



MINUTES OF THE AUDIT COMMITTEE MEETING

Held on MS Teams
Wednesday, 10 June 2020 at 6.00 pm.

Present:

Ian Leigh (Chair)

Fran Stewart

Guy Biggin – Audit Partner, Crowe Clark Whitehill

Daniel Loughlin, IT Director (Advising Officer)

Stephanie Wiles, Director of Finance and Estates (Advising Officer)

Helen Odhams, Deputy Principal (Advising Officer)

Ken Kehoe (Clerk)

1. REGISTER OF INTERESTS

There were no declarations of business interests.

2. WELCOME AND APOLOGIES FOR ABSENCE

The Chair noted that this was his first meeting as Chair. He welcomed the IT Director and Mr Guy Biggin, Audit partner, to the meeting. Apologies were received and accepted from Karin Rowsell.

3. AGENDA

The Chair proposed that the results of the Cyber Security Audit and the Plan for the Financial and Regularity Audit be considered first to allow those attending for those items to depart. The committee agreed.

4. RESULTS FROM THE EXTERNAL CYBER SECURITY AUDIT

The IT Director explained that the cyber security test had been a penetration test and the results were good, with one minor area that needed to be considered.

In discussion, the committee made the following points:

- Given that the test had happened in February, why had there been a delay in dealing with the identified minor risk? The IT Director explained that the risk related to the Ping diagnostic tool which was a useful tool. It was a matter of judgment whether its utility outweighed the potential risk. He was comfortable with the risk now but would keep it under review every 6 to

12 months. The next cyber security report, due in the autumn, will have a risk register including this potential risk. The next cyber security report will focus on internal risks.

- The next Audit Committee meeting was not until November. This would be a long delay if the next cyber security report revealed any weaknesses.

The committee noted the report and agreed that:

- If the cyber security report on internal threats reveals any significant problems, the IT Director should alert the Audit Committee before its next meeting;
- The previous Chair of the Audit Committee, Paul Collyer, should be sent a copy of the report, as he had been heavily involved in setting up the project, for comment. If he has any comments, or concerns, he should feed them into the new Chair.

Action: The IT Director must inform the Audit Committee, before its next meeting, if the cyber security report on internal risks reveals any major issues of concern.

Action: The IT Director should send the external cyber security report to the former Chair of the Audit Committee and ask that if he had any comments that these be fed into the new Chair.

The committee congratulated the IT Director on his work.

The IT Director left the meeting at 6.14 pm.

5. PLANNING FOR FINANCIAL STATEMENTS AND REGULARITY AUDIT

The Chair welcomed Mr Guy Biggin (the College's external auditor) and asked him to introduce the Financial Statements and Regularity Audit plan.

Mr Biggin began by noting that this was the College's first year as an academy and this meant there were differing requirements. As previously, there would be an audit opinion on the statement of regularity and compliance as well as the normal audit report. There would also be the requirement to audit the Annual Accounts Return (AAR). Going through the detail of the plan, he highlighted the following points:

- COVID 19: There were financial implications but not as great as for some other institutions, as the College is well funded. The audit would look at the risks and how they were managed.
- Income: The audit would look at the College's income streams to ensure that they had been earned - that the College was providing the services it was being paid for. The audit team will be carrying out tests across income streams.
- Judgement: The audit would look at items that required judgement such as depreciation, impairment, FRS 17 pension liabilities.
- Journals: The audit would consider how these were prepared and reviewed.
- Payroll: The audit would look at data sets to ensure that were consistent. For example, they would compare HR data with payroll data.
- Valuation of new fixed assets: The audit would look at how much the College had spent on new assets compared with the valuation that had been put on those assets. They would look at quantity surveyor reports and contracts. (He noted that the plan should refer to "canteen and classrooms", not "canteen and carpark".)
- Pension deficit: They would consider how this was accounted for and what assumptions have been made.

- Going concern: As an academy, in view of issues within the sector, this was a hot topic. The audit was required to test the Board's judgement that the College was a going concern.
- Regularity: they would look at whether there had been any misuse of funds or breaches of the Academies Finance Handbook.
- Internal control/Fraud: Mr Biggin noted that cyber security threats had increased dramatically during the COVID 19 crisis. Two factor authorisation was an important tool in combating it.

Finally, Mr Biggin said that, despite the crisis, they would meet the November deadline. There would be an additional fee due to the additional requirement to audit the AAR under academy status.

The Director of Finance and Estates noted that the accounts department had had to change their processes because of the COVID 19 crisis and that some of those changes would assist with the audit.

The committee asked the following questions:

- The audit plan referred to trustees being required to affirm that they had no knowledge of fraud. Would trustees be required to sign a confirmation? Mr Biggin explained that this was a collective judgement by the trustees, not something that each individual trustee would have to affirm.
- How would comparison be made between this year's 13 month accounts and the previous year's 12 month accounts? Mr Biggin explained that as the College is now an academy, it is a new company and no comparatives from previous years would be shown.

The committee approved the plan for the Financial Statements and Regularity Audit.

Mr Biggin left the meeting at 6:30 pm.

6. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of 13 November 2019 were approved as an accurate record.

7. MATTERS ARISING

A1-001 – Fran Stewart to send Accounting Standard guidance on intangible assets. Done.

A1-002 – The Audit Partner to send a new engagement letter. Done.

A1-003 – Director of Finance and Estates to confirm that suppliers have been informed of the College's conversion to an Academy and of the College's change of name. Done.

A1-004 – The Chair of Audit Committee to recommend to the Board that each Trustee consider if they wish to use their own personal email account or would prefer a College account. Done.

A1-005 – The Deputy Principal to rephrase the risk in target 6 of the Strategic Risk review. Done.

A1-006 – The Deputy Principal to remove "Sixth Form College Service Award" from Risk 8. Done.

A1-007 – The Chair of Audit to liaise with IT Director on scope of external audit of cyber security, Done.

8. DISASTER MANAGEMENT STRATEGY 2020

The Deputy Principal introduced the 2020 Disaster Management Strategy. She noted that the lessons learned from COVID 19 had not yet been fully incorporated in the Strategy and we will reflect on how to do so in this and other College procedures in due course. The Strategy had, however, been especially useful initially in guiding the handling of the current situation. One of the key lessons was that there should be flexibility in the application of the Strategy. For example, it had made sense in handling COVID 19 for the Principal to lead on operational continuity rather than the Deputy Principal. Page 5 of the document makes clear that, while especially focussed on responding to acts of terrorism and extreme violence, the Strategy can be adjusted for other scenarios.

The committee made the following points:

- The response to COVID 19 had strengthened the College's ability to respond to other incidents. For example, the ability to move to remote learning would be an important asset if access to the College site was restricted.
- Was there a separate noise to indicate a lockdown? The Deputy Principal noted that in the event of a lockdown The Run Hide Tell message would appear on every computer screen and TV in the College. Several individuals were authorised to initiate the message.

The committee approved the Strategy.

9. STRATEGIC RISK REGISTER UPDATE

The Deputy Principal introduced the discussion of the Strategic Risk Register Update. She noted that there was also a separate Risk Register specifically for COVID 19 and apologised for the delay in the circulation of that document.

On the main Risk Register, the Deputy Principal made the following points:

Risk 1 (OFSTED): It was now very unlikely that inspections would resume in the autumn term in their usual format. The College had done lots of preparation for the new framework but staff now needed to focus on managing the College's response to the COVID 19 crisis.

Risk 2 (Student Recruitment) : This was now dealt with under the COVID 19 register.

Risk 8 (Staff pay and conditions): There were now agreements on staff pay awards. The agreement for teaching staff was for one year, the agreement for non-teaching staff covered two years. This was welcome.

Risk 10 (Industrial Relations): While the immediate threat of industrial action had reduced, there continued to be a risk that the College will be in the same place again next year as the teacher pay award covers one year only.

The Chair welcomed the Deputy Principal's update.

The committee asked about planned trial of a two-week half term in 2020/21, under Risk 8. The Deputy Principal noted that the planning of next year's calendar was very difficult. At present, they did not know how long enrolment would take and whether there would be October exams. But they were planning for a two-week half term, all things being equal.

Following discussion, the committee agreed that they would support a management decision to remove Risk 3 (Lighter timetable) from the Register and that Risk 6 (Funding) should remain, considering the uncertainty over future Government funding. It was also noted that, under Risk 1, it should be made clear that the Governors' Training morning took place in June 2019.

Action: The Deputy Principal to amend the Risk Register, in light of the committee's discussion.

The committee approved the Strategic Risk Register, subject to the agreed amendments.

10. COVID 19 RISK REGISTER

The Deputy Principal took the committee through the COVID 19 Risk Register. She noted that the SLT were making plans for enrolment and timetabling based on two or three scenarios but that they would need to make decisions about how to proceed in September before the end of term.

Risk one (Cancellation of Promotional events may impact student recruitment): With the promotional events cancelled, the College was communicating with prospective students and key partner schools. The College had produced Year 11 study guides which provided bridging work from GCSE. All prospective students have access to information on all subjects to assist them with their decision-making about subject choices. There would also be an online Introduction Day. Prospective students can log on to view videos about the College; each department had produced one. There would be live Q and A sessions about courses and there would be an Introductory video for parents.

The committee welcomed the actions taken and raised the following points:

- Did the College know which applicants did not have access to IT? The Deputy Principal noted that they did not have that information but all videos would be accessible on smart phones. In addition, the videos could be watched within a certain time period and not just at the time of release which would assist prospective students that needed to share computers at home.
- The Chair asked whether, if there was no additional cost, Trustees could also see some of the subject videos to inform their knowledge of the College? The Deputy Principal said that she would put some of the videos and student study guides on the Trustee portal.

Action: **The Deputy Principal** to place a sample of the subject videos and study guides in the Trustees' portal.

- Was the College doing enough to publicise the work that they have done to provide students with good quality online provision? The Deputy Principal noted that they have had an unprecedented number of emails from parents about their children's positive experience. She would discuss with the Principal.
- Had the Study Guides been copyrighted? The committee asked that the Deputy Principal investigate whether it was appropriate to do so.

Action: The Deputy Principal to investigate whether it would be appropriate to consider copywriting the College study guides.

- Given the new system for determining GCSE grades this year, could the College end up with more students than places next year? The Deputy Principal noted that whilst we had been to the reserve list, there were still a significant number of students on that list. She also noted that, because of the COVID 19 crisis, prospective students and their parents may be more cautious about moving to a new College, particularly if that entailed travelling on public transport. However, the work that the College has been undertaking with Year 11 students and our own students has been well received by students and parents and so trying to predict numbers at enrolment is a challenge!

Risk 2 (Staff Recruitment): The crisis meant that interviews for new staff had to be carried out on Teams and that they would not be able to see applicants in the classroom. References and previous teacher experience were having to bear greater weight. All applicants were being required to produce a lesson plan, which was probed and tested by the relevant Head of Department. In future the College would also use the probation review period much more proactively. One positive impact of the crisis was that some teaching staff, that had resigned, had withdrawn their resignations.

In discussion, the committee noted that, if the College were allowing staff to retract their resignations then this must be done consistently.

Risk 3 (Postponement of Open Evening may affect applications for 2021 entry): There had been around a thousand expressions of interest. Marketing were looking at producing a package of videos but the on-site experience was the best method of attracting new students and their parents. The College were now looking to keep them interested. The College are also keeping schools updated.

Risk 4 (Enforced delays in building works may mean College short of classrooms at start of 2020/21): The building work was now 13 weeks behind schedule and this may limit classroom availability at the start of the next academic year. The College have explored the use of temporary classrooms but this was very expensive. They were therefore going to use the upstairs of the new build plus other available accommodation, as well as online provision, for the start of the new academic year.

The Director of Finance and Estates said that the College has flexed the building contract and the contractor was now throwing everything at the build to get the classrooms ready for September. The roof will be on next week.

The committee asked the Director of Finance and Estates to confirm that the contractor had the necessary permissions from the Council and neighbours for any out of hours work.

Action: The Director of Finance and Estates to confirm that the contractor has the necessary permissions from the Council and neighbours for any out of hours work.

Risk 5 (Impact of Remote learning on 6.1 students progress and welfare): The College had set expectations for the students when teaching had gone online. Those expectations had been developed so everyone had gained experience. Good practice guides had been sent out to students and parents. These had included mental health and well-being. PR4 meetings will also be held at the end of June.

The Director of Development and the Deputy Principal were collecting information on good practice for teaching and assessment and this is being shared with staff.

More generally the College management were looking at wider opening in three parts. First, they were looking at bringing back vulnerable students, and those not engaging in online learning, to work in the LRC. Secondly, they were looking at providing one-to-one sessions with teachers in the last week of June. Finally, they were carrying out pilots across subject areas with some students being taught in a bubble on site and others at home. It was hoped that this experience will inform planning for September.

The committee asked the following questions:

- Had the College secured the necessary permissions for gathering of images on webcams? The Deputy Principal noted that the webcams will be on the teachers or the work and not on the students. For those students at home, webcams should be turned off.
- How were the students entitled to free school meals being helped? The Director of Finance and Estates informed the committee that, from the beginning of the crisis, money was being transferred directly into the bank accounts of the vulnerable students to pay for food.
- How was the cleaning regime being carried out? The Director of Finance and Estates noted that the cleaners had been back to normal work from after half term. A new daytime cleaner had been engaged. The College had invested in magnetic locks for non-automated doors, linked to the alarm system, so these doors could be kept open.

The Chair commended the staff and said they had done an incredibly good job.

The committee approved the COVID 19 Risk Register.

11. REVIEW OF FINANCIAL REGULATIONS

The Director of Finance and Estates introduced the Regulations. She noted that the Regulations had been considered by the Finance and Estates committee, and it had been made available on the Trustees' Portal. The committee made the following points:

- If a matter were reported to the ESFA, would Trustees be informed? The Director of Finance and Estates assured the committee that Trustees would be informed.
- In paragraph 8.1, the word "and" should be inserted between "Staff Portal" and "College Website".
- Where did the text of paragraph 17.8 come from? The Director of Finance and Estates confirmed that the text had come from the Academies Finance handbook.
- What was the status of the Anti-fraud policy listed in Annex B? The Director of Finance and Estates explained that the policy was that used prior to the change to Academy status and that it would be reviewed according to the agreed schedule.

The committee agreed to recommend the Regulations to the Board of Trustees.

12. ANY OTHER BUSINESS

The Director of Finance and Estates informed the committee that new regulations meant that the external auditor could not also carry out internal audit. She would like, therefore, to get three quotes for a three-year contract to carry out this work.

In response to questions, the Director of Finance and Estates assured the committee that the value of the contract would be £15k over 3 years and that this was well within the limits for a restricted competitive procedure.

The committee agreed the approach recommended by the Director of Finance and Estates.

13. Date of Next Meeting: Wednesday 11th November tbc.

*The meeting closed at 7.58pm.
Attendance was 50.0%.*

Signed.....

Date.....

SUMMARY OF ACTIONS

A2-001	The IT Director must inform the Audit Committee, before its next meeting. if the cyber security report on internal risks reveals any major issues of concern.
A2-002	The IT Director should send the cyber security report to the former Chair of the audit committee and ask that if he had any comments that these be fed into the new Chair of audit committee.
A2-003	The Deputy Principal to amend the Risk Register.
A2-004	The Deputy Principal to place a sample of the subject videos and study guides in the Trustees' portal.
A2-005	The Deputy Principal to investigate whether it would be appropriate to consider copywriting the College study guides.
A2-006	The Director of Finance and Estates to confirm that the contractor had the necessary permissions from the Council and neighbours for any out of hours work.

SUMMARY OF GOVERNOR CHALLENGE [C] / SUPPORT [S]

C/S	Minute	Topic
S	8	DISASTER MANGEMENT STRATEGY The committee welcomed the development of the remote online learning capability and that this capability would strengthen the College's ability to deal with other incidents.
S	10	COVID 19 RISK REGISTER The committee welcomed the work that the staff had done in responding to the COVID 19 crisis.