**The Corporation of Newham Sixth Form College**

**Audit & Risk Committee**

**Minutes of the Meeting held on 25 November 2020**

**Members**

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| --- | --- | --- |
| Jay Nair (Chair) | Independent Member | Present |
| Sohidul Hoque | Independent Member | Present |
| Kofo Ladele | Independent Member | Present |
| Julianne Marriott | Independent Member | Present |

**Non-Members invited to attend**

|  |  |  |
| --- | --- | --- |
| Michael Gainlall | Vice Principal Finance & Operations | Present |
| Mandeep Gill | Principal & Chief Executive | Present |
| Robin Jones | Clerk to the Corporation | Present |
| Hugh Swainson | Buzzacott | Present |

**1 MEMBERSHIP OF THE AUDIT & RISK COMMITTEE**

The Committee noted the membership of the Audit & Risk Committee as approved by the Corporation on 7 October 2020:

* Jay Nair (Chair)
* Sohidul Hoque
* Kofo Ladelle
* Julianne Marriott

**2** **APOLOGIES FOR ABSENCE**

The Committee noted that all Members would be present on this occasion although Julianne Marriott would be a few minutes late due to business commitments.

**3 DECLARATION OF INTERESTS**

The Members and others present confirmed that there were no declarations of interest to be recorded on this occasion.

The Clerk took the opportunity to highlight the publication of the Declarations of Members on the Corporation section of the College website to aid transparency.

**4 MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 10 JUNE 2020**

The Minutes of the meeting of the Audit & Risk Committee held on 10 June 2020 were agreed to be a correct record.

**5 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD ON 10 JUNE 2020**

The Committee agreed that there were no matters arising from the Minutes of the last meeting which required attention at this time.

**6 VICE CHAIR OF THE AUDIT & RISK COMMITTEE**

Julianne Marriott was appointed as the Vice Chair of the Audit & Risk Committee for the year 2020/21.

**7 TERMS OF REFERENCE OF THE AUDIT & RISK COMMITTEE**

The Committee received and noted the Terms of Reference of the Audit & Risk Committee as approved by the Corporation in December 2019.

At this time no additions or amendments were proposed although the content remained under ongoing review to reflect experience and changes in regulatory requirements.

**8 POST 16 AUDIT CODE OF PRACTICE**

The Committee received and noted the updated Post 16 Audit Code of Practice published by the ESFA in July 2020.

**9 AGENDA FOR THE MEETING**

The Committee agreed to change the order of business as set out in the published Agenda and to consider at this point the

**10 FINANCIAL STATEMENTS AUDITORS REPORT – 2019/20**

The responsible Partner from Buzzacott presented the Post Audit Management Report prepared following the review of the Financial Statements for 2019/20.

The Committee was pleased to hear that the audit went well notwithstanding the challenges arising from Covid-19 and the need to carry out all of the field work remotely.

Subject to the normal formalities (receipt of the Letter of Representation and confirmation of no significant events taking place before the Financial Statements are approved by the Corporation for signing) the audit outcome was an unqualified opinion, the College being a going concern and the draft Financial Statements being a true and fair record.

The one recommendation from the Auditors was that careful monitoring of the financial results continued with prudent assumptions being made when planning for the future. This was recognised to be a given with much improved Management Accounts now being provided for the Corporation with regular presentation to and consideration by the Finance & Resources Committee.

To provide a context for the review of the Post Audit Management Report the Committee received the draft Financial Statements and took the opportunity to seek clarification of a number of issues including:

* The end of year out-turn position and the impact of the volatile pension arrangements – a surplus of £632k before accounting adjustments
* The receipt of in-year additional funding from the ESFA given the number of students enrolled over and above the funding allocation for 2019/20
* Satisfying the bank covenant requirements – these were tracked on a monthly basis via the Management Accounts
* Treatment of redundancy costs and allocation to 2019/20 as that was when the restructuring process started even though it continued into 2020/21 due to the impact of Covid-19

The Committee agreed following a lengthy discussion:

1. To note the Post Audit Management Report for 2019/20 prepared by Buzzacott
2. To note the draft Financial Statements prepared by the College and reviewed by Buzzacott as the basis of the recent audit
3. To note that the Financial Statements would be presented to the Finance & Resources Committee on 2 December 2020 for review
4. To advise the Corporation on 16 December 2020 that, based on the outcome of the audit completed by Buzzacott, there were no reasons not to approve and sign the Financial Statements for 2019/20 subject to the provision of the Letter of Representation and there being no significant events before the signing of the Financial Statements.

**11 REGULARITY SELF-ASSESSMENT**

The Committee received and reviewed the Regularity Self-Assessment questionnaire which had been reviewed by Buzzacott and found to be in order for the purpose.

The Committee agreed to recommend to the Corporation on 16 December 2020 that the Regularity Self-Assessment be approved for signing and forwarding to the ESFA.

*Note: At this time Hugh Swainson left the meeting*

**12 RISK REGISTER**

The Committee received and discussed the report of the Vice Principal Finance & Operations and the updated Risk Register.

As with the recent versions the Risk Register was comprehensive and summarised the issues, the mitigating actions to reduce the risks, progress made and the calculated scores.

In the main the level of risks were reduced as a result of the mitigating actions.

The Committee agreed:

1. To receive and note the updated Risk Register
2. To look forward to receiving further updates which link consistently the outcomes from the detailed statements and the summary table.

**13 INTERNAL AUDIT – FOLLOW UP**

The Committee received and discussed the report prepared by Mazars as Internal Auditors which covered the follow up on earlier reviews.

The position in summary was that of the 22 recommendations made in previous years 7 were completed and 15 were carried forward. Of the 15 carried forward 9 were partially implemented.

A Member asked about the College’s procurement arrangements and, specifically, if there was a dedicated Purchasing Officer. It was explained that purchasing decisions were made within the various curriculum and support areas subject of course to compliance with the Financial Regulations other than all IT matters go through the IT Team.

The outcome would be shared with the new Internal Auditors when they begin the engagement with NewVIc early in January 2021 (subject to the outcome of the planned interviews on 10 December 2020 and the subsequent approval by the Corporation).

**14 INTERNAL AUDIT REVIEW OF GOVERNANCE**

The Committee received the Internal Audit Review of Governance which provided a “Substantial Assurance”.

One housekeeping recommendation had been made – relating to the appointment of a replacement Link Corporation Member for Health & Safety – which was in the process of being addressed at the time of the review.

It was explained that the Internal Audit report had also been presented to and considered by the Governance & Search Committee on 30 September 2020.

**15 INTERNAL AUDIT – REVIEW OF 2019/20**

The Committee received and noted review of 2019/20 prepared by the Internal Auditors in lieu of the usual Annual Report.

It was appreciated that Mazars had opted to end the engagement with NewVIc and the reports received at this meeting concluded the various reviews.

**16 ANNUAL REPORT OF THE AUDIT & RISK COMMITTEE - 2019/20**

The Committee received the working draft of the Annual Report of the Audit & Risk Committee for 2019/20.

It was appreciated that the final wording could not be included until the Auditors had presented the outcome of the review of the Financial Statements.

The Committee agreed:

1. to confirm that there were no changes to be made to the working draft of the Annual Report of the Audit & Risk Committee for 2019/20 subject to the addition of a section based on the outcome of the review of the Auditors report on the Financial Statements
2. that the Clerk provided Members and the Executive with a complete draft of the Annual Report for comment
3. Subject to any feedback on the draft circulated by the Clerk the final version of the Annual Report be presented to the Corporation on 16 December 2020

**17 CALENDAR OF MEETINGS**

The Committee noted the calendar of meetings for the remainder of 2020/21:

* Thursday 10 December 2020 at 5.30 pm
* Wednesday 17 March 2021
* Wednesday 23 June 2021

The start times of the meetings in March and June 2021 would be confirmed nearer the time but if online would be at 5.30 pm.

Members recognised that additional meetings of the Committee could be arranged if there was urgent business to consider which could not wait until the next scheduled meeting.

**18 CONFIDENTIAL ITEMS**

The Committee considered certain items which had the Auditor been present at this stage would have been regarded as confidential but in their absence and given the content can be recorded in the open Minutes for future reference.

**19 AUDIT & RISK COMMITTEE – REVIEW OF PERFORMANCE – 2019/20**

The Committee discussed the performance of the Audit & Risk Committee in 2019/20 and agreed that Members would share their thoughts via a schedule provided by the Clerk so that a composite summary may be prepared and presented to the next meeting to identify any actions that needed to be taken.

**20 FINANCIAL STATEMENTS AUDITORS – REVIEW OF PERFORMANCE**

The Committee agreed following discussion:

1. To provide feedback via the schedule provided by the Clerk so that a composite summary may be prepared and presented to the next meeting so that any actions to be taken could be identified and progressed
2. To recommend to the Corporation on 16 December 2020 that Buzzacott be re-appointed for 2020/21 to act as the Financial Statements Auditors

**21 INTERNAL AUDITORS – UPDATE ON OUTCOME OF TENDERS**

The Committee noted the present position with regard to the initial review of the tenders for engagement as Internal Auditors as from, it was proposed, 1 January 2021.

The Committee would meet at 5.30 pm on Thursday 10 December 2020 to interview the shortlisted firms.

In addition to the Committee Members it was planned to have the following present to support the Committee – Principal & Chief Executive, Vice Principal Finance & Operations and the Clerk to the Corporation.

Chair: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_