the College had had a good experience. The AC Chair suggested the audit completion report was comprehensive, reassuring yet easy to understand, with benchmarking a nice addition.

The AC would recommend the reappointment of the FSA.

Board

AC21.1.13 Any other business

None

AC21.1.14 Date of next meeting

AC21.2 Wednesday 23 March 2022. The meeting closed at 6.25pm. The AC thanked Alison Miles for her input, as this was likely to be her last AC meeting.