

BLACKPOOL AND THE FYLDE COLLEGE
AUDIT COMMITTEE
MINUTES OF A MEETING HELD ON WEDNESDAY 16 JUNE 2021 AT 5.00PM
VIA VIDEOCONFERENCE

Present: J Mills (in the Chair) Independent Member
S Dunstan Co-opted Subject Specialist
C Holt Independent Member (until Minute 11)
M Long Independent Member

Apologies: J Cole Independent Member

In attendance: P Hewetson, Observer (from Minute 6)
S Layton, Independent Member, Observer
A Mulvey, Vice Principal Finance and Planning
S Yeoman, Financial Controller
D Young, Company Secretary/Clerk to the Corporation
J Butterfield, Internal Auditor, TIAA
S Hutchinson, External Auditor, Beever and Struthers
S Smith, External Auditor, Beever and Struthers

1. Chair and quorum

- i. J Mills took the chair and noted that due notice had been given to all Committee members and that a quorum was present. Accordingly, she declared the meeting duly convened and constituted.
- ii. When all attendees had joined the meeting, the Chair welcomed the new external auditors, S Hutchinson and S Smith, and Audit Committee members P Hewetson and S Layton to the Committee.

2. Apologies for absence

The above apologies for absence received from J Cole (Independent Member) were noted.

3. Declarations of interest

No Committee members declared an interest in any of the agenda items.

4. Minutes of previous meeting and action log

The minutes of the previous meeting held on 3 March 2021 were agreed as a true and accurate record.

The Committee noted the status of the action log.

5. Matters arising

There were no matters arising.

6. Internal audit reports 2021/22

i. J Butterfield presented the following internal audit reports which had been circulated with the agenda:

- Assurance review of cash handling
- Assurance review of student records
- Appraisal review of key financial controls – payments
- Assurance review of key financial controls - payroll

ii. The Committee noted each of the audits had received a level of substantial assurance with the exception of the payments financial control internal audit which received a level of reasonable assurance. J Butterfield detailed the reason for the reasonable assurance and the associated recommendations which the Committee was content with.

iii. In response to a question from M Long, J Butterfield and the Financial Controller detailed the robust supplier verification processes in place. The Vice Principal Finance and Planning and Financial Controller also updated the Committee on the outcome of the review of the credit card limits and number of credit card holders noting that the lower pre-pandemic levels had been reinstated in view of the policy that credit cards were primarily used in exceptional circumstances.

iv. The Committee **RECEIVED** the internal audit reports and noted the content.

7. Draft Internal Audit Annual Report 2020/21

i. J Butterfield presented the audit internal audit report 2020/21 circulated with agenda, highlighting it was still in draft form due to the timing of the meetings and audits however it was nevertheless useful for the Committee to receive this.

ii. The Committee **RECEIVED** the report and noted the content.

8. Audit Strategy and Annual Internal Audit Plan 2021/22

- i. J Butterfield presented the proposed audit strategy and annual internal audit plan 2021/22 circulated with the agenda.
- ii. Following S Dunstan's initial observations regarding the appropriateness of the proposed number and subject matter of certain audits as well as the proposed risk analyses, the Committee discussed this at length.
- iii. S Dunstan also emphasised the value of returning completed feedback surveys to the internal auditors which they issued on completion of their audits to enable the quality thereof to be assessed, particularly where the internal audit outcomes were exemplary.
- iv. In response to a question from S Layton on the College's server penetration testing, the Vice Principal Finance and Planning agreed to share a previous recent report with her.

Action: Vice Principal Finance and Planning

- v. Following discussion on the recovery period generally post covid-19 from a people and process perspective as raised by S Layton, it was noted that wellbeing and recovery generally would be captured in the health and safety related and business continuity and disaster recovery audits respectively. It was also noted that the network / cyber security audit would encapsulate phishing and penetration testing which was another key area of focus raised by the Committee.
- vi. During the discussions, J Butterfield and the Vice Principal Finance and Planning reminded the Committee of the established process to determine the areas that formed the focus on the internal audit plan. The Vice Principal Finance and Planning also confirmed that there would be flexibility in the specific audit planning meetings to focus audits in the prescribed areas, to allow greater detail and depth over breadth, as appropriate.
- vii. Subject to incorporating the above Committee feedback and any further input from the Executive, the Committee resolved to **RECOMMEND** the audit strategy and annual internal audit 2021/22 to the Board for approval.
- viii. The Chair also asked whether it was necessary to audit learner numbers on an annual basis if an external review of this had been undertaken over the last year. The Financial Controller advised that learner numbers had been reviewed by an external consultant within the last couple of months and the Company Secretary confirmed she would check whether this had been undertaken prior to this, which was the Chair's understanding, to enable this to be reported back to the Committee.

Action: Company Secretary / Clerk to the Corporation

9. Audit Findings Tracking log

- i. The Vice Principal Finance and Planning presented the audit findings tracking log which the Committee considered.
- iii. The Committee **RECEIVED** the report and noted the content.

10. External audit plan

- i. S Hutchinson introduced the report which had been circulated with the agenda to outline the proposed external audit plan for 2020/21 and S Smith then summarised the detail therein which covered the audit timeline, the risk base and audit approach, materiality, ethics, independence, fees and areas of focus.
- ii. Following discussion and consideration, the Committee resolved to **RECOMMEND** the external audit plan including the proposed fees to the Board for approval.

11. Risk management report

- i. The Vice Principal Finance and Planning presented a report which had been circulated with the agenda to present the current risk register for review by the Committee, which the Committee explored in detail.
- iii. Following discussion, the Committee **RECEIVED** the report and noted the content.

12. Proposed update to Financial Regulations 2021

- i. The Financial Controller outlined each of the proposed changes to B&FC's Financial Regulations.
- ii. In response to a question from M Long, the Financial Controller provided context around the typical circumstances for debit write offs referred to at paragraph 8.4 of the Financial Regulations highlighting that the occurrence of write offs above this amount was rare.
- iii. The Vice Principal Finance and Planning and Financial Controller also updated the Committee on the College's debit collection processes and the exceptional circumstances when the services of a reputable debt collector agency would be used, which the Committee noted.
- iv. Following consideration, the Committee **RECEIVED** the report and noted the content.

13. Breaches of Financial regulations since previous Audit Committee

- i. The Vice Principal Finance and Planning presented a paper to update the Committee on the standing item of reporting any breaches of Financial Regulations to the Committee. The Committee noted the breaches in the period March to May 2021 were low level and had not resulted in any financial risk and it was content with the actions taken in response.
- ii. The Committee **RECEIVED** the verbal update and noted the content.

14. Committee memberships

The Chair summarised the recommendations in the Committee memberships report and following consideration the Committee approved the following appointments both of which would take effect from 17 June 2021:

- The appointment of Peter Hewetson as the co-opted Audit Committee member to succeed Stephen Dunstan an initial fixed term of four years, including a one-year induction period and subject to ongoing satisfactory performance.
- The appointment of Independent Board member Suzy Layton as a member of the Committee for a term to run concurrently with her Board membership.

15. Training sessions

- i. The Chair presented the paper updating the Committee on their proposed training sessions which would be delivered at the end of each Audit Committee meeting from November 2021 to June 2022 inclusive.
- ii. The Committee **RECEIVED** the report and noted the content.

16. Any other business

- i. The Chair reminded the Committee that as her term as an Independent Corporation Board member ended in January 2022, the November 2021 Audit Committee meeting would be her last meeting. She therefore invited the Committee to consider J Cole as her successor, due to her skills, experience and length of service.
- ii. Following consideration, the Committee resolved to recommend to the Board the appointment of J Cole as Audit Committee Chair with effect from 25 November 2021, subject to her confirming her willingness to be appointed. The Chair confirmed that she would ask J Cole whether she was willing to serve as Audit Committee Chair.

Action: Audit Committee Chair

- ii. As this was S Dunstan's last meeting, on behalf of the Committee the Chair thanked him for his significant contribution over the last ten years, and M Long also expressed his gratitude to S Dunstan for his expert advice.

17. Date, time and venue of next meeting

- i. It was noted that the next meeting of the Committee would be held on 24 November 2021 at 5.00pm.
- ii. There being no further business, the meeting closed at 6.30pm.