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| **MINUTES** | | | | | | |
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| *Audit and Governance Committee No 25* | | | | | | |
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| Date: |  | *15/06/2021 (Tuesday)* |  | Time: |  | *18:00–20:00* |
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| Venue: |  | *Via Teams* |  | Committee: |  | *Audit and Governance* |
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| Present: |  | *Barbara Godby, Debbie Clayton, Jane Booker (Chair), Robert Wallace, Robin Newton-Syms and Thomas Cocks* | | | | |
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| Attending: |  | *Alison Robinson (Principal) and Joanne Sherrington (Deputy Principal)* | | | | |
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| Clerks: |  | *Ron Matthews (Clerk)* | | | | |
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| Guests: |  | *Allan Foster, Charlotte Walsh (External Auditor), Jane Butterfield (Internal Auditor) and Karen Musgrave (External Auditor)* | | | | |
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| ***Public* Minutes** | |
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| Item number: | Item description: |
| (and category) |  |
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| **34.21** | ***Attendance of College Management Staff and Audit Representatives*** |
| ***Decision*** | Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee states:  "The Principal or any other senior manager who is responsible for the College's internal control and representatives of the External and Internal Auditors shall normally attend meetings at the invitation of the Committee, and the Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary".  Members welcomed Karen Musgrave, the Financial Statements Auditor, and Jane Butterfield, Internal Auditor, to the meeting.  **Resolved:**  **That College Management Staff and Auditors attend the meeting**. |
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| **35.21** | ***Apologies for Absence*** |
| ***Record*** | Apologies for absence had been received from Barbara Godby and Charlotte Walsh (External Auditor).  Thomas Cocks was not present at the meeting. |
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| **36.21** | ***Minutes of Previous Meeting*** |
| ***Decision*** | The public minutes of the Audit & Governance Committee meeting number 24 held on Tuesday 13 April 2021 (published on the Governors Extranet) were agreed and signed as a true and correct record of the meeting. |
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| **37.21** | ***Declarations of Interest*** |
| ***Decision*** | There were no declarations of interest made in respect of the public items on the agenda. |
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| **38.21** | ***Financial Statements Audit Plan and Regularity Audit Plan for the Year Ending 31 July 2021*** |
| ***Decision*** | Consideration was given to the Audit Plan prepared by RSM, the College Financial Statement and Regularity Auditors, for audit work relating to the year ending 31 July 2021.  Karen Musgrave from RSM External Auditors was present at the meeting.  The purpose of the document was to explain the scope of the audit of the financial statements, the regularity assurance engagement, the proposed approaches and to highlight the key risks that the auditors would be focusing on.  **Financial Statements -**The primary responsibility of the External Auditors, as detailed in the engagement letter dated 14 June 2018, was to form and express an opinion as to whether the financial statements of Myerscough College prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (F&HE SORP 2015) and UK GAAP show a true and fair view.In addition this year, following the publication of the Post 16 Audit Code of Practice 2020/2021, the External Auditors were required to review grant funding, principally to ensure no over claims of funding via the ILR. As this was a new requirement for the External Auditors. An estimation of these additional costs had been included in the plan and would be confirmed nearer the audit.  **Regularity Assurance –** The Auditor's responsibility was to form a conclusion that ''during the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and the income received has not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.''  In addition, RSM would provide an independent reasonable assurance report in connection with the Teachers’ Pension Contributions for the year ended 31 March 2021.  Audit & Governance Committee noted the timetable had been agreed with Management.  Key risks affecting the Audit Plan were identified.  The Audit Plan showed that the estimated fees for 2022 were £26,000 with an additional £1,000 for the Teachers Pension review and an estimated £4,000 to review the requirements of the College's registration with the Office for Students, Covid 19 impact and the new funding review responsibilities.  Karen then responded to questions from Governors regarding the Plan, mainly on the new requirements to review the College funding streams. She indicated that the majority of the work was governed by the requirements of the regulator, which were contained in the Post 16 Audit Code of Practice.  Following discussion, Audit & Governance Committee concluded that the proposed Financial Statements and Regularity Audit Plan were satisfactory and gave value for money.  **Resolved:**  **That the Financial Statements / Regularity Audit Plan for the year ending 31 July 2021 be recommended to Corporation for approval.** |
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| **39.21** | ***RSM Report - Emerging Issues FE*** |
| ***Decision*** | The Audit and Governance Committee received a report from RSM, the College Auditors, on emerging issues as at May 2021.  Karen Musgrave responded to questions from Governors on behalf of RSM.  Governors felt that the document had provided useful information and requested that it be distributed to all Governors.  **Resolved:**  **That the report be received.** |
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| **40.21** | ***Internal Audit Reports*** |
| ***Decision*** | The Internal Auditor, Jane Butterfield, presented two reports on assurance reviews.  The first report was an Assurance Review of GDPR.  Overall there were two important and one routine recommendations made.  The first important recommendation was that a 'stand-alone Subject Access Request procedure document be developed'.  The second important recommendation was that 'a stand-alone Data Privacy Impact Assessment procedure document be developed'.  The Date Protection Officer confirmed that both of these documents had now been produced.  The routine recommendation was that 'an extra column be included on the Subject Access Register to record the permissible reason under the Data Protection Act, for the delay in resolution of the data request'.  Again the Data Protection Officer confirmed that this recommendation had been implemented.  The second assurance review was the Sub-contractor Controls. There were no formal recommendations but the review highlighted one operational matter.  This related to the observation that 'Consideration be given to combining the Sub-Contractor Supply Chain Fees and Charges Policy and Procedure with the Sub-Contracting Policy and Procedure at the next annual review'.  Management had agreed that the two report be combined and a revised version would be reported to the Finance and Resources Committee on 29 June 2021.  **Resolved:**  **That the reports be received.** |
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| **41.21** | ***Internal Audit Progress and Summary Report*** |
| ***Decision*** | |  | | --- | | The Committee considered the Internal Audit Progress and Summary Report Incorporating the Internal Audit Reports of May 2021.  For 2017/2018 the Committee noted that of the 21 recommendations proposed, 18 (85%) had been implemented, 1 (5%) was on-going, 2 (10%) were no longer required and no items were outstanding.  For 2018/2019 of the 10 recommendations proposed, 9 (90%) had been implemented and 1 (10%) was no longer applicable and no items were outstanding. |   For 2019/2020 of the 20 recommendations proposed all had now been implemented.  For 2020/2021 of the 16 recommendations proposed 6 (40%) had been implemented, 3 (20%) had been partially implemented, 4 (27%) were not yet due and 2 (13%) were operational matters.  It was agreed that all recommendations which had been reported to the Committee as completed could be removed from future reports.  **Resolved:**  **That the report be received.** |
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| **42.21** | ***Internal Audit Plan 2021/2022*** |
| ***Decision*** | The Internal Audit representative presented the report and responded to Committee member questions.  The plan had been driven and agreed by management, based on the College’s risk profile and the view of priorities for coverage for the forthcoming year.  The suggested Audit Plan assignments for 2019/2020 were:  1. Strategic Control  2. Safeguarding  3. Capital Expenditure  4. Key Financial Controls - Payroll  5. Sub-Contracting Controls  6. Cyber Security  The Plan included a follow up allocation, which would be utilised to test the degree of implementation achieved in relation to actions agreed by management in the previous academic year, and would serve to inform the adequacy of the College’s own action tracking process.  The Committee retained the opportunity to amend the Plan during the year should the need arise.  **Resolved:**  **That the Internal Audit Plan 2021/2022 be submitted to Corporation for consideration and approval.** |
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| **43.21** | ***Strategic Risk Register*** |
| ***Decision*** | The Audit and Governance Committee considered the Strategic & Governance Risk Report for 2020/2021 as presented by the Deputy Principal, Finance and Corporate Services. Included in the report was a reference to the risk appetite statement, risk assessment framework and risk heat map.  The Register had been re-ordered to match the revised Strategic Aims of the College.  In addition, following a request by the Committee, the report accompanying the Register now included the top five risks.  Governors requested that for each of the top five risks a plan and timetable be included indicating how and when the risks would be mitigated.  The Deputy Principal, Finance and Corporate Services, confirmed that this would be included for the next meeting.  **Resolved:**  **That the Strategic Risk Register Report be received.** |
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| **44.21** | ***Data Returns Report*** |
| ***Decision*** | The Committee gave consideration to the Data Returns Report and noted the completion of all statutory data returns within the required time frames.  **Resolved:**  **That the Data Returns Report be received.** |
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| **45.21** | ***Post 16 Audit Code of Practice 2020-2021*** |
| ***Decision*** | The Clerk submitted the Post 16 Audit Code of Practice 2020-2021 for consideration by the Committee, together with a report on the changes contained in the Code.  The three main changes, apart from those reported by the External Auditor, were a requirement to tender the external audit contract every five years, a requirement for the external auditors to report their account findings to the full Corporation and a requirement for an annual review of subcontracting controls.  **Resolved:**  **That the reports be noted.** |
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| **46.21** | ***Governor Vacancy*** |
| ***Decision*** | The Principal and Clerk reported on current activities to recruit a Governor to fill the current vacancy on the Board. It was unlikely that the vacancy would be filled before the autumn.  **Resolved:**  **That the report be noted.** |
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| **47.21** | ***Student Governor Appointments 2021-2022*** |
| ***Decision*** | The Clerk reported that discussions were ongoing with the existing two Student Governors with a view to them continuing in post for a further year.  It was hoped to confirm the appointments at the Corporation meeting.  **Resolved:**  **That the report be noted.** |
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| **48.21** | ***Governance Quality Improvement Plan 2020/2021*** |
| ***Decision*** | Audit & Governance Committee gave consideration to the Governance Quality Improvement Plan for 2020/2021 and noted progress on the actions.  **Resolved:**  **That the Governance Quality Improvement Plan 2020/2021 be received**. |
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| **49.21** | ***Committee Membership 2021/2022*** |
| ***Decision*** | Audit & Governance Committee gave consideration to the recommendations for Committee Membership for 2021/2022.  The report indicated that a vacancy remained for an Independent Governor and two Student Governors.  **Resolved:**  **That the Committee recommend the Committee Membership, as presented, to Corporation for approval.** |
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| **50.21** | ***Timetable of Meetings 2021/2022*** |
| ***Decision*** | Audit & Governance Committee gave consideration to a draft timetable of meetings for the next academic year, which was based on current practice, although the dates of some meetings had changed slightly.  Following discussion it was  **Resolved:**  **That the draft timetables of meetings for 2021/2022 be submitted to Corporation for approval, subject to the agreement of the Finance and Resources and Quality and Standards Committees.** |
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| **51.21** | ***Annual Cycle of Business for 2021/2022*** |
| ***Decision*** | The draft Annual Cycle of Business for the Committee for 2021/2022 was attached for consideration.  **Resolved:**  **That the Annual Cycle of Business be approved.** |
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