



**CONFIRMED MINUTES OF THE
AUDIT COMMITTEE MEETING
HELD REMOTELY ON 17th JUNE 2020**

Present:	Lucy Barrow	Independent Governor
	Joe McArdle	Independent Governor (Chair)
	Paul Smith	Independent Governor
	Nigel Woodcock	Co-opted Committee Member
In attendance:	Sue Higginson	Principal
	Michael Norton	Deputy Principal
	Nikki Leising	Financial Controller
	Rory McCall	External Auditor, Wylie & Bisset
	Lesley Venables	Clerk to the Governors
	Louise Scott-Kelly	Administrator to the Governors

APOLOGIES FOR ABSENCE

104. There were no apologies for absence.

DECLARATIONS OF INTEREST

105. The following interests were declared:

- Lucy Barrow – on secondment to the Liverpool City Region Combined Authority.
- Joe McArdle – any matters relating to the University of Chester and as a parent of a student who attends the College.
- Paul Smith – employed by the Local Authority and his spouse is employed at the College.

PRE-MEETING WITH AUDITORS

106. The Committee met with the External Auditor in the absence of management and was advised that there were no issues to raise.

MINUTES OF PREVIOUS MEETING

107. **Resolved** That the minutes of the meeting held on 26th February 2020 be approved as a correct record and signed by the Chair.

MATTERS ARISING

108. Governors received a progress report against the list of actions from the previous meeting and noted that all of the actions had been completed.

COVID-19 ACTION PLAN, RISK ASSESSMENT AND IMPLEMENTATION PLAN

109. The Principal presented the Covid-19 Strategy which had been approved by the Board of Governors at a meeting held immediately prior to this one, along with the updated Health and Safety Policy (which had also received Board approval), as this was referred to in the Risk Register

110. The Principal explained that the Strategy was based on 11 Standards that had been informed by the latest Government guidance for educational establishments and described the controls that had been put in place by the College to mitigate the risks of Covid-19.

111. A nominated clinician from Public Health England had reviewed the documentation and any resulting recommendations had been incorporated. The Principal explained that the strategy would continue to evolve following further consultation with the trade unions and the issue of additional Government guidance.

112. The Covid-19 Strategy would be communicated to all staff to inform them of the revised protocols and to form a guide for the gradual return to on-site College operations.

113. The Senior Leadership Team had developed a blended Curriculum Strategy for each curriculum area in preparation for the start of the new academic year in September 2020.

114. Some students would be on site, approximately 170, who were required to complete their assessments in order to gain a "licence to practice". This would be by invitation only, with social distancing of 2m being observed. The staff conducting the assessments had been fully briefed on the social distancing measures that had to be followed. In the meantime, the College continued to work with 39 awarding bodies and 3 university partners to identify courses that could not progress without a practical assessment (such as Indian Head Massage) and continued to support these students.

115. A governor enquired about the impact on the College's financial situation in relation to apprenticeships. The Deputy Principal reported that, although apprenticeship income was dependent upon progress made throughout the academic year, the effect of the College and business closures due to Covid-19 would not be realised until 2020/2021, particularly in the Visitor Economy sector, where many apprentices had been furloughed.

116. Earlier in 2019/2020 the College had partnered with a non-competitor college that was graded as 'Outstanding' by Ofsted on a Skills Capacity Bid to improve Apprenticeships. The partnership had proven to be successful with staff sharing good practice and there was potential for the two organisations to work together in the future.

117. The Committee discussed the development of the Liverpool City Region Recovery Plan and agreed that the College's strategy must continue to align with their outcomes.

118. The Committee commended the College's proactive approach during a difficult time.

INTERNAL AUDIT PLAN 2020/2021

119. The Deputy Principal presented an update on the decision taken at the May 2020 Board meeting to suspend any internal audit work that was not required to meet funding rules requirements.

120. There were three internal audits from the agreed Plan for 2019/2020 that were yet to be completed; Examination process; Human Resources – Staff Sickness and Wellbeing and 2018/2019 Follow Up. As the 2019/2020 audit plan had been reduced, the Internal Auditors would be unable to issue an overall audit opinion on the effectiveness of internal controls for the year, which formed part of the assurance framework.

121. A governor asked whether, in the temporary absence of the Internal Audit, there was a need for a form of self-assessment by management in some areas. The Deputy Principal explained that procedures in high-priority areas such as Safeguarding and Health & Safety were continually being reviewed during the pandemic. Furthermore, other external audit work would continue to assess potentially high-risk areas, such as the Individual Learner Records system.

122. The Committee noted the Board's decision to suspend the 2019/2020 Internal Audit Plan, but that this could be reconsidered for 2020/2021 if the Government eased the current restrictions on opening the College's buildings.

EXTERNAL AUDIT PLAN FOR FINANCIAL STATEMENTS AND REGULARITY AUDITS 2019/2020

123. The External Auditor presented the proposed Plan for the conduct of the audit work on the Financial Statements for 2019/2020.

124. Governors were informed that the scope and level of materiality were similar to the previous year. However, additional work was scheduled on the funding requirements of the Office for Students (OfS).

125. The plan detailed the key risks associated with the audit, together with the reporting timetable and the total fees, which had increased due to the additional OfS requirements.

126. A governor enquired about the External Auditor's overall Risk Matrix which graded the majority of key systems as 'Low Risk' and asked if this would increase due to Covid-19. The External Auditor explained that this opinion was based on the previous year's audit, where there had been no issues.

127. A governor asked how the external audit would take place under the current Covid-19 restrictions. The External Auditor advised that the audit would take place remotely, with close contact maintained with the Finance department to address any issues in a timely manner. The Financial Controller gave an assurance that the team was suitably prepared and would endeavour to meet the timescales set out in the schedule.

128. **Resolved** That the Board be RECOMMENDED to approve the External Audit Planning Memorandum for 2019/2020 Financial Statements, including the fees.

MANAGEMENT ACCOUNTS

129. The Committee received for information the Management Accounts as at 31st March 2020 (which had also been reviewed by the Board of Governors on 6th May 2020) to monitor the solvency of the College, in accordance with the Committee's Terms of Reference.

130. The College's Financial Health remained 'Good' and the overall operating surplus was above plan. The Deputy Principal reported that the Pay to Income Ratio forecast was slightly above the plan and this had in part been due to lagged funding for 16-18s being behind actual performance, with the college still achieving significant in year growth.

131. A governor enquired whether the College would still be able to achieve the forecast of 'Outstanding' financial health for 2020/2021. The Deputy Principal responded that the College was in a good financial position, but would need to keep its expenditure under review, as there could be additional liabilities in 2020/2021 due to the impact of the Covid-19 pandemic.

132. Agency sessional costs had reduced and savings had been made due to several staffing vacancies being unfilled. In response to questions from governors, the Deputy Principal explained that there was no operational risk associated with not recruiting these posts and the College's financial forecast had been based on a full staffing complement. Four middle managers had been recruited recently, but any vacancies that were not required during lockdown had been put on hold.

133. Managers had identified a list of furloughed staff from Business Support areas such as technicians and cleaners, all of whom had been contacted to assure them that they would receive 100% of their pay and that the College would claim back costs in accordance with the Government's scheme. There would be no impact on their contractual terms and conditions or pension arrangements.

134. The Deputy Principal highlighted that the College would be making a significant investment in Social Distancing measures and PPE to keep staff and students safe whilst in College. There would also be a notable investment in IT resources to equip students so that they were not disadvantaged by the move to remote learning.

RISK MANAGEMENT UPDATE AND RISK MANAGEMENT POLICY 2020/2021

135. The Deputy Principal presented the overall College Risk Register which had been updated to show the impact of Covid-19. The separate Covid-19 Strategy discussed under an earlier agenda item provided further details on the complexity of the revised operations.

136. As a result of Covid-19, there had been an increase in the risk scores in the majority of key areas such as funding, the delivery model and the ability of employers to maintain or recruit apprentices and trainees.

137. A governor queried why the Risk Appetite had not changed and the Deputy Principal explained that the transition to remote working and teaching and learning had worked well so far and that the College's systems and procedures remained robust.

138. Governors also received the draft Risk Management Policy for 2020/2021. No significant changes had been made, other than some amendments relating to Covid-19 and a statement on the Internal Audit position.

139. **Resolved** That the Board be **RECOMMENDED** to approve the Risk Management Policy for 2020/2021.

MONITORING OF PREVIOUS RECOMMENDATIONS

140. Governors received a report on the progress of the implementation of previous audit recommendations. There had been no internal audits since the last meeting and there were 3 actions still open, which were not yet due to be completed.

ITEMS TO REPORT TO THE BOARD

141. The Chair summarised the main points of the meeting which would be reported to the Board at its meeting on 17th June 2020:

- The Committee reviewed the robust Covid-19 Strategy
- The Committee noted the Board's decision to postpone any Internal Audits for 2020/2021, with this position being reviewed when appropriate.
- The External Audit Planning Memorandum for the 2019/2020 Financial Statements was recommended for approval by the Board.
- The Management Accounts indicated that the College was in a good position and a higher than forecast surplus was expected.
- The Committee reviewed the Risk Register and highlighted apprenticeships as an ongoing concern.
- The Committee recommended the approval of the Risk Management Policy for 2020/2021.

DATE OF NEXT MEETING – Wednesday 30th September 2020

Signed: _____ Date: _30th September 2020
Chair