

Hereward College



Minutes of: AUDIT COMMITTEE

Date: 25th November 2021

Time: 19.00 p.m.

Place: via Microsoft Teams

Present: Mr S Brand (Chair)
Mr S Crick
Ms H Hillyard

In attendance: Ms S Dent (Vice Principal Finance and Resources)
Mrs A Autherson (Finance Manager) for item 21/18

Mr P Oxtoby (RSM UK Audit LLP)

Mrs Y Doherty (Clerk to the Corporation)

21/15 APOLOGIES

Apologies for absence were received from Mr M Crook and Mr K Sonecha.

21/16 DECLARATIONS OF INTEREST

Mr Crick's employment was noted.

On the basis of the business to be considered there were no declarations of interest

FOR DECISION

21/17 MATTERS ARISING

Update on scheduled dates for Internal Audit Reviews 2021/22:

It was reported that there was no update at this time. The Safeguarding review was still scheduled for February 2022.

It was **RESOLVED THAT** an update on the IAS schedule be provided to the Audit Committee by Friday 10th December 2021.

21/18 ANNUAL ACCOUNTS/FINANCIAL STATEMENTS

18.1 Financial Statements 2020/21

Following the previous meeting of the Committee on 22nd November 2021 the revised annual report and Financial Statements for the year ended 31st July 2021, (circulated, document Nov 21/3) were considered.

The amendments were highlighted for ease of reference, and included:

- More detail in the commentary on factors that had contributed to the end of year position, including that it had been an exceptional year and challenges to be faced going forward.
- Individual governor attendance data.
- Correction to a reference.
- The opinion and conclusion statements.

Mr Oxtoby highlighted the following points:

- Page 21: the conclusion provided a more positive statement regarding going concern than in previous years.
- Page 22: a longer statement on the extent to which the audit was considered capable of detecting irregularities, including fraud.
- Page 23: reference to the applicable significant laws and regulations.
- The commentary had been amended to better reflect the exceptional year and how this would be needed to support future delivery and investment.

Points of discussion included:

Acknowledging that the process had been impacted by loss of previous knowledge, had there been sufficient notes to assist.

It was reported that the knowledge about tuition and LA fees had been one of the most challenging aspects. It was recognised that learning and building of a knowledge base was still in progress.

The commentary was a good description of the year. In terms of value for money, the College had a long-term loan with a high interest rate. Had this been considered?

It was confirmed that this had not been considered since the Vice Principal Finance and Resources took up post in December 2020. It was recognised that this could be included in the consideration of future strategic options.

There was discussion of the potential impact of paying off the loan and options for financing within the sector. Mr Oxtoby agreed to provide information to the Vice Principal Finance and Resources.

Risks around the audit at planning stage – had there been any issues as result of remote working?

It was reported that there had been no issues in terms of control, and no weaknesses had been identified. There had been benefit to online working, including a reduction in reliance on paper documentation.

There was discussion of technologies and any enhancements that could be considered.

It was commented that enhancements would be provided by software updates, but improvements would also come as a result of embedding systems. It was acknowledged that more could be done, including ensuring the comprehensive use of the functionalities offered by the systems, a review of the systems in place and consideration of new systems as appropriate.

It was agreed that this would be considered going forward.

Going concern assessment – had the required management accounts been received?

It was confirmed that this was the case, as well as the forecasts. The strong cash position supported the assessment.

It was **RESOLVED THAT** the Report and Financial Statements for year ended 31st July 2021 be recommended for approval by the Corporation.

18.2 External Audit Findings Report 2020/21

Mr Oxtoby reported on the revised External Audit Findings Report (circulated, document Nov 21/4).

The attention of the Committee was drawn to

- Page 3 – provided detail of outstanding items to be resolved

Finalisation of audit work and regularity audit finalisation: it was possible not everything had been processed but there would be no impact or material effect.

Final Financial Statements review: this would be completed when all work was concluded.

It was confirmed that the tuition fees testing was complete and that the going concern assessment was as previously discussed.

Risks identified during the audit

- Page 8 – Accrued fixed asset additions

The majority of the assets identified as being included in additions as a result of accruals, were delayed and work was not undertaken until after the year end date while the college was closed, and as such should not have been recognised as additions at the year end.

A control recommendation had been raised, along with a potential adjustment in relation to these additions.

Discussion confirmed that this had not been adjusted as it was not considered material, and was an issues of balance sheet categorisation. This had probably happened in previous years but would have been addressed by the processes.

There was also acknowledgement of projects crossing over financial years.

It was noted that a management response was required to the control recommendation.

It was **RESOLVED THAT** the Audit Findings Report 2020/21 be noted and received.

The Committee expressed thanks to RSM and the Finance Manager for their work.

21/19 **AUDIT COMMITTEE ANNUAL REPORT 2020/21.**

The Chair presented the draft Audit Committee Annual Report 2020/21 (circulated, document Nov 21/9).

It was confirmed that following the feedback received at the meeting on 22nd November 2021 the report had been revised, as indicated by the tracked changes facility.

It was **RESOLVED THAT** the Annual Audit Committee Report 2020/21 be approved for presentation to the Corporation.

Mr Oxtoby and Mrs Autherson left the meeting

21/20 **DEEP DIVES**

The Committee considered a report on 'Deep Dive' past and future presentations planned for the Audit Committee and Quality and Standards Committee and (circulated, document Nov 21/15).

Audit Committee: Deep Dives

16.11.2017

AEB

29.03.2018

AEB

(this was the presentation intended on 16.11.2017 which had not been possible due to the meeting over-running)

17.06.2019

Risk Register, Risks 3, 4 & 14

14.06.2021

AEB

22.11.2021

Income Strategy, including diversification

Audit Committee: Planned Deep Dives 2021/22

14.03.2022

Safeguarding

The proposed schedule was confirmed.

It was **RESOLVED THAT** the report on Future Deep Dives be noted and received.

21/21 COMMITTEE TERMS OF REFERENCE**21.1 Compliance against the Committee Terms of Reference 2020/21**

The Committee considered compliance against the Terms of Reference for 2020/21 (circulated, document Nov 21/16).

Feedback was noted.

It was **RESOLVED THAT** assessment of performance against the Terms of Reference for 2020/21 confirmed that they been met.

21.2 Terms of Reference 2021/22

The Committee reviewed the Terms of Reference for 2020/21 to determine applicability for 2021/22 (circulated, document Nov 21/17).

It was suggested that points 18 and 19 were similar and as such should be merged. It was also noted that the ToR had been revised to include the delegated authority (from Corporation) for review and approval of the Treasury Management Policy and Value for Money Policy.

Discussion included consideration of the scheduling of four meetings per academic year, notwithstanding the potential reconstitution of a Finance and General Purposes Committee and the impact that this could have on the responsibilities of the Committee.

It was **RESOLVED THAT** subject to the amendments that proposed Terms of Reference for 2021/22 be presented for Corporation approval.

21/22 PERFORMANCE REVIEW OF AUDITORS**22.1 Internal Auditors 2020/21**

Committee members noted and acknowledged that to a large degree the assessment could only be completed by the Vice Principal Finance and Resources.

The Committee noted the feedback received. It was acknowledged that an internal college process would be developed to better record the quantitative data and to collate feedback from staff after the completion of a review.

It was emphasised that this would be particularly important this academic year as the IAS were now in the third year of the contract with annual extensions subject to assessment and recommendation by the Committee. Any potential need to retender for the service would need to be considered in the Spring term.

It was agreed that feedback would be provided to the auditors.

22.2 External Auditors 2021/22

Committee members again noted and acknowledged that to a large degree the assessment could only be completed by the Vice Principal Finance and Resources.

The Committee noted the feedback received prior to the meeting and in discussion agreed or amended the satisfaction rating.

The Committee considered that the format of the questionnaire required review and revision for completion next year.

It was agreed that feedback would be provided to the auditors.

21/23 ANY OTHER BUSINESS
There was no other business for consideration.

21/24 DATE OF NEXT MEETING
The date of the next meeting was confirmed as 14th March 2022.

Signed

Chair

Date