



MINUTES OF THE AUDIT COMMITTEE MEETING

Wednesday, 9 November 2021 at 6.00 pm.
Meeting held at Esher College.

Present:

Mark Nelligan (Chair)
Natasha Meade

Fran Stewart
Andy McVeigh

Guy Biggin – Audit Partner, Crowe Clark Whitehill

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

Apologies were received and accepted from Cindy Dawes and Ben Obese-Jecty.

3. DRAFT REPORT AND FINANCIAL STATEMENTS

The Director of Finance and Estates introduced the draft Report and Financial Statements, noting that this was the second year of Academy accounts and highlighting the streamlined energy and carbon reporting and the release of the CIF monies. The Director advised that these were a healthy set of accounts.

Mr Biggin informed the Committee that the draft Report and Financial Statements showed that the Academy Trust had a surplus of £589k on operations, had generated over a £1mn in cash and that the net current assets were £4.2mn. These were good results and the Academy had a strong balance sheet. He noted that the pension deficit related to the Local Government Pension Scheme.

The committee agreed to recommend the draft Report and Financial Statements to the Board of Trustees, subject to editorial corrections.

4. AUDIT FINDINGS AND LETTER OF REPRESENTATION

Mr Guy Biggin, introducing the Audit Findings, thanking the Director of Finance and Estates and her team for their assistance. Mr Biggin made the following points:

- The statements about being a Going Concern were made by the Board of Trustees, not by the Auditors. But that based on knowledge of the College, he concurred with the proposed statements.
- Income had been reviewed. The difference between the management accounts and the draft published accounts was the CIF monies. The auditors had confirmed that the monies had been properly retained. GAG income was also correct and being used for the intended purposes.
- There was nothing to note on management assumptions and compliance.
- Payroll had been audited and there was nothing to bring to the committee's attention. There was also nothing to bring to the committee's attention on capital works.
- On pensions, Mr Biggin noted that the Teacher's Pension Scheme is not included on the balance sheet but that the Local Government Pension Scheme is. It was for the Trustees to confirm that they were content with the actuarial assumptions made by the Actuary; but the auditors could confirm that the assumptions were within normal range.
- The auditors had nothing to report regarding regularity.

The committee thanked Mr Biggin for his presentation. The committee noted that, while the Teachers' Pension was not on the balance sheet, if there was increase in contributions required after the next review then this would have an impact if not covered by Government funding. The College would be better placed than other similar institutions to handle an increase in contributions, however. The Deputy Principal noted that Teachers' Pension contributions was on the Risk Register.

The committee agreed to recommend the Auditor's Report and the attached draft letter of representation to the Board of Trustees.

5. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of 10th June 2021 were approved as an accurate record.

6. MATTERS ARISING

The Director of Finance and Estates informed the committee that the External Auditors would be retained for the next year at the same fee. After that point, she would either organise a tender or use CPC. The Director noted that the fees charged would likely increase.

The committee took note.

7. IT DISASTER RECOVERY POLICY

The committee considered the IT Disaster Recovery Policy, together with the Disaster Recovery Back-up and Restoration Plan, the Disaster Recovery Emergency Response Plan and the Disaster Recovery Report.

The committee thanked the IT Director for putting together a very comprehensive policy and set of reports. In discussion it was noted that: the air conditioning units were serviced annually and, as with other equipment such as the servers, subject to a programme of replacement; that the back-up

servers were in different parts of the site and that there was an off-site facility as well; the system had been subject to a thorough penetration test last year and that the Director of IT monitored closely emerging threats. The committee asked about the resilience of the College to a cyber incident; the Deputy Principal explained the College's Disaster Management Plan would be put into operation and that the College would continue operating as soon as was possible.

The committee asked for advice on when the next penetration test should be scheduled and for assurances that data held for another institution was protected to a similar level.

The committee agreed the IT Disaster Recovery Policy together with, the Disaster Recovery Back-up and Restoration Plan, the Disaster Recovery Emergency Response Plan and the Disaster Recovery Report.

Action: The IT Director to provide advice on the timing of the next penetration test and IT security audit.

Action: The IT Director to provide advice on protection of the data held on behalf of another institution.

8. DATA PROTECTION POLICY, DATA PROTECTION REPORT AND CARD PAYMENTS POLICY

The committee considered the Data Protection Policy, the Data Protection Report and the Card Payment Policy. The committee noted that the policy was very thorough. They asked for assurances that lessons were learned after any data incident. The Deputy Principal noted that all staff received the necessary Data Protection training the last of which was on 22nd October 2021. The committee also challenged the need for a Card Payments Policy but the Director of Finance and Estates noted that there were still a small number of occasions when card payments were necessary, for example, adult education and exam re-marks.

The committee agreed the Data Protection Policy and the Card Payment Policy.

9. AUDIT COMMITTEE INTERNAL SCRUTINY REPORT

The Director of Finance and Estates noted that as the Internal Auditors had only recently been appointed and had only carried out one audit it was appropriate to submit that report with a covering letter explaining this to the ESFA. A full programme was planned for next year when the Internal Auditors would produce an internal scrutiny report.

10. STRATEGIC RISK REGISTER

The Deputy Principal introduced the discussion; she highlighted the following points:

Risk 1: Educational Inspection Framework The Deputy Principal set out the measures that were in place to ensure that the College mitigated the risk of the College not retaining its "outstanding" status. The committee agreed the net likelihood judgment but questioned whether, in view of the public discussion of OFSTED reducing the number of "outstanding" judgments the gross risk was higher 3. They asked that the Deputy Principal consider.

Action: The Deputy Principal to consider whether the gross risk score should be 4.

Risk 2: Differential Loss of Learning The Deputy Principal noted that the College had students from over 140 schools with different experiences of learning during the pandemic. The College were delivering a range of strategies to mitigate lost learning, including half term assessments in each subject to identify gaps in knowledge and skills and holding formal exams in January to give students exam practice.

Risk 5: Future of BTEC: The Deputy Principal noted that the description of the risk regarding the future of BTEC qualifications had been changed from “some uncertainty” to “much uncertainty”. She noted that the College were engaged in lobbying for BTEC retention while planning for how to respond if BTEC funding was withdrawn.

Risk 8: Pensions In view of the earlier discussion about the costs of the Teacher Pension scheme, the Deputy Principal drew the committee’s attention to this risk entry.

Risk 9: Pay and Conditions The Deputy Principal noted that staff morale overall was as good as it could be given the challenges of the past 18 months and that the 1% pay increase for College teachers had narrowed the gap to their counterparts in schools.

Risk 10: Disruption caused by new Builds The net risk/impact score had been reduced from 6 to 4 in light of experience. The contractors were working around the examination schedule and staff and students were now used to the new circulation routes.

The committee asked that Finance and Estates committee look at the impact of rising supply and labour costs on the fixed price contract, and the revised work programme necessary to recover from the 5-week delay.

Action: Clerk to raise with the Chair of Finance and Estates and the Director of Finance and Estates.

Risk 11: Industrial Action The Deputy Principal informed the committee that the risk had been reduced in light of the recent pay award.

Considering the Risk Register overall the committee asked the Deputy Principal to consider with the Principal whether IT risks should be more explicit within the Register.

Action: The Deputy Principal to review with the Principal whether IT risks should be more explicitly identified in the Register.

The committee approved the Risk Register.

13. ANY OTHER BUSINESS

There was no other business.

14. DATE OF NEXT MEETING: 7 June 2022

*The meeting closed at 7.25pm.
Attendance was 66.7%.*

Signed.....

Date.....

SUMMARY OF ACTIONS

A1-001	The IT Director to provide advice on the timing of the next penetration test and IT security audit.
A1-002	The IT Director to provide advice on protection of the data held on behalf of another institution.
A1-003	The Deputy Principal to consider whether the gross risk score for the risk to the College's "outstanding" judgement should be 4 rather than 3.
A1-004	Clerk to raise with the Chair of Finance and Estates, and the Director of Finance and Estates, the request for that committee to consider the impact of rising supply and labour costs on the fixed price new build contracts and the revised work schedule.
A1-005	The Deputy Principal to review with the Principal whether IT risks should be more explicitly identified in the Register.

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

C/S	Minute	Topic
C	8	<p>Card Payment Policy</p> <p>The committee challenged whether the College needed a Card Payments Policy. The Director of Finance and Estates explained that card payments were still required on a limited number of occasions.</p>
C	10	<p>Risk Register</p> <p>The committee asked the leadership team to consider whether the gross risk associated with the loss of the "outstanding" judgment should be higher and whether IT risks should be more explicitly recognised within the Register.</p>