



**MINUTES OF A MEETING OF THE CORPORATION'S
AUDIT & ASSURANCE COMMITTEE
TUESDAY 22 NOVEMBER 2022
Held electronically by Teams**

Members [5]:	*Hannah Crocker; *Rebecca King; *Dan Knight (Chair); *Nicola Newman; Jim Tirrell
In attendance:	*Luke Rake (Principal) *Anna Bowen (Finance Director) (FD)); *Tom Hallam (Deputy Principal); *Vanessa Gifford (Clerk); *Wendy Cunningham (Deputy Clerk); *Jonathan Creed (ICCA); *Craig Sullivan (Bishop Fleming); * Alison Chinn (Bishop Fleming)

ITEM NO.	DETAIL	
1.	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest NOTED.</p>	
2.	<p>APOLOGIES</p> <p>No apologies for absence were NOTED.</p>	
3.	<p>MINUTES OF THE MEETING HELD ON 10 OCTOBER 2022</p> <p>The Committee APPROVED these minutes as a true and accurate record, and also APPROVED the open minutes for website publication.</p>	
4.	<p>MATTERS ARISING FROM THE MINUTES</p> <p>The following matters arising were NOTED:</p> <ul style="list-style-type: none"> • The narrative to the annual accounts had been completed. • The systems review is in hand. 	
5.	<p>INTERNAL AUDIT REPORTS</p> <p>2021/22 Report 01.21/22 ESFA MOCK FUNDING AUDIT</p> <p>The objective of the Audit Review was to provide management and the Audit Committee with an independent assurance opinion that the information contained on the student record system is materially accurate and reliable in supporting the College's funding claim.</p> <p>As a result of the work carried out, the Auditors provided Management and the Audit & Assurance Committee with Reasonable Assurance that the areas of the</p>	

control environment tested during the audit were designed and operated effectively with no significant weaknesses. There were five low risk and one medium recommendations. The medium recommendation related to the compliance of the controls in place for attendance.

The Committee noted that evidence was lacking for 20% of 16-18 students which seemed high but the Internal Auditor advised that this related to start dates outside of the seven day period and were corrected on the system with no funding impact.

Report 02.21/22 Commercial Income Strategy

The objective of the Audit Review was to provide management and the Audit Committee with an independent assurance opinion that the College's strategies for restarting and optimising its commercial activities and income are effective.

As a result of the work carried out, the Auditors provided Management and the Audit & Assurance Committee with **Reasonable Assurance** that areas of the control environment tested during the audit were designed and operated effectively with no significant weaknesses. Three medium recommendations were made which noted that several commercial activities were not in the commercial strategy document and that the Principal has effectively been acting as the Commercial Director. The Committee noted that now the SPA process has been completed the Principal will be able to review how the commercial areas are structured and resourced in the long term. It was noted that the Head of Estates is now overseeing the commercial areas and a consultant will review the commercial opportunities with the SMT.

Report 06.21/22 Management Information and KPIs

The objective of the Audit Review was to provide management and the Audit Committee with an independent assurance opinion that the College's reporting framework supports management and Governors in their scrutiny of the College performance.

As a result of the work carried out, the auditors were able to provide management and the Audit Committee with **Reasonable Assurance** that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses. There were two medium risk recommendations.

The Internal Auditor advised that operational KPIs should be developed to underpin the six sub strategies to include reporting and monitoring mechanisms by the relevant sub-committee.

The management accounts are the sole source of financial reporting and these need to be developed to include an enhanced narrative and more forward looking information. The ESFA developed a best practice model for financial reporting and the Internal Auditor offered to put the Finance Director in touch with other clients who use this model.

The Committee recognised that the Finance Director has made progress with the financial reporting and this best practice model would be the next step in that progression.

Report 08.21/22 Follow-up of Previous Recommendations

The objective of the Audit Review was to provide the Audit & Assurance Committee with an independent assurance opinion that progress with implementing previously agreed recommendations is satisfactory in the context of ensuring that there is no significant risk to the College being able to meet its strategic aims.

	<p>The Internal Audit Advisor explained that this report had been completed at 31 July 2022. Eighteen of the previous recommendations were found to have been fully implemented. Eight of the previous recommendations were found to have been partially implemented and 2 of the previous recommendations were found to have been superseded by Report 06.21/22 Management Information and KPIs.</p> <p>The Internal Audit Advisor has worked with the Clerk and EA to the Principal to ensure that the tracking register was fully updated and the audit report was reconciled to the tracking register. Once the Committee have approved the tracking register the older items will be deleted leaving a more current and much more manageable working document for regular review by the Committee.</p> <p>The Committee NOTED that significant work had been undertaken to update the tracking register and AGREED that recommendations marked as complete could now be removed. SMT and the Committee will ensure that more focus is applied to this report going forward.</p> <p>Annual Internal Audit Report 2021/22</p> <p>The Internal Audit Advisor explained that the report was based on work undertaken during the year and the implementation by management of previous internal audit recommendations. The report provides Reasonable assurance that the College's governance, risk management and systems of internal control were operating adequately and effectively. The Committee thanked the Internal Audit Advisor for his work during the year and for his assistance with the tracking register.</p> <p>The internal audit plan for the year has been approved. The Committee discussed the timing of the planned internal financial audits. The first phase of the new finance system will be live on 16 December, with phase two, budgets and fixed assets being completed by February. The timing of the financial audits could be a hindrance to the interim FD if carried out too early or an audit might provide an advisory service to assist with the implementation of the new finance system. The Principal will discuss the timing of the audits with the interim FD to ensure maximum benefit to the College.</p> <p>It was AGREED to RECOMMEND the Annual Internal audit Report 2021/22 to the Corporation for approval.</p>	
6.	<p>AUDIT & ASSURANCE COMMITTEE SELF-ASSESSMENT</p> <p>The Committee noted the content of this report and It was AGREED that the report be approved.</p>	
7.	<p>ANNUAL REPORT OF THE AUDIT & ASSURANCE COMMITTEE 2021/22</p> <p>The Annual Report has been completed with information from the Audit & Assurance Committee and the auditors and is subject to approval of the annual accounts. It was NOTED that there was some inconsistency in the wording of this report and the internal auditors report. The Clerk will ensure that the wording is consistent and the Committee agreed that the report could be approved once the amendment is made and the 2021 accounts have been approved.</p>	
8.	<p>REGULARITY AUDIT FRAMEWORK – SELF ASSESSMENT 2021/22</p> <p>This report had failed to download correctly and the Committee were unable to view it at the meeting. The Clerk will upload the document to GVO for the Committee to feedback and approve. The document must be signed remotely before Corporation.</p>	

9.	<p>EXTERNAL AUDITORS AUDIT COMPLETION REPORT FOR THE YEAR ENDED 31 JULY 2022</p> <p>The External Audit Advisor confirmed that the audit is largely complete and is subject to the resolution of a few outstanding queries. Good progress has been made with the year end audit. Actions have been completed more efficiently and in a timely manner with fewer errors and control findings and it is anticipated that an unqualified audit opinion will be provided.</p> <p>The Going Concern has been an area of key focus due to uncertainty around the vat debtor, sale of land and the cottage and the pension assumptions. There are no issues with debtors in the KMC accounts and the Finance Director and her team have been quick to resolve outstanding issues. The Committee discussed whether the volume of disclosure in the Going Concern statement could be more succinct. It was agreed by the External Audit Advisor that it would be possible to reduce the Going Concern statement and this will be discussed at the F&R Committee.</p> <p>More testing is being undertaken on the KME accounts. The external Audit Advisor confirmed that Corporation Tax will not be payable for KME provided the Gift Aid donation to the College is completed within nine months of the year end.</p>	DK
10.	<p>KMC FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022</p> <p>The Committee confirmed that they had all read the draft financial statements and the report compiled by the Chair of F&R and the Chair of A&A.</p> <p>It was AGREED to RECOMMEND the KMC draft financial statements and Letter of Representation subject to the amendments listed in the report from the two Chairs and completion of the audit, to the Corporation for approval. The External Audit Advisor will attend the Corporation meeting to assure the Governors that the amendments have been completed.</p>	
11.	<p>KME FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022</p> <p>The Committee discussed the draft KME financial statements and a query on the employee note was raised, which the Finance Director will rectify. It was agreed that additional wording will be added to the Directors Report to explain more about the operation of KME.</p> <p>It was AGREED to RECOMMEND the KME draft financial statements and Letter of Representation to the Corporation for approval, subject to the amendment of the points raised in the note from the Chairs and the completion of the audit.</p>	
12.	<p>AUDIT RECOMMENDATIONS TRACKING REGISTER</p> <p>Discussion on the Audit Recommendations tracking register were held under item 5 of this Committee.</p>	
13.	<p>RISK MANAGEMENT</p> <p>The Committee agreed that the document was much more manageable and noted that a document to ensure that the Committee have oversight of the Risk Register will be produced by the Clerk for the next meeting. The Corporation need to ensure that risks are delegated to the correct committees and that the Estate Committee is included.</p> <p>It was NOTED that the Principal has been managing the risk process and that this should now be added to the job description of the new CFO position. It was also noted that currently all risks have substantial assurance on the Board Assurance Framework, which should be reviewed.</p> <p>Significant risks to the College are;</p>	LR

	Financial including the loss of apprenticeships and the potential ESFA clawback	
10.	ANY OTHER BUSINESS There were no further matters of business raised.	
11.	2022/23 COMMITTEE DATES The following dates were NOTED: <ul style="list-style-type: none"> • 14 March 2023 • 13 June 2023 	
	The meeting closed at 16.45 with no further business	

APPROVED: 14 March 2023