

# BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

*Owing to the national emergency restrictions imposed by HM Government because of the global Covid 19 pandemic this meeting was held by video conference*

## AUDIT COMMITTEE

### MINUTES OF A MEETING HELD ON WEDNESDAY 28 APRIL 2021

<b>Membership (7):</b>	*	Charles Cardiff	External Member	Chair
		Nicole Martin	Co-opted Member	
	*	Martin Slatford	External member	
	*	Pamela Woolgrove	External Member	Vice Chair
		Vacancy (TS)	External Member	
		Vacancy (MM)	Member	
		Vacancy (CM)	Member	
<b>Quorum:</b>		3 Members required	3 Members present	Meeting quorate
<b>In Attendance:</b>	*	Anthony Bravo	Principal	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	Chris Mantel	Alliotts (Financial Statements Auditor) (FSA)	
	*	Kevin Moloney	TIAA (Internal Auditor) (IA)	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
<b>Present at meeting:</b>	*			

### PART 1: NON-CONFIDENTIAL MATTERS

(5.00pm)		ACTION
<b>701.</b>	<p><b>FINANCIAL STATEMENTS AUDIT 2020/21</b></p> <p>The FSA advised that the ESFA had made several changes to the Audit Code of Practice for 2020/21 that would have an impact on the financial statements audit for that year and the levels of assurance given by auditors.</p> <p>The FSA advised that the ESFA required all external auditors to conduct a funding audit for the year, before signing-off the annual financial statements, as the ESFA had determined that the year-end funding statement did not constitute assurance over the funds earned by the college. He stressed that the implication of this change was that external auditors would need to undertake additional work during the summer and early autumn to ensure compliance with funding rules.</p> <p>The FSA advised further that, in previous years, external auditors had signed off college accounts without checking the accuracy of income claims received from the main funding grants generated through the Individualised Learner Record (ILR) returns, because the ESFA had provided that assurance. The FSA advised that the</p>	

<p><b>701. (cont)</b></p>	<p>College would need to undertake a funding audit before the accounts could be signed-off.</p> <p>The DPFR stressed that there was the potential that the financial statements might not be signed-off in some circumstances. In addition, he advised that there was the potential that any errors in an over-claim would lead to clawback, but that any under-claim would not result in additional income being provided to the College.</p> <p>The DPFR also advised that WBTC (West Berkshire Training Consortium) would also need to be included in any changes, and that there would be an increase in the cost of the financial statements audit for the College and WBTC.</p> <p>(Chris Mantel left the meeting)</p>	
<p><b>702.</b></p>	<p><b>APOLOGIES FOR ABSENCE</b></p> <p>Nicole Martin, Clarence Mpofo (Internal Auditor)</p>	
<p><b>703.</b></p>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>There were no Declarations of Interest made.</p>	
<p><b>704.</b></p>	<p><b>NOTIFICATION OF ANY OTHER URGENT BUSINESS</b></p> <p>There were no items of Any Other Urgent Business notified.</p>	
<p><b>705.</b></p>	<p><b>MINUTES OF THE PREVIOUS MEETING</b></p> <p>The Minutes of the meeting held on 25 Nov 2020 were confirmed as a correct record and would be signed by the Chair as soon as national restrictions allowed.</p>	
<p><b>706.</b></p>	<p><b>MATTERS ARISING FROM THE MINUTES</b></p> <p><b>1. Audit Ctte Contingency Allowance 2020/21</b> (Minute 691.1)</p> <p>It was proposed that, because of the need to undertake a funding audit for both the College and WBTC, the contingency allowance be used for that purpose in 2020/21. The IA also suggested that a follow-up of previous recommendations on WBTC could be undertaken. It was estimated that these would take 3-4 audit days.</p> <p>In considering the above, the Ctte agreed to use its allocation accordingly but that ILR audits for the College and WBTC should be included in future years' audit plans.</p> <p>The Ctte also suggested that a representative from WBTC should be invited to attend Audit Ctte meetings when there were reports regarding WBTC due to be considered.</p>	<p><b>DPFR/ Clerk</b></p>
<p><b>707.</b></p>	<p><b>INTERNAL AUDIT REPORTS</b></p> <p><b>1. Summary Internal Controls Assurance Report (Progress Report) 2020/21</b></p> <p>A written report was received for information and noted. The IA advised that three internal audit reviews had been completed, and that a further four were in progress or in the planning stage.</p> <p><b>2. Assurance Review: Internal Verification Process</b></p> <p>A written report was received for information and noted. The IA advised that he had issued an overall assurance assessment of 'reasonable assurance'. A total of 3 recommendations (1 graded 'important', and 2 graded 'routine') had been made, all of which had been accepted by College Management. The IA took the Ctte through the recommendations and outlined the management responses and progress.</p>	

707. (cont)	<p><b>3. Assurance Review: Key Financial Controls</b></p> <p>A written report was received for information and noted. The IA advised that he had issued an overall assurance assessment of 'substantial assurance', and had not made any recommendations.</p> <p><b>2. Assurance Review: HR Management Arrangements and Staff Development</b></p> <p>A written report was received for information and noted. The IA advised that he had issued an overall assurance assessment of 'reasonable assurance'. A total of 3 recommendations (1 graded 'important', 1 graded 'routine' and 1 graded 'operational') had been made, all of which had been accepted by College Management. The IA took the Ctte through the recommendations and outlined the management responses and progress.</p>	
708.	<p><b>RISK MANAGEMENT AND RISK REGISTER</b> <i>[Part of the discussion held has been minuted under Confidential cover]</i></p> <p>A written report was received, considered and noted. The DPFR advised that the report showed the risks based on a 'heat map', as recommended by the Internal Auditor. He took the Ctte through the four most significant risks (Risk R8 IT Security minuted under confidential cover):</p> <p>Risk S13 related to the reliance on key customers and the implications for the College if it were to lose those customers. One such customer, UKPN, was currently retendering its contract through a competitive tendering process. The DPFR stressed that the College had to be alert to the possibility that this provision might not continue and to ensure that its budget was sufficiently resilient to withstand that if it happened.</p> <p>Risk S1 was the impact of declining learner numbers. The current forecast was for a drop of 18% in applications for September 2021. The reason for the drop was unclear, whether it would see reduced enrolment numbers or whether Covid-19 had limited applications to just one institution.</p> <p>Risk Q2 related to achievement rates which had fallen relative to the sector performance over the last three years.</p>	
709.	<p><b>USE OF COLLEGE SEAL</b></p> <p>The DPFR advised that the College Seal had not been used in the period since the previous meeting.</p>	
710.	<p><b>DATES OF FUTURE MEETINGS</b> <i>(Meetings commence at 5.00pm unless stated)</i></p> <p>Wednesday 16 June 2021  Wednesday 24 November 2021  Wednesday 23 March 2022  Wednesday 15 June 2022</p>	
711.	<p><b>EXCLUSION OF OFFICERS</b></p> <p>No Officers were excluded from the meeting.</p>	
712.	<p><b>AUDITORS' ONLY</b></p> <p>The Internal Auditor and the FSA advised that they had no matters to raise.</p>	
(5.52pm)	Meeting closed	