

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Minutes of the meeting of the Audit Committee held on Tuesday 24th June 2020 at 5.30pm via TEAMS

Present: Mr S Irvine [Chair]
Mrs J Regan
Mrs M Roberts

Also Present:

Mr A Theakston [Clerk to the Corporation]
Mr D Hankey [Principal]
Mrs K Dales [Assistant Principal]
Ms L Robson [RSM UK Audit LLP]
Mr M Gibson [RSM Audit Risk LLP]
Mrs S Wilson [RSM UK Audit LLP]
Mrs L Smith [RSM Audit Risk LLP]
Mrs C Menzies [Minute Clerk]

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| | Meeting with External Advisers Only Not required. |
| 1 | Apologies for absence Apologies received from S Salvin and P Church. M Gibson in attendance representing P Church. SI confirmed with AT that the meeting was quorate. |
| 2 | Declarations of interest relevant to the business of the meeting There were no new declarations of interest although SI reminded the committee that he has previously registered his declarations of interest with the Clerk for his employment at North Tees and Hartlepool NHS Foundation Trust and as a Trust member representative on North Tees & Hartlepool Solutions LLP Board (a subsidiary of the Trust). |
| 3 | Minutes of the meeting held on 3rd March 2020 The minutes were accepted as a true record. |
| 4 | Matters arising and action points 4 – list of QA policy dates, deadline agreed to be deferred to the next meeting. 5 – management responses to the governance review action plan will go to the July Board meeting. 6 – Safeguarding and Prevent pre-employment check update agreed to be deferred to the next meeting. 6 – Cost to upgrade mobile device controls – agreed to be deferred to the next meeting. 6 – all other points for action 6 were confirmed as actioned. 8 – confirmed as actioned. 9 – KD added the major items identified as risk in the FE Commissioner letter to the risk register but said some of the risks were too operational to include. SI acknowledged this and queried whether all the risks referenced in the FE Commissioners letter could be evidenced as being reviewed and implemented. KD advised that action taken could be evidenced and confirmed that the information is discussed at Case Conference meetings and is comfortable with the content of the letter. 11 – both points were confirmed as actioned. AT received no comments in relation to the revised Terms of Reference and they had been subsequently approved by the Board. 12 – For reporting assurance purposes there were no issues and therefore nil returns were made from Estates, Curriculum & Standards and Finance & General Purposes Committees regarding risks contained in the risk register that each committee is responsible for managing. |

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| <p>5</p> | <p>To consider RSM internal reports as below</p> <ul style="list-style-type: none"> • Progress report • Follow up previous management actions • Annual summary of assignments completed <p>MG gave an overview of each report circulated to members via SharePoint.</p> <p>SI noted that this would be the last meeting RSM would attend due to a change in national guidance which meant colleges could no longer have the same provider for internal and external audit services. SI thanked RSM for the provision of internal audit services over the years. SI asked for a handover between RSM and the new provider for any recommendations not actioned. This was agreed between RSM and KD. KD thanked RSM for being so accommodating and completing internal audit work during lockdown and noted in instances where evidence was not available, this would be followed up.</p> <p>SI queried if KD was happy with the timescales for actions contained in the reports. KD confirmed she was.</p> <p>SI queried with MG regarding the 'reasonable progress' assurance level assigned to the follow up report and how this compares with the assurance levels they provide. MG confirmed that this was the second highest rating as shown in Appendix A page 10 of the Follow Up to Previous Actions Report.</p> <p>The Audit Committee noted the Progress Report, Follow Up of Previous Management Actions Report and the Annual Summary Report of Assignments.</p> |
| <p>6</p> | <p>To consider 2019/20 external audit plan and emerging issues</p> <p>SI asked members if they had any comments relating to the emerging issues report which was circulated for information. No comments were received.</p> <p>L Robson introduced and provided an overview of the audit plan:</p> <ul style="list-style-type: none"> • L Robson and S Wilson will be the audit leads this year same as previous years. • The scope is outlined on page 4 however some changes may be required as RSM await the issue of the Audit Code of Practice. The audit materiality will be set based on a % of total expenditure for the year. This will be calculated once RSM receive draft year-end financial results. • The timing of the audit is set out on page 5 with the caveat that the final deadline of December remains unchanged. • Work will be undertaken largely remotely given the current situation around COVID-19. SI asked KD if she was happy with this proposal. KD was happy with this approach and stated the RSM portal has been up and running for three years meaning documents can be uploaded and queries followed up. SI asked LR if the remote working approach would affect the quality of assurance RSM would obtain. LR confirmed the same level of rigour applies to remote working and noted the process may not be any less time consuming. KD advised there are some college finance staff with health vulnerabilities so is happy for face to face meetings to be limited to a minimum. LR advised that the finance team are well versed in providing electronic files and the use of the portal has always worked well. • The risks and approach are summarised on page 6 with the 4 risks identified being Income Recognition; Management Override; Pension Scheme Liabilities; and Going Concern. LR advised that the going concern requirement was significantly heightened for all organisations due to COVID-19 and is a major risk area. KD advised that compliance with the bank covenants should not be a problem this year. SI queried whether there will be the |

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| | <p>standard wording for going concern for all Colleges nationally. LR believes it would be for individual firms to agree an approach for each organisation and would require detailed discussions with the college. There are significant risks around student recruitment and the level of risk will become known as enrolment numbers are identified and this will be different for every college.</p> <ul style="list-style-type: none"> • <i>Commercially sensitive.</i> • Auditor independence information is summarised on page 10 of the report • KD advised that the engagement letter will need to be reissued once the Audit Code of Practice is received. Delegated approval was required to action this which the Clerk agreed to pick up. <p>The Audit Committee approved the 2019/20 External Audit Plan subject to the potential scope change when the Audit Code of Practice guidance is issued and confirmation of the materiality which requires the draft set of financial statements for 2019/20. The emerging issues report was also noted.</p> |
| | <p>To consider funding assurance report <i>Commercially sensitive.</i></p> |
| 8 | <p>To consider the risk register (standing item) KD reported that there had been little update to the risk register since the last meeting due to the pandemic situation but informed of a separate risk register for risks associated with Covid19.</p> <p>SI asked the risk register to be updated and presented at the next Coronavirus Governance Committee meeting.</p> <p>The Audit Committee noted the risk register update.</p> |
| 9 | <p>Tenders update (verbal) <i>Commercially sensitive.</i></p> |
| 10 | <p>Any other business No report.</p> |
| 11 | <p>To note the date and time of the next meeting: Wednesday 18th November 2020 to which F&GP members will be invited to ensure a comprehensive and coordinated approach by the relevant sub committees relating to the annual accounts.</p> |
| 12 | <p>Meeting without external advisers (standing item) Not required. However, agenda item 9 required internal audit and external representatives to leave the meeting to ensure conflict of interest did not arise.</p> |

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CHAIRMAN

Action points from the meeting on 3 March 2020

| No | Item | By Whom | By Date |
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| 4 | Matters arising 13/11/19 List of QA Policy dates to be supplied and an agenda item at the next meeting | A Theakston D Hankey K Dales | 24 th June 2020 Deferred deadline – 18 November 2020 |
| 6 | Safeguarding & Prevent: Work Based Learning Update on pre-employment checks to be an agenda item at the next meeting Cost to upgrade mobile device controls to be given to Audit Committee | K Dales/ A Theakston K Dales | 24 th June 2020 Deferred deadline – 18 November 2020 24 th June 2020 Deferred deadline – 18 November 2020 |

Action points from the meeting on 24 June 2020

| No | Item | By Whom | By Date |
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| 5 | Handover between RSM and new internal audit provider for recommendations not actioned. | RSM / K Dales | Prior to 20/21 academic year |
| 6 | Delegated approval to be sought for the RSM engagement letter to be reissued once Audit Code of Practice guidance is received | A Theakston | 07 July 2020 |
| 7 | Management plan to be prepared for apprenticeship funding assurance findings and presented to the next Audit Committee | K Dales | 18 November 2020 |
| 8 | Updated risk register re CV19 to go to the Coronavirus Governance Committee | K Dales | 29 June 2020 |
| 9 | Board ratification to approve Wylie & Bisset as the new internal auditors | A Theakston | 24 June 2020 |