

FARNBOROUGH COLLEGE OF TECHNOLOGY
CORPORATION BOARD

Pt I AUDIT COMMITTEE

**Minutes of meeting held on Monday 20 November 2023
held on the virtual platform Teams**

Present:

Ms G Christie (Chair)
Mr N Crippa (Vice Chair)
MS J Houzer
Mr S Shrestha

In Attendance:

Ms V Barrett (Principal CEO)
Mr P Makwana (Director of Finance & Corporate Services DFCS)
Ms N Wakefield (Mazars)
Mrs L Payne – Clerk to the Corporation

Quorate: Yes

The meeting opened at 5pm

1. Opening of Meeting and Apologies for Absence

The Chair thanked Members for attending the meeting.

Apologies had been received from Ms K Yeomans and co-opted Member Prof. T Dunne.
The Internal Auditors were not present at the meeting.

2. Declarations of Interest

No Member declared any conflict of interest with the agenda.

3. Election of Chair & Vice Chair for 2023-24

The Clerk advised Members of the guidance from the Chair of the Board for Chair and Vice Chair of this committee for the next academic year. Ms G Christie was proposed as Chair for the next year to July 2024, and Mr N Crippa as Vice Chair for the next year to July 2024 as both their current terms of office on the Board would end at that time.

All Members were agreed.

Action: Refer to Corporation.

4. Minutes of the last Audit Committee meeting held 19 June 2023

Minutes of the previous Audit Committee meeting held on 19 June 2023 were agreed as a true and accurate record and were approved for signing by the Chair.

5. Matters arising from the minutes of 19 June 2023

It was noted that matters arising had either been actioned or would be considered within the agenda. In relation to the last minutes on point 3.7, the Internal Audit Plan 2023-24, the DFCS confirmed that the Audit plan had been agreed at the last Audit Committee meeting and recommended for approval to the Board in July 2023, but had not been referred to in the minutes of that Board meeting. Likewise, with item 3.8, the External Audit 2022-23 Accounts Audit Plan, this had not appeared in the minutes of the Board meeting as approved, in July 2023 although it had been. It was agreed to ask for that approval to be retrospectively agreed at the Board meeting on the 7th December 2023 and a note attached to the July Board minutes to show approval had been received.

Action: Refer to Corporation.

6. Review of Committee Terms of Reference & Committee Effectiveness

Members reviewed the terms of reference and the effectiveness of the committee for the last academic year, as required by the Code of Good Governance for English Colleges. Members agreed the compliance check comments and noted where they were referred to as not applicable, it was just noting the matters had not occurred in the last year.

Members were happy that the committee had an appropriate mix of knowledge and skills amongst its membership and that papers received for meetings, were comprehensive, concise and tailored to their needs. It was however requested that more comprehensive but succinct reports, with appendices containing supplemental information be provided. Members were agreed the information to the committee was robust and contained objective consideration. The time set for meetings was considered sufficient for each agenda item to be considered well.

It was agreed the role of the Chair had been carried out well in the last academic year.

The report was noted. Members agreed to recommend the terms of reference and effectiveness of the committee to the Corporation for approval.

All Members were agreed.

Action: Refer to Corporation.

7. Internal Audit Services Report

This item was presented by DFCS. He advised members that an internal audit assignment of Health and Safety was planned for October 2023, but due to the Reinforced Autoclaved Aerated Concrete (RAAC) issues early in the term, it had been decided by both the auditors and the college to defer the audit to the week commencing 28th of November 2023, when the staff from RSM would next be available. The Health and Safety internal audit outcome would then be reported to the Audit Committee meeting in March.

Members noted the agreed internal audit assignments for 2023/24.

The report was noted.

8. Outstanding Internal Audit Action Points

Members noted the executive summary of agreed actions raised from prior audits. The internal follow up progress report by RSM was scheduled to take place at the end of November. Members noted, the status of the agreed actions taken by the college to date in the following areas:

1. Budgeting and financial control
2. Staff utilisation and well-being
3. Governance compliance with the AOC Code of Good Governance
4. Learner number systems.

The report was noted.

The DFCS reported on what work the college had already completed. As the internal auditors were not present at the meeting, they were not able to comment. The outstanding Internal Audit Action Points report would be completed by the end of this term and would be dealt with at the next meeting of this Committee.

Members noted the report.

Action: Agenda next meeting.

9. Internal Audit Annual Report for 2022-23

This item was presented by DFCS as the internal auditors were not present at the meeting. Members were asked to receive the Internal Audit Report for 2022-23 and make recommendations to the Board for approval. The DFCS highlighted the range of opinion classifications and provided a summary of the internal audit work completed with the assurance level details. The audits undertaken and assurance were as follows:

1. Budget and financial planning - substantial assurance
2. Staff utilisation and staff well-being - reasonable assurance for staff utilisation and staff well-being substantial assurance
3. Follow-up, good progress
4. Governance - substantial assurance
5. Learner number systems advisory

Members were pleased to receive the reports and agree to recommend this report to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

10. Regularity Self-Assessment Questionnaire

The DFCS reported on the Regularity Self-Assessment Questionnaire (RSAQ). The questionnaire supported the Corporation statement on regularity, propriety and compliance with the annual accounts. Nicola Wakefield (NW) Mazars, the College's external auditors, reported that in the Financial Statements, there were two audit opinions; one on regularity, which was this questionnaire, and she confirmed there would be a likely unqualified opinion in relation to the accounts.

Members agreed to recommend the self-assessment questionnaire to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

11. Regularity Audit Report & Financial Statements Audit Management Report

This item was presented by NW from Mazars and the DFCS. NW confirmed there was a small amount of testing left to do at the college and there had been some changes arising from conversations around RAAC. Those areas were now largely agreed but not closed off. It was noted they related to impairment costs of £192,000 to be written off on the remaining roofs S, T, W and V and a non-adjusted item within the materiality limits. The only real changes were around RAAC. The audit was confirmed as good, open and transparent.

The Chair invited questions. Questions were asked about the mothballed blocks, namely S, T, W and V and this was discussed. There was some discussion around the RAAC matter as NW spoke about the College knowing there would be some problems around the 30th of July. The Principal made it clear that the College did not know of the issues until the 23rd of August, and only knew of the problem areas on the 1st of September. As at the 31st of August, the College was fully operational and the DfE regarded the College as low risk in the RAAC areas at that time. Members were reminded there was a survey on RAAC commissioned in July, but not to do with the risk of the College closing. The Principal was clear that before the 1st of September 2023, it was business as usual at the college. NW was of the view that it was prudent and sensible to bring the RAAC issue into the previous year. This was accepted if it was considered best accounting prudence that it needed to happen, but the Principal was clear that the college did not know RAAC was a high risk before the 1st of September. The point was noted. The Chair of the committee considered this important enough to warrant a note in the accounts, it was agreed it could be a footnote, but it should illustrate and confirm what the College knowledge was on the actual risk of the RAAC. The Chair of the committee was of the view that the Principal's point needed to be recorded.

Action: External Auditors.

NW said she would revisit the notes in the accounts and that the final accounts should be available shortly.

Members unanimously agreed to recommend the Regularity Audit Report & Financial Statements Audit Management Report to the Board for approval, subject to the additional note on the impairment which had been asked for from the auditors.

Action: Refer to Corporation

12. (Draft) Audit Committee Annual Report for 2022-23 to Corporation & Principal

This item was presented by DFCS. Members noted the draft Annual Audit Committee Report to the Corporation. The report was straight-forward and included information from the internal and external auditors' reports. Members agreed to recommend the Annual Audit Committee Report to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

13. Post-16 Audit Code of Practice Update

Members noted the latest edition of the Post 16 Audit Code of Practice, updated in April 2023, incorporating managing public money (MPM) following the ONS reclassification on the 22nd of November 2022.

The report was noted.

14. Risk Register 2022-23

Members noted the latest risk register for 2023-24, setting out the most significant identified risks for the year. There was a numerical assessment for each risk using the agreed scales of one to five. The DFCS advised members that at the top level of the risk register there were 11 risks, 10 of which were amber, and one was green. He confirmed the Sustainability Transformations Strategy 2022-32 enabling goals were applied to each risk. It was noted that the risk register was reviewed by the Senior Management Team and the Audit Committee and then the Curriculum & Standards Committee and the Finance & General Purposes Committee considered risks that related to their particular committees. It was noted the highest risk related to the impact of RAAC across all provision types, including the potential reduction in the quality of education, growth, retention, achievement, attainment, and learner satisfaction.

Members considered the risk register and agreed to recommend it to the Board for approval.

All Members were agreed.

Action: Refer to Corporation.

15. Any Other Business

There was no other business raised.

16. Evaluation of Meeting

Members were happy with the papers for the meeting, considering them sufficient to inform decisions, but stronger more informative summary reports were requested for all reports.

Members questioned and challenged information in the reports and 'added value' and made appropriate challenge in relation to the RAAC discussion on the financial statements. The meeting was well chaired. In relation to ongoing evaluations of committees, it had been agreed at the Board that these would be evaluated by members themselves after the meeting to strengthen the evaluation process. It was noted there was a hyperlink on every committee agenda this term for members to return their views.

17. Date & Time of Next Meeting

Monday 11 March 2024 at 5pm.

The meeting closed at 5.40pm.

Minutes agreed as being a true and accurate record by the Chair.

Signed:.....

Dated:.....