



MINUTES OF THE AUDIT COMMITTEE MEETING

Wednesday, 9 November 2022 at 6.10 pm.
Meeting held at Esher Sixth Form College.

Present:

Mark Nelligan (Chair)
Ben Obese-Jecty

Fran Stewart
Andy McVeigh

Janis Magons – External Auditor, Crowe UK
Scott McCready – Internal Auditor

Stephanie Wiles, Director of Finance and Estates (Advising Officer)
Dan Hards, Principal (Advising Officer)
Daniel Loughlin, IT Director (Advising Officer)
Catherine Davies, (Clerk)

1. REGISTER OF INTERESTS

There were no declarations of business interests.

2. WELCOME AND APOLOGIES FOR ABSENCE

Apologies were received and accepted from Natasha Meade.
Cindy Dawes was absent.

3. DRAFT REPORT AND FINANCIAL STATEMENTS

The committee commented on the excellent set of results and thanked the Director of Finance and Estates for her work.

The loss generated before other gains and losses for the Year September 2021 to August 2022 was queried, (compared to the surplus in the previous year). The Director of Finance and Estates explained that it was different to the management accounts as the figure was after depreciation and in the 2021 accounts there was CIF funding leading to a surplus.

The Chair had passed a list of amendments to the Director of Finance and Estates prior to the meeting which will be actioned. The Chair commented that more should be made of the recent outcome of the Ofsted inspection.

Action: The Director of Finance and Estates to amend this section to explain the difference and also to include the recently received Ofsted inspection outcome to the report.

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

4. AUDIT FINDINGS REPORT AND LETTER OF REPRESENTATION

Mr Janis Magons, introduced the Audit Findings report and thanked the Director of Finance and Estates and her team for their assistance. Mr Magons made the following points:

- Audit Materiality

The auditors reviewed the level of materiality based on the draft financial statements for the year ended 31 August 2022 and were satisfied that it continued to be appropriate with 2% of income at £220K.

- Unadjusted misstatements

The auditors reported there were no unadjusted individual errors other than where they considered the amounts to be trivial and they have deemed trivial to be 5% of the audit materiality (£11,000).

- Audit completion and the Audit Report

The Audit is complete subject to 5 outstanding matters, 4 of which are normal pre-signing procedures. The outstanding matter, LGPS asset valuation, is noted below.

- Significant Audit Risks

Estimates and judgements – pension liability.

Surrey LGPS is a defined benefit plan with the assets held in separate funds administered by Surrey County Council. Crowe's audit testing included benchmarking the assumptions used by the actuary in calculating the FRS102 pension liability; agreeing the pension scheme assets to the underlying valuation reports and reviewing the methodology used by the actuary to calculate percentage of the pooled assets which are owned by the Academy. Crowe noted that no provision has been identified in regards to the LGPS pension scheme's deficit as at 31 August 2022 as the value of the scheme's assets exceeded liabilities. The auditor concluded that the Academy's pension scheme was in surplus of £252,000.00 and supported the treatment of this surplus not being recognised as an asset on the balance scheme in the Academy's accounts.

Mr Magons commented that Crowe have been unable to conclude their review of the pension scheme asset valuation as due to a new legal requirement Crowe is waiting for :

- a) an asset valuation report of the Surrey Pension Fund as at Year end
- b) and the Actuary's workings explaining the asset allocation for the Academy.

Action: The Director of Finance and Estates will make enquiries into the consequences for a late filing of accounts and will raise the issue with external bodies who may be able to advise.

The committee thanked Mr Magons for his presentation.

The committee agreed to the Auditor's report.

The committee is currently unable to agree to the Draft Representation letter due to the missing actuarial information.

5. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of 7th June 2022 were approved as an accurate record.

6. MATTERS ARISING

A2-001. Internal Auditor to discuss scope and timing of next year's Internal Audits with the Deputy Principal and the IT Director. **Covered later in the agenda.**

A2-002. The IT Director to amend the Acceptable Use Policy as agreed. **Amended as agreed.**

A2-003. The IT Director to amend the IT Services Security Policy, to spell out acronyms used. **Amended as agreed.**

A2-004. The IT Director to brief the committee on the lessons learned following any data incident scoring 3 or 4, or 2 if there were significant issues. **Noted, no incidents rated 3 or 4, or 2 with significant issues, took place this year.**

A2-005. The Director of Finance and Estates to carry out an informal review of the audit contract next year, asking 3 or 4 firms, including the current provider, to quote for the work. **The Director of Finance and Estates informed the committee she will be organising a tender for the external audit contract in the Spring of 2023.**

Action: The Members of The College Trust will be informed of the process and the Chair asked to join the tender panel.

A2-006. All staff proposing policies for approval should submit draft policies with tracked changes. **The committee took note.**

7. AUDIT COMMITTEE INTERNAL AUDIT SCRUTINY REPORT

The Internal Auditor introduced the Internal Audit 2021/22 Annual report.

Internal Audit 2021/22

The Internal Auditor reported they had undertaken three internal audits and a prior year review and that he was satisfied that sufficient internal audit work had been undertaken to allow him to have the opinion that the College has adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives and proper arrangements to promote and secure value for money.

The Principal commented that the scope of the internal audit on student recruitment, retention and attainment was still to be refined before an internal audit could take place.

Action: Internal Auditor to confirm scope for student recruitment, retention and attainment with the Principal.

The committee approved the Internal Audit 2021/22.

8. STRATEGIC RISK REGISTER

The Principal introduced the risk register. He highlighted several changes:

Risk 1 – Following the visit by Ofsted and the Outstanding rating, the committee asked for the net likelihood and impact score to be reduced. The reduction to the gross likelihood and impact score was agreed.

Risk 2 – The Principal noted the consequences of the pandemic are still impacting the students especially 6.2. The committee agreed to keep the gross and net impact scores unchanged.

Risk 3 – The Principal commented that the addition of the temporary classrooms has ensured moderate over-recruitment can be accommodated and whilst the recent Ofsted rating may increase interest in recruitment at the College the committee agreed to keep the gross and net impact scores unchanged.

Risk 4 - The Committee agreed to keep the gross and net impact scores unchanged.

Risk 5 – The Committee asked if the gap between the gross and net impact score should be so large and following a discussion the committee asked for the net impact score to be increased.

Risk 6 – The Committee agreed to keep the gross and net impact scores unchanged.

Risk 7 – The Committee agreed to keep the gross and net impact scores unchanged.

Risk 8 – The Committee agreed to keep the gross and net impact scores unchanged.

Risk 9 – The Support staff pay award has been announced and despite the good relations with the Unions strike action is likely. The Committee agreed to increase the gross and net impact scores.

Risk 10 - Due to the national shortage of teachers and the small response to recruitment initiatives the Principal asked for the committee to agree to the increased gross likelihood impact score, which was approved.

Risk 11 – Following the Outstanding Ofsted report the committee asked for the gross and net impact scores to be reduced.

The committee approved the Strategic Risk Register.

9. DISASTER RECOVERY REPORT OCTOBER 2022

The IT Director reported that there were no notable cyber-attacks this year. The College backup server based at Godalming College has been decommissioned and a cloud-based service is now being used. Resilience against power supply issue over this coming winter are currently being assessed. The IT Director confirmed that the College provides physical space on site for the Godalming College's back-up server.

10. DATA PROTECTION REPORT OCTOBER 2022.

The IT Director reported that there were 4 incidents for the academic year 2021-22, two incidents rated 0, one incident rated 1 and 1 incident rated 2.

11. ANY OTHER BUSINESS

There was no other business.

12. DATE OF NEXT MEETING: 8 June 2023.

*The meeting closed at 7.27pm.
Attendance was 66.7%.*

Signed.....

Date.....

SUMMARY OF ACTIONS

A1-001	The Ofsted Inspection 2022 outcome to be added to the Annual Report and Financial Statement.
A1-002	The Director of Finance and Estates will make enquiries into the consequences for a late filing of accounts and will raise the issue with external bodies who may be able to advise.
A1-003	The Members of The College Trust will be informed of the external audit tender process.
A1-004	Internal Auditor to confirm scope for student recruitment, retention and attainment with the Principal.

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

C/S	Minute	Topic
S	3	<p>Annual Report and Financial Statements</p> <p>The committee thanked the Director of Finance and Estates for her excellent work.</p> <p>The committee congratulated the College on the Outstanding Ofsted September 2022 Report and rating.</p>
C	4	<p>Draft Representation Letter</p> <p>The committee is currently unable to recommended the signing of the letter.</p>