

**Minutes of the Extraordinary Audit Committee Meeting held on
Wednesday 3rd June 2020 at 3.00pm via Microsoft Teams**

Present: Carla Kennaugh
Mark Grutters
Mo Kundi – Chair
Jim Turner – Associate Governor

In Attendance: Michelle Brabner – Principal CEO (Observer)
Jonathan Creed – ICCA
Eddie Green – Vice Principal Services
Caroline Jenkinson – Director of Governance

Action

A.20.36 Item 1: Apologies for absence

There were no apologies for absence.

A.20.37 Item 2: Declarations of Interest

None.

A.20.38 Item 3: Confidential Items

No agenda items were considered to be confidential.

A.20.39 Item 4: Principal CEO

The Chair of Audit confirmed he had invited the Principal to join today's meeting and had felt it was a good idea due to her having recently joined the college. The members agreed to this and also agreed that the Principal could attend future meetings as an observer, subject to giving advance notice.

A.20.40 Item 5: Internal Audit Plan

The VP Services presented his report and explained the Internal Audit Plan for 2019/20 had originally included an assignment on Inspection Support. As Ofsted had inspected the College in February 2020 this audit was no longer required. Following discussions with ICCA the view of the Senior Leadership Team (SLT) was that a replacement audit was not required, particularly in view of the current situation. It was suggested that the risks could be considered in the audit plan for the following year.

Jonathan Creed, ICCA, referred to the two reports currently being planned and explained the difficulties with the Mock Funding Audit being around the gathering of information on apprenticeships, however, he hoped to be able to visit the College from mid-June in order to gather the appropriate data. He confirmed the follow up on previous recommendations assignment could be completed remotely.

Governors discussed the options for a replacement audit and made particular reference to the fundamental financial controls linked to Covid-19. Jonathan acknowledged that supplier pay runs were now offered remotely and confirmed that this was an area that could be considered due to current remote working.

In response to a governor highlighting the risks associated with enrolment due to Covid-19, as referred to in paragraph 3.6, the VP Services confirmed these areas would be considered in the July financial forecasts, and in particular within the accompanying sensitivity analysis. They would include, for example, assumptions on income should there be increased costs, should enrolment numbers not be achieved etc. Jonathan added that the majority of colleges were having to take risk assessed views of 2019/20 outturn and forecasts for 2020/21 and beyond. He noted this was a task undertaken by management rather than auditors.

Following further discussion the Chair suggested members of the Committee attend a sub-meeting in the near future to discuss the matter further. Members agreed to this and the Dir of Governance was asked to arrange.

Dir of G

A.20.41 Item 6: Internal Audit Annual Plan for 2020/2021 and Updated Strategy 2021/2022

Jonathan Creed, ICCA, presented the report and stated that he and the VP Services had gone through the normal planning process over a series of conversations. The report had been included in the agenda for this meeting in order to consider the plan in terms of Covid-19. He assured governors that the plan was not set in stone and changes could be made moving forward.

Governors discussed the audit areas within the plan and the general consensus was that the Apprenticeship Delivery Model was, due to the current circumstances, more relevant than the Commercial Income Strategy. As a result it was agreed to bring the Apprenticeship Delivery audit forward to 2020/21 and move the Commercial Income back to 2021/22.

In response to a governor query regarding Pay Costs % Income being highlighted red in the report for a consecutive 3 years Jonathan confirmed the College had historically had a higher cost percentage than the sector average.. The VP Services added that the sector average for 2017/18 had been 67% and whilst the benchmarks for this 2018/19 had not yet been published it was anticipated it would nudge up above this figure. He explained that following the merger with KGV, due to their smaller class sizes (which had been run in order to continue to offer a wide range of provision to attract students), a higher staff costs to income ratio had resulted. Jonathan further added that the percentage was typical of pure sixth form colleges.

The Committee resolved to receive and accept the report and recommend to the Corporation approval of the Internal Audit Plan 2020/2021 and Updated Strategy 2021/2022 subject to the Apprenticeship Delivery Model assignment being brought forward in place of the Commercial Income Strategy.

A.20.42 Item 7: Covid 19 Re-Opening Plans and Risk Assessment

The VP Services presented the report which had been compiled taking into account government guidance and consultation with unions. The report includes a whole college Risk Assessment with a corresponding extensive action list. Governors were referred to the Governance and Leadership section of the report which summarised the College's responses to key considerations which had been outlined by the DfE. The VP Services confirmed the report would be updated prior to the Corporation meeting and stated it was an ongoing plan with actions being updated throughout the summer.

Governors acknowledged the work that had gone into compiling such a comprehensive report.

In order to make it easier for governors to identify which actions were of the highest importance, a governor requested that when the report was updated it reflect the actions in order of priority and include a timeline of critical activities. The VP Services agreed he would look into doing this.

VP Servs

In response to a governor question regarding the College's engagement with students and staff during the compilation of the risk assessment the Principal confirmed staff had been contacted via their line managers to ascertain their views, and those of their students. She confirmed that this had resulted in some very good feedback. She suggested that an all staff survey could also be undertaken.

Principal

The VP Services advised that a staff/student guidance document was currently being compiled which would culminate in a process for raising any concerns. He added that ongoing union consultation would also add to staff engagement.

The Committee resolved to receive and accept the report and recommend to Corporation approval of the Covid 19 Re-Opening Plans and Risk Assessment.

A.20.43 Item 7: Date of Next Meeting

Wednesday 24th June 2020.

A.20.44 Audit Committee - Sub-Committee meeting of 9th June 2020

At the above meeting members of the Audit Committee discussed the options for an audit to replace the Inspection Support Assignment which was no longer required. Members agreed that ICCA be requested to undertake an audit on 'Financial Controls during Covid-19' and that the Internal Audit Plan for 2019/20 be updated accordingly.