

AQUINAS COLLEGE AUDIT COMMITTEE

Meeting: 1 June 2020
Time: 5.00pm
Venue: The College

GOVERNORS PRESENT

Mrs H Dove, Mr A Martin, Mrs J Miller, Ms M Garratt and Mr I Anwar.

Mr A Martin in the Chair

IN ATTENDANCE

Ms L Tweedie	RSM
Mrs C Lancaster	Mazars LLP
Mr P Haydock	Mazars LLP
Mrs D Blackburn	Assistant Principal (Finance)
Mr T Conlon	Clerk to the Governing Body

1. OPENING PRAYER

The meeting began with a prayer led by Mr Martin.

2. DECLARATION OF INTERESTS

Governors and Staff were asked to declare any interest, which they may have in any items on the Agenda for this meeting. No interests were declared.

3. COMMITTEE MINUTES

RESOLVED – That the minutes of the meeting held on 10 February 2020, copies of which had been circulated previously be approved and signed by the Chairperson as a correct record.

4. MATTERS ARISING FROM THE COMMITTEE MINUTES

a) Compliance with Legislation and Regulation – Health and Safety – Minute 9 (a)

Mr Blackburn advised Members that the college had decided not to adopt the ISO 45001 standard. The policy is deemed not to be appropriate for the college. Mrs Blackburn undertook to let members have the reasons why the standard was not being adopted.

b) IT Security Framework – Minute 9 (b)

Mrs Blackburn advised members that Mr Moss would be undertaking a review of the use of USBs in college.

5. INTERNAL AUDIT PROGRESS REPORT

RSM circulated a report, which gave details of the use of audit resources, the outcome of work completed to date and incorporated cumulative data in support of internal audit performance.

Progress against the Operational Plan was noted and that the final 2 audits had been delayed until August in the hope that they could be conducted as normal at that stage. There had been no changes to the agreed audit plan. A summary of the work undertaken in 2019/2020, the levels of assurance given and the number of recommendations made was included in the report. There were 11 recommendations of which 3 was classed as medium and 8 as low risk.

RESOLVED: That the Internal Audit Progress Report be received. Since the last meeting RSM had issued 3 Client Briefing papers and they were as follows:

- i) COVID -19 Fraud alert leaflet – May 2020
- ii) Assurance and Control over COVID-19 Relief Incentive PPN02/20
- iii) FE Emerging issues – Spring 2020

6. INTERNAL AUDIT REPORTS

There had been no internal audit assignments undertaken since the last Audit Committee meeting due to the COVID-19 restrictions. Three audits had been postponed and it was hoped that work would start again in August 2020. The outstanding reports will be submitted to the next meeting of the Audit Committee in November 2020.

7. STRATEGY FOR INTERNAL AUDIT 2019/2020– 2021/2022

RSM submitted a Strategy for the provision of an Internal Audit Service for 2020/2021. Appendix A showed the Internal Audit Plan for 2020/2021. Appendix B set out the strategy for internal audit for 2019/2020 – 2021/2022. Appendix C – Internal Audit Charter. Appendix E - Client Care Standards

The Audit Plan for 2020/2021 would consist of 18 days with the addition of contingency days as necessary.

Learners Number Systems – Core 16-18 Classroom based provision	Report in June 2021
General Data Protection Regulations (GDPR) Advisory Review	Report in February 2021
Key Financial Controls – General Ledger, Income and Debtors Governance and Risk Management (including the Framework for Senior Staff Pay)	Report in February 2021 Report in June 2021
Follow Up Audit Management	Report in June 2020

As in recent years, reporting of progress made to implement previous Internal Audit recommendations will be included in a Progress Report to the Audit Committee.

Ms Tweedie added that all the audits would have an element of how the college had dealt with lockdown as a result of the COVID pandemic.

The fee for 2020/2021 based on 18 days will be £9,500. The fee is inclusive of expenses but exclusive of VAT. This gives a daily rate for 2020/2021 of £528.

RESOLVED: That

- i) RSM be appointed as Internal Auditors for 2020/2021
- ii) The revised Audit Plan for 2020/2021 be approved
- iv) The updated Strategy for Internal Audit for 2020/2021- 2022/2023 be approved and
- v) The fees for 2020/2021 be agreed for 18 days of internal audit.

8. BENCHMARKING REPORT 2018/2019

The Benchmarking report from RSM had been circulated to members prior to the meeting. The report contained Benchmarking Data in respect of assurance levels provided by RSM internal audit service across all assurance audits for 2018/2019. The tables below show the College's performance for 2016/2017, 2017/2018 and 2018/2019, benchmarked against other sectors.

i) Assurance

	None %	Partial %	Reasonable %	Substantial %
Aquinas 2018/2019	0.00	0.00	0.00	100
Aquinas 2017/2018	0.00	0.00	0.00	100
Aquinas 2016/2017	0.00	0.00	0.00	100
Average across FE Client base in 2018/2019	2.60	15.90	37.80	43.70
Sixth Form Colleges	4.70	9.60	23.80	61.90
Land based Colleges	0.00	16.70	38.90	44.40
Art and/or Technology Colleges	0.00	11.10	33.30	55.60
Colleges in Wales	0.00	0.00	66.70	33.30

ii) Average Number of Recommendations

	Low	High	Medium	Total
Aquinas 2016/2017	0.00	0.40	0.00	0.40
Aquinas 2017/2018	1.20	1.00	0.00	2.20
Aquinas 2018/2019	1.00	0.50	0.00	1.50
Average across FE Client base	2.70	2.20	0.50	5.40
Sixth Form Colleges	2.20	1.40	0.03	3.90
Land based Colleges	2.70	2.40	0.50	5.60
Art and/or Technology Colleges	3.40	1.80	0.60	5.80
Colleges in Wales	0.00	2.60	1.60	4.20

The Benchmarking data was noted.

9 . ACTION ON INTERNAL AUDIT REPORTS

Mrs Blackburn introduced a paper that had been circulated prior to the meeting that detailed the action taken by the College to implement the recommendations contained in previous Internal Audit Reports. Some of the action points would not be implemented until the start of the 2020/2021 academic year.

RESOLVED: That the action be noted.

10. DRAFT AUDIT STRATEGY MEMORANDUM YEAR ENDED 31 JULY 2020

Mazars LLP submitted a Draft Audit Strategy Memorandum for the External Audit Service for the year ending 31 July 2020. Mrs Lancaster advised members that there had been no substantial changes from last year.

The document set out the audit plan in respect of the statutory audit for the College for the year ending 31 July 2020. The memorandum contained the following:

- a) Engagement and Responsibilities Summary
- b) Details of the Audit Team
- c) Audit Scope, Approach and Timeline
- d) Significant Risks and key Judgement Areas
- e) Audit Fees
- f) Commitment to Independence
- g) materiality and Misstatements
- Appendix A - Key Communication points
- Appendix B – Draft Letter of Engagement

The proposed Regularity Engagement Letter – Appendix D (Limited Liability) was agreed subject to confirmation from the ESFA on the amount of limited liability in paragraph 5.

Mrs Lancaster advised Members that the Audit Code of Practice for 2019/2020 had not yet been published.

The fee for 2020 which is exclusive of VAT and expenses is £17,500 an increase of £6,050 broken down as follows:

- i) External Audit including Regularity assurance £15,400 an increase of £5,400.
- ii) TPA audit £1,500 an increase of £450.
- iii) Regularity limited assurance work £600 an increase of £200.

RESOLVED: i) That Mazars LLP be appointed as External Auditors for 2020/2021 and ii) That the fees for 2020 be agreed.

Mr Anwar asked if COVID 19 would have any implications for the college. Mrs Lancaster replied that it was not anticipated that there will be any material uncertainty. There is added security for the college because funding for 16-19 is provided by the ESFA based on student numbers. Mrs Blackburn added that income from the ESFA is guaranteed for this year and next year. The income from the ESFA amounts for 95% of the college's income. The two main risk areas are Adult Education and the canteen, both had been closed as result of COVID pandemic and staff furloughed. This year's budget had been re-modelled and a contingency has been made for the Autumn Term 2020.

Mr Anwar asked if the student numbers for September 2020 were known. Mrs Blackburn replied that the number of students moving from L6 to U6 would be similar to previous years. She added that the college had received a good acceptance rate for students coming to the college in L6. The college had kept in touch with both existing and new students. From 15 June 2020 the college will have students returning in the L6 who have not engaged during the period of college closure. A virtual welcome day was planned for new students and their results will be assessed to ensure that they are on the right courses. Mrs Miller asked if there was any uncertainty about student accessing courses at universities and will some students be returning to the college. Mrs Blackburn replied that in the last few years the college has managed the process well of getting students to appropriate destinations with the results they obtained, and the number of third year returners was small and that it unlikely that students would be returning to the college in large numbers. We do not receive funding for students just trying to improve grades. She added that universities are likely to be more flexible and that a great deal of work has been done within the Careers Department with students. Mrs Blackburn added that BTECs also now have an examination content so cannot be taught in one year as previously so the gives us less flexibility to offer students a further one year at college.

11. FEEDBACK ON ACTIONS FROM RISK REGISTER FOR JUNE 2020

Mrs Blackburn introduced a paper that had been circulated prior to the meeting that provided Members with a brief overview on risk areas which are a focus for the current half term. The areas were as follows:

- i) Ongoing reduction in ESFA funding
- ii) Drop in ESFA 19+ funding and rise in fee charges
- iii) High level ALS
- iv) BTECS Reform
- v) The college overspends its revenue
- vi) Inability to recruit and retain key staff
- vii) Student Issues – attendance, progression and drop out is not acceptable and fails to achieve targets set.
- viii) The college fails to maintain a high standing in national performance tables
- ix) Inspection announced at short notice

Mrs Blackburn advised Members that COVID 19 had affected every area and she gave an update on the changes for each area of risk.

RESOLVED: That the report be noted.

RSM and Mazars LLP left the meeting at this point.

12. PERFORMANCE INDICATORS

The Clerk to the Governors introduced a paper that had been circulated prior to the meeting that provided members with a list of Performance Indicators for Internal and External Audit.

RESOLVED: i) That the list of Performance Indicators be agreed and ii) That RSM and Mazars had met the Performance Indicators for 2019/2020.

13. FRAUD LOG BOOK/WHISTLEBLOWING

Mrs Blackburn advised Members that there were no incidents of fraud, corruption or whistleblowing to report.

14 ANY OTHER BUSINESS

Members agreed to review the following policies:

Two members to review Whistleblowing and Hospitality and two members to review Fraud and Bribery. In addition, Mrs Dove agreed to review the Safeguarding and Bereavement policies.

Members were asked to reply by 12 June 2020 so that the policies can be submitted to the Governing Body meeting on 23 June 2020 for approval.

15. DATE OF NEXT MEETING

Monday 2 November 2020 at 5.00pm, subject to the Calendar of Meetings being agreed by the Governing Body at its meeting on 23 June 2020.

Signed _____
Chairperson

Date _____