

Minutes of the Audit Committee meeting held on Friday 24th April 2020 (by Microsoft Teams) at 8.30am.

Present:	David Rogers, Chair Steve Sawbridge Amanda Anthony, External Co-optee		
In Attendance:	Maxine Bagshaw, Clerk to the Corporation Denise Brown, Principal/CEO Antoinette Lythgoe, CFO Patrick Clark, Internal Auditor, ICCA Anna Spencer-Gray, External Auditor, RSM		
Min. No.		Action By Whom	Action By When
1	AUDITORS MEETING WITH THE COMMITTEE WITHOUT MANAGEMENT PRESENT		
	It was confirmed that auditors had not required a meeting with Governors in the absence of management.		
2	APOLOGIES FOR ABSENCE		
	The Clerk advised that apologies for absence had been received from Julie Obada.		
3	DECLARATIONS OF INTEREST		
	The meeting Chair reminded everyone present to declare any interests that they may have on matters to be discussed. No specific declarations were made and standing declarations were noted.		
4	MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 2ND MARCH 2020 & MATTERS ARISING		
	The minutes were reviewed and it was agreed that they were an accurate record of discussions. AGREED: to approve the minutes of the meeting held on 2 nd March 2020. There were no matters arising.		

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<p>5</p>	<p>COMMITTEE ACTION PROGRESS REPORT</p> <p>The Committee considered the updated table provided and it was confirmed that:</p> <ul style="list-style-type: none"> • Line 1 – the Risk Register is on the agenda to be discussed • Line 2 – the CFO advised that there was going to be a delay in finalising the Digital Strategy and that a more realistic time for completion is now felt to be September 2020, although the Director of IT Services has been pushed to try and complete for July 2020. She explained that he and the team were very busy supporting the College in terms of remote working but it was felt that development of this strategy, particularly in the current circumstances, was critically important for the future. A challenge from the Committee was to ensure that there remained pressure to finalise the Digital Strategy, so that it is in place for the start of the next academic year. <p>AGREED: to note the content of the update provided.</p>		
<p>6</p>	<p>COVID-19 UPDATE</p> <p>The CFO provided an update in a number of areas.</p> <ul style="list-style-type: none"> • Generally, teaching and learning for staff and students is progressing well, with all settling into the new way of working. The senior team remain anxious to ensure that the quality of teaching and learning online is still being evaluated. Measuring learner progress is a challenge. Planned activities are taking place and are well received. Progress is the primary concern. • Issues from awarding bodies are emerging; however, students are being given a lot of latitude to complete. There is a significant amount of guidance provided regarding external exams. The College is still looking at the implications for students to complete the practical aspects of provision. • When College resumes on a face to face basis, it will be important to assess any slippage in terms of progress and any catch up required. The College will have to support students in relation to this. • In relation to staffing, there has still been no reported cases of Covid-19 infection, although there are still a number of staff self-isolating. • The wellbeing of staff is critically important, with a lot of activity and initiatives in place. These all seem to be well received and staff seem to be coping with remote working thus far. • Learners attending on site is now down to 2, although it has been agreed that it is important for the College to be operating a service, no matter how minimal. • In terms of student number applications, the College is 		

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	<p>still ahead of the curve but now only by 20, whereas it was circa 100 up pre-pandemic. The College is launching a GCSE resit programme and is also now communicating guaranteed places</p> <ul style="list-style-type: none"> • The spirit in the College population is holding up well and is being handled well. The College has just launched the staff survey, which will test this. • The IT team are working really hard remotely; there is a technician on site every day. It is becoming clear that there are quite a number of staff without access to Wifi at home and the team are working better to understand the magnitude of this. • The Estates team are on site every day for insurance purposes. They are able to complete a number of odd jobs but it is very much a reduced work commitment for them. • MIS and the Finance team are working remotely, with one member of the team on site once per week to collect the post. • In relation to cash flow, a prudent view for 2019/20 is that the College should still have £1.3 million in the bank as at 31st July 2020. The Finance team have not yet reforecast fully for 2019/20 and 2020/21. The College is, in any event, about to start its full budgeting process for 2020/21. Part and parcel of this will be reviewing the implications for bank covenants. • In terms of the bank, the College has not yet had a clear view stated as to the banks position, if the College should breach covenants. • The Executive are now focusing on planning for next year. This is at a high level and also focuses on the practical issues e.g. operating with social distancing requirements in place. <p>The Committee were advised that the really hard work, i.e. starting planning for next year, is just commencing. The senior team will need to undertake scenario planning, particularly in relation to ruling and timetabling implications.</p> <p>A challenge from one member of the Committee was whether or not there has been a systematic review of the students who cannot access IT and/or the internet. It was explained that teachers are in touch with every single learner and know who does and does not have IT kit and/or internet access. In a number of areas, the College is putting in place other options, for example, ESOL students are receiving paper packs. The Principal indicated that she was reassured and confident in terms of the Colleges response to students who need additional IT support.</p> <p>It was explained that the College has just started to look at the laptops for learners' scheme and will make the necessary applications in due course. The more complicated issue is access and broadband poverty. The Principal expressed the view that</p>		
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	<p>this is important for future planning too. If the College is looking to deliver more online learning, then there has to be confidence regarding broadband access. A challenge from the Committee was that the learning deficit regarding group activities is a concern. In relation to this, it was acknowledged that, currently, there is an inconsistent approach within the College and, if lockdown and remote learning continues for a more extended period, then this will have to be reviewed as part of the QA arrangements.</p> <p>One member of the Committee asked whether the College has taken advantage of the HMRC time to pay initiatives. The CFO indicated that it hasn't, as the financial position is currently ok; however, the College may take advantage of this in the future.</p> <p>The Committee asked what the position was in terms of furlough. The CFO advised that no one, as yet, has been placed on furlough; however, this has been discussed by the Executive a number of times and a recommendation will be going to the Transformation, Finance & Resources Committee next week.</p> <p>The Committee asked what the impact of Covid-19 is likely to be on retention. The Principal expressed the view that there would be an impact and the post-Easter break is traditionally a challenging period for the FE sector in any event. She provided assurance that staff teams are monitoring the at-risk learners on an individual basis. It could be the case that retention is likely to be higher but the Principal questioned how solid this was and how confident staff could be.</p> <p>AGREED: to note the content of the update provided.</p>		
7	RISK MANAGEMENT		
	<p>The CFO presented the Corporate Risk Register and explained that the Executive and the whole College has really engaged with the process of developing this. She expressed the view that the College has come a long way and is now in a much better position in terms of Risk Management.</p> <p>The Committee were advised that ICCA had supported the College to develop Risk Registers in every area; this has been a bottom up approach. Part and parcel of the process is to ensure consistency across all areas. In addition to this, the Executive team then completed a top down analysis. The Corporate Risk Register presented is relevant and personal to Stoke on Trent College and links to the five pillars in the Transformation Plan.</p> <p>The Committees attention was then drawn to the right-hand side of the register and it was explained that the Board's request for a "Board Assurance Framework" has been incorporated into the Risk Register; this shows where the internal and external</p>		

<p>assurance sources are. The CFO described this as very much a live document that will be kept under review and acknowledged that the Board Assurance Framework aspects need a little bit more development.</p> <p>Internal Auditors indicated that the Risk Register has been through various iterations and that it is now for the College to develop further and utilise. A challenge from one member of the Committee was that more could be done in terms of the Board Assurance Framework and the golden threads which run through the document.</p> <p>In more a detailed discussion, one member of the Committee expressed disappointment that, in relation to line 1 for example, there is such a low impact in terms of the mitigating controls. As concerns were raised, it was agreed that the Curriculum, Quality & Standards Committee would look in more detail at the Journey to Outstanding risk, as there appeared to be no change following mitigating action. The Committee Chair was asked to share his experience of the approach taken in the NHS to Risk Registers and Board Assurance Frameworks. He indicated that the Corporate Risk Register is a sub-set of the Board Assurance Framework. He indicated that what the College has is easier to read, as it links the two; however, an observation made was that it is hard to see the emerging bottom up risks, which don't specifically relate to the five pillars. The Committee all agreed that the College needed to try and find a way of measuring progress. A challenge from the Committee was that the College also needs to have a mechanism in place in relation to escalation re the bottom up issues.</p> <p>The Committee asked whether there was a need to develop a separate Covid-19 sub-set of risks. The CFO drew the Committees attention to line 10, where Covid-19 is included within the more generic risks.</p> <p>The Committee discussed the process for assessing risk appetite and agreed that it would be an interesting exercise for the Board to undertake. The Committee discussed their role in relation to monitoring risks and agreed that it was their responsibility to assess the quality of the systems in place and be confident that there are adequate and effective arrangements made.</p> <p>The Committee felt that they had a number of options to be utilised at any given point in time; these included:</p> <ul style="list-style-type: none"> • Audit Committee to ask other Committees to undertake deep dives and/or • Audit Committee to conduct deep dives themselves in relation to the areas where there remained a red rag rating for the residual risk score. <p>It was agreed at this meeting to review the lines where the</p>		
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	<p>ICCA presented their updated progress document and explained that, because of Covid-19, they had not been able to complete as much fieldwork as anticipated. In terms of the outstanding work planned for 2019/20, 6 are in the planning stage, one is in the fieldwork stage and one report is in draft.</p> <p>As a summary, Patrick Clark confirmed that:</p> <ul style="list-style-type: none"> • Section 1.2 gives the status of the annual internal audit opinions provided thus far • Section 1.3 details the current state of planned work, with the third column giving anticipated fieldwork dates • Section 1.4 summarises the changes agreed earlier in the year <p>The Committee considered section 1.3 in detail and it was noted that:</p> <ul style="list-style-type: none"> • Report 2 is not planned until the end of May 2020. The College auditors are keen to do as much remotely as possible • Report 3 is Apprenticeship Delivery; this is all being done remotely by Patrick Clark • Report 4 does need site access to College systems and therefore it will be picked up later in the year in either June, July or August 2020. • Report 6 has been issued to the College in draft and the College is looking to provide further evidence on the areas where issues have been identified. • Report 7 – there is confidence that this can be completed remotely and ICCA will be picking this up once furlough conditions for staff have been reviewed • Report 8 can also be completed remotely • Reports 9 and 10 can also be done remotely and ICCA staff will pick up in May or June 2020 <p>In terms of an overview, report 4, which is Key Financial Controls – Capital Expenditure, is the only piece of fieldwork likely to be significantly delayed. The Committee made the observation that the ILR audit completed does give some assurance regarding systems and controls.</p> <p>AGREED: to note the content of the update provided.</p>		
9	COMPOSITE ROLLING REPORT OF AUDIT RECOMMENDATIONS AND ACTIONS		
	The Committee were happy to simply note the content of the update provided.		
10	AUDIT SECTOR UPDATE		

	<p>RSM introduced this item and confirmed that there was quite a lot new and key matters that she brought to the Committee attention were:</p> <ul style="list-style-type: none"> • At the weekend, government issued guidance for the education sector on a number of areas including: <ul style="list-style-type: none"> a) Furlough – the key message here is that staff paid through public funding should not be furloughed. The guidance is to treat support and teaching staff in the same way. The College may have an option regarding furloughing staff involved in Commercial activities. b) Colleges do have access to business interruption loans. c) Data return requirements have been paused, including sub-contracting fees and charge data and FE college contact detail returns. ILRs are to continue but only if Colleges have the capacity and capability d) Pension valuation is needed as at 31st July 2020. She indicated that, as valuations are very sensitive to the stock market, there could therefore be a significant impact <p>She then advised in relation to the External Audit timetable and confirmed that RSM are doing as much as they can remotely; however, it is a little early to assess whether the timetable can be completed as planned. The Academy sector has a pause regarding July accounts, which will mean that Auditors within the Education sector will be very busy, as they catch up with the school sector delays. She confirmed that Auditors will be looking very carefully at going concern issues in any audit.</p> <p>The Committee were advised that some fraud is evolving in relation to free school meals and bursaries; this is more for the school’s sector.</p> <p>The CFO drew the Committees attention to AoC webinars, which are provided on each Friday, which are useful. She confirmed that the College was not planning to delay any of the returns as things stand and ILRs are being submitted as originally anticipated.</p> <p>The College is also on track to submit the IFMC, which is required three times per year. The next return is due to the PMO/ESFA by the end of April 2020. The College is still planning to submit on time, although it does have an extension until the end of May 2020. She confirmed that the Management Accounts are being delivered on time.</p> <p>AGREED: to note the content of the update provided.</p>		
11	ANY OTHER BUSINESS		

	As a matter of additional business, the Chair made the observation that it was good to see a broad range of College activity being considered as part of the audit process, rather than just a focus on finances.		
12	DATE AND TIME OF NEXT MEETING		
	The Clerk confirmed that the next scheduled meeting was Friday 26 th June 2020 at 3.00pm. (Auditors left the meeting at 9.55am) Meeting closed at 10.00am		

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