

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

AUDIT COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 15 JUNE 2022

Membership (6):	*	Charles Cardiff	External Member	Chair
		Beryl Huntingdon	External Member	
	*	Nicole Martin	Co-opted Member	Vice Chair
	*	Martin Slatford	External member	
		Colin Willoughby	External Member	
		Pamela Woolgrove	External Member	
Quorum:		3 Members required	3 Members present	Meeting quorate
In Attendance:	*	Anthony Bravo	Principal	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	Mike Howe	Chair of the Corporation	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
	*	Clarence Mpofu	TIAA (Internal Auditor) (IA)	
Present at meeting:	*			

PART 1: NON-CONFIDENTIAL MATTERS

(5.25pm)		ACTION
751.	<p>APOLOGIES FOR ABSENCE</p> <p>Beryl Huntingdon, Colin Willoughby, Pamela Woolgrove.</p> <p>It was noted that the Chair of the Corporation had been invited to attend the meeting in an observational capacity.</p>	
752.	<p>DECLARATIONS OF INTEREST</p> <p>There were no Declarations of Interest made.</p>	
	[The Clerk took the Chair for the following item]	
753.	<p>ELECTION OF CHAIR OF THE AUDIT COMMITTEE</p> <p>The Clerk called for nominations for Chair of the Audit Ctte. One nomination was received.</p> <p style="text-align: center;">It was RESOLVED that Charles Cardiff be elected Chair of the Audit Ctte for a two-year term of office. (Proposed by Martin Slatford, Seconded by Nicole Martin)</p>	
	[Charles Cardiff took the Chair]	

754.	<p>MINUTES OF THE PREVIOUS MEETING</p> <p>The Minutes of the meeting held on 23 March 2022 were confirmed as a correct record and were signed by the Chair.</p>	
755.	<p>MATTERS ARISING FROM THE MINUTES</p> <p>There were no Matters Arising discussed that were not due to be considered elsewhere on the agenda.</p>	
756. (5.30pm)	<p>INTERNAL AUDIT REPORTS</p> <p>1. Summary Internal Controls Assurance (Progress) Report</p> <p>A written report was received for information and noted. The IA advised that two final reports had been issued:</p> <p>i. Assurance Review of Sub-contracting</p> <p>The IA advised that he had issued an overall assurance assessment of 'substantial assurance', and that the key strategic findings from the review were:</p> <ul style="list-style-type: none"> • The College continued to have robust assurance arrangements in place to manage and control subcontracting arrangements, • Policies and procedures were up to date, and there continued to be good oversight of subcontracting via the Finance and Resources Committee (F&RC), • Each of the four recommendations raised in the previous review had been implemented, • One 'routine' priority recommendation had been raised in relation to the expected frequency of the financial accounts checks against ESFA ratios. He took the Ctte through the recommendation and outlined the action taken. <p>ii. Assurance Review of Purchasing and Procurement</p> <p>The IA advised that he had issued an overall assurance assessment of 'reasonable assurance', and that the key strategic findings from the review were:</p> <ul style="list-style-type: none"> • The College had good controls and processes covering procurement. Testing confirmed that there was compliance with the College's finance policies and procedures covering purchasing and procurement. The recommendations raised were to support the College in further developing and improving processes and controls. • It is recommended that contracts were scanned and emailed to Finance to allow a central contracts register to be developed. • The output of the value for money exercises should be summarised and provided to Finance to collate and report as part of the finance report. • A list of single supplier contracts be developed and reviewed to ensure VFM. • The outputs from the value for money exercises be summarised and updates provided to Finance and a report be presented to a relevant committee (Finance & Resources or Audit Committee) for assurance purposes. <p>The IA advised further that he had made four recommendations, two graded 'important' and two graded 'routine'. He took the Ctte through the recommendations and outlined the actions taken.</p>	

756.
(cont)

2. Internal Audit Progress Against Annual Plan 2021/22

The IA advised that final reports had been issued relating to four reviews already completed, two further reports were at draft stage, fieldwork undertaken on two other reviews, and the remaining two reviews scheduled to be undertaken in June 2022.

4. ESFA Post-16 Audit Code of Practice

The IA advised that the key changes in the 2021/22 audit code of practice were:

- Confirmation that, as with the Accounts Direction, the ESFA did not intend to issue a supplementary ACOP bulletin concerning COVID19, with the 2020-21 version remaining extant if needed.
- Confirmation that the Department for Education would now provide an annual assurance statement in respect of AEB funding devolved to the Mayoral Combined Authorities and the Greater London Authority.
- Confirmation that the ESFA would obtain assurance over funding it provided for programmes in higher education institutions by means of a programme of assurance reviews conducted on a sample basis.
- Clarification that any designated institutions that were constituted as limited companies would need to consider any audit requirement arising from company law in addition to those set out in the Audit Code of Practice.
- Clarification that Governing Bodies did not need to inform ESFA in instances where there had been a routine change of auditors.
- Clarification that the ESFA considered significant fraud to be any fraud where gross losses exceeded £10,000, where there was likely to be public interest or if the particulars of the fraud were complex, systematic, or unusual.
- Clarification that issues of propriety fell within the scope of the regularity assurance engagement.
- Confirmation that the regularity of the ILR return would be included in the scope of the assurance regularity engagement.
- Clarification that the regularity engagement covered subsidiaries and joint ventures.

3. Electric Vehicle (EV) Hybrid Technology Training Centre

A copy of the draft report (excluding management responses) had been circulated for information. The IA confirmed that the final report would be submitted to the next meeting of the Audit Cttee.

The IA advised that the review was designated as an 'advisory review' and that it would not be graded. The key strategic findings were:

- The project capital funding for the EV Centre was supported by a 'Business Case Form' which had been completed by the College and submitted to Enterprise M3 LEP Programme Management Group and approved by the Enterprise M3 Board. This was a detailed application which outlined the costs, funding requirements, benefits of the project (qualitative and quantitative), evaluation, governance, reporting and monitoring arrangements.
- The identified benefits which underpinned the commercial case for the EV Centre and per the Sales Plan had not been fully realised. College Management were aware of the reasons for this and included the impact of COVID-19, and that planned uptake by the independent/franchised dealerships had not been achieved.
- There were opportunities to increase the marketing of the EV Centre using some of the initiatives outlined in the BCoT Business Development/Sales Plan 2020-2023 for the EV Centre.
- There were opportunities to improve the reporting and monitoring arrangements regarding the performance of the EV Centre including the evaluation of the benefits.

IA

<p>756. (cont)</p>	<p>The IA advised further that a range of good practice and positive findings had been highlighted in the report, as:</p> <ul style="list-style-type: none"> • There was evidence to demonstrate that the College had increased the training bookings through its growing relationship with Euro Car Parts, who utilised the centre (at a fee) for delivering EV and Hybrid Training. The Centre was also now being used (at a fee) by Network Training Partnership Ltd to train motorway recovery specialists in basic hybrid vehicle safety. • There had been a recent increase in the number of similar Training Centres being introduced by other Colleges in England and Wales. This was evidence that the project was an early innovative venture by the College and was in keeping with the change in the automobile technology which helped equip the students with the skills they required in the changing automobile landscape. This also put the College at the forefront of training opportunities for the future. • There was a project plan with key milestones for the installation and implementation of the EV Training Centre up to the launch date. <p>The IA advised further that he had made five recommendations, one graded 'important' and four graded 'operational', and that he was due to discuss the draft review with College Management in the near future.</p> <p>The Principal advised that since the original bid had been approved by the LEP the national 'scene' regarding training requirements had changed. He stressed that manufacturers were undertaking warranty repairs directly, and that independent garages/repairers would not be involved in the short-term future to a great extent until the expiry of vehicle warranties etc.</p> <p>The Ctte raised a number of questions related to the project review. In particular, it sought confirmation regarding the contractual obligation with the LEP for the College to deliver the scheme that it (the College) had based its bid on, vis-à-vis any potential clawback by the LEP should the EV Centre not operate on the basis outlined in the original bid. The IA confirmed that there was no contractual obligation on the College to repay any funding to the LEP.</p> <p>In response to a further question from a Member the Principal confirmed that the EV Centre was monitored continuously by the DPCPI and Head of Automotive, and that the College was required to submit twice-yearly reports to the LEP. In addition, the DPFR advised that the finances related to the EV Centre were reported in the monthly Management Accounts.</p> <p>The Chair of the Audit Ctte asked the Principal what lessons had been learnt from the project. The Principal advised that these had included successful bid writing, being a leading-edge provider for new technology, and the reputational benefits the College had achieved. The DPFR advised that there had been a relatively small amount of funding provided by the College for the scheme with marginal risk.</p> <p>The Ctte highlighted that post-project reviews were not normally undertaken, and that there was a need to undertake more post-project reviews following the completion of capital projects. The Principal and DPFR confirmed that monitoring of all projects was continually undertaken at management level. It was agreed that post-project reviews would be scheduled to be undertaken at the completion of such capital projects.</p> <p>4. Internal Audit Plan 2022/23</p> <p>The draft internal audit plan 2022/23, based on 35 days, was received, and noted. The IA took the Ctte through the outline proposals. He advised that he was due to discuss the Plan with the DPFR and that the final proposed Plan would be presented to the Audit Ctte for consideration and approval at the next meeting.</p>	<p>IA/DPFR</p> <p>IA</p>
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<p>757. (6.27pm)</p>	<p>FINANCIAL STATEMENTS AUDIT (FSA) PLAN 2021/22</p> <p>A written report was received for information and noted. The DPFR advised that the report had been produced by the FSA Auditor and outlined the scope of the audit of the financial statements 2021/22. It was noted that materiality had been set at £315k for the College and £30k for WBTC.</p>	
<p>758. (6.29pm)</p>	<p>RISK MANAGEMENT AND RISK REGISTER</p> <p>A written report was received, considered, and noted. The DPFR advised that, overall, the risk profile for the college had increased since the last update (March 2022) and that across all measures the residual risk score had increased by 21. No new risks had been added, but the following risks had been increased:</p> <ul style="list-style-type: none"> • Student numbers: recognising that application numbers have not increased, an expectation that progression numbers would reduce and that cost-of-living issues would result in some students choosing employment over training. • West Berks Training Consortium: due to its significant financial loss in 2021/22 the ongoing viability and solvency of the company was at risk. • Staff recruitment and staff pay: a significant national risk all employers were managing at the moment. • Reliance on a single customer: the College's finances in 2022/23 were heavily reliant on a single corporate client. Core college was not sustainable without that contract. <p>The DPFR advised further that two risk scores had been reduced:</p> <ul style="list-style-type: none"> • Impact of COVID-19. • Apprenticeship funding: recognising the progress made with the 100% audit of apprenticeship records. When this work was completed this risk score would be reduced further. <p>The DPFR also advised that data and cyber-security remained the highest risk area for the College. Achievement of the cyber-essentials accreditation would enable the risk to be reduced further. Insurance cover had been purchased to provide financial and technical cover in the event of a successful cyber-attack.</p>	
<p>759.</p>	<p>USE OF COLLEGE SEAL</p> <p>The Clerk advised that the College Seal had not been used in the period since the previous meeting.</p>	
<p>760.</p>	<p>DATES OF FUTURE MEETINGS</p> <p><i>(Members Only pre-meetings commence at 5.00pm. Formal Audit Cttee meetings commence at 5.15pm)</i></p> <p>Wednesday 23 November 2022 Wednesday 15 March 2023 Wednesday 14 June 2023</p>	
<p>761.</p>	<p>EXCLUSION OF OFFICERS</p> <p>No Officers were excluded from the meeting.</p>	
<p>762.</p>	<p>AUDITORS' ONLY</p> <p>The Internal Auditor advised that he had no matters to raise.</p>	
<p>(6.47pm)</p>	<p>Meeting closed</p>	