

BLACKPOOL AND THE FYLDE COLLEGE

AUDIT COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 25 NOVEMBER 2020 AT 5.00PM

VIA VIDEOCONFERENCE

Present:

J Mills (in the Chair)	Independent Member
J Cole	Independent Member
S Dunstan	Co-opted Subject Specialist
C Holt	Independent Member
M Long	Independent Member

In attendance:

B Robinson, Principal and Chief Executive
R Ryan, Chief Operating Officer
S Yeoman, Financial Controller
D Young, Company Secretary/Clerk to the Corporation

J Butterfield, Internal Auditor, TIAA
D Chamberlain, External Auditor, KPMG

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. The Chair welcomed C Holt and M Long to their first meeting since their appointments to the Committee.

2. Apologies for absence

There were no apologies for absence.

3. Declarations of interest

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

4. Minutes of previous meeting

- i. The minutes of the previous meeting held on 17 June 2020 were agreed as a true and accurate record.
 - ii. The Committee noted the outstanding action which was ongoing.
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5. Matters arising

There were no matters arising.

6. Internal audit annual report 2019/20

- i. J Butterfield presented the internal audit annual report, which had been circulated with the agenda.
- ii. Confirmation was provided that the delivery of the internal audit work for 2019/20 completed in June 2020 had not been impacted by the global Covid-19 pandemic and that the Head of Internal Audit's opinion shown on page 1 of the report was that TIAA was satisfied that B&FC had reasonable and effective risk management, control and governance processes in place.
- iii. In response to a question from S Dunstan regarding the quality assessment process for the audits themselves, J Butterfield confirmed that audit quality assessment surveys were circulated with the final reports and the results thereof would be inspected when received by TIAA's head office. The Chief Operating Officer also confirmed that Management were given the opportunity to comment during every audit.
- iv. In response to a question from S Dunstan, J Butterfield discussed the internal auditor's role in providing advice on opportunities, which were distinct from and in addition to the recommendations, to enhance the operational effectiveness of the areas reviewed. The Principal and Chief Executive and Accounting Officer highlighted the value of the said advice to B&FC particularly given it was also informed by TIAA's internal audit scrutiny of its college client base. J Butterfield highlighted that B&FC's robust controls had meant that only one opportunity had been identified in the period.
- v. The Committee **RECEIVED** the internal audit annual report and noted the content.

7. Internal audit reports

- i. J Butterfield presented the following internal audit reports which had been circulated with the agenda:
 - Assurance review of income and debtors
 - Assurance review of UKVI Tier 2 and Tier 4
 - Appraisal review of strategic controls
- ii. With regard to the assurance review of income and debtors, there was discussion on B&FC's relationship with its debtors in response to a question from M Long on the level of debt attributable to a single customer. The Financial Controller provided

a detailed explanation of the processes, background and context relating B&FC's relationship with its debtors. It was noted that whilst the level of debt attributable to single customers was not unusual, there were risk mitigation strategies in place to manage the risks associated therewith.

- iii. As the assurance review of UKVI Tier 2 and Tier 4 was silent on the work undertaken to ensure compliance and readiness of B&FC in view of the Brexit withdrawal agreement, M Long asked for an update on this. In response, the Chief Operating Officer and J Butterfield updated the Committee on the progress and status of the health and safety and learner number audits and the forthcoming audit of human resources.
- iv. The Committee **RECEIVED** the internal audit annual report and noted the content.

8. Audit Findings Tracking log

- i. The Chief Operating Officer presented the revised audit tracking log which the Committee considered.
- ii. The Chair commended Management for its efforts in tracking and completing audit actions in a timely manner given the challenging period due to the pandemic.
- iii. The Committee **RECEIVED** the report and noted the content.

9. External auditors' year-end report 2019/20

- i. D Chamberlain presented the draft year-end report for FY2019/20 and noted there were no concerns. She acknowledged the hard work of the teams to enable the report to be progressed to this stage, notwithstanding the difficult circumstances caused by the pandemic. D Chamberlain drew the Committee's attention to the outstanding going concern reporting which would be concluded on completion of the going concern work as referred to in the report.
- ii. During D Chamberlain's presentation of the audit findings, the unadjusted and adjusted audit differences were discussed fully and confirmation was also provided that the control deficiencies were not of concern.
- iii. In response to a question from S Dunstan on the RAG rating for the Local Government Pension Scheme (LGPS), D Chamberlain elaborated on the overall assessment of assumptions for FRS 102 relating to the LGPS Discount rate and the Chief Operating Officer and Financial Controller provided additional information on the LGPS generally. Following discussion, it was **AGREED** that a training session on pensions would be worthwhile given the complexity of this area.

ACTION: Company Secretary

- iv. The Committee **RECEIVED** the report and noted the content.

10. Teachers' Pension Scheme audit report

The Committee **RECEIVED** the report of the audit of the Teachers' Pension Scheme and noted the content.

11. Draft report and financial statements for the year ended 31 July 2020

- i. The Chief Operating Officer introduced the draft Annual Report and Financial Statements for the 2019/20 financial year for scrutiny by the Committee and thanked S Dunstan for undertaking his usual review in advance of presentation to the Committee.
- ii. The Chief Operating Officer highlighted that the statutory accounts differed from the management account information previously reported on which was the result of minor audit adjustments and technical adjustments. The Financial Controller provided a detailed summary of the content.
- iii. Following consideration, the Committee **RECOMMENDED** the Annual Report and Financial Statements for the year ending 2019/20 and the Self-assessment of Compliance with Regulatory and Propriety Requirements 2019/20 to the Corporation Board for approval.

12. Audit Committee annual report 2019/20

- i. The Committee considered the annual report which had been prepared on behalf of the Committee and circulated with the agenda.
- ii. The Committee **APPROVED** the report as presented.

13. Risk management report

- i. The Chief Operating Officer presented a report which had been circulated with the agenda to summarise the new risk register and drew the Committee's attention to the proposed new strategic risks detailed therein.
- ii. In response to a question from S Dunstan and for the benefit of the new Committee members, the Chief Operating Officer provided additional commentary on the process and reasoning for determining the RAG ratings for the new risk register.
- iii. Following consideration, the Committee **RECEIVED** the report and noted the content and **RECOMMENDED** the risk register for approval by the Corporation Board.

14. Audit Committee self-effectiveness review

- i. As in previous years, the co-opted subject specialist S Dunstan had coordinated a self-assessment of the Committee's effectiveness and a copy of his summary had been circulated with the agenda which S Dunstan presented.
- ii. The Committee **APPROVED** the self-assessment as presented.
- iii. During the Committee's discussion of potential future training requirements, it was agreed that a training programme would be developed and shared with the Committee. The Committee members were also encouraged to propose subject areas to the Chair or Company Secretary that they wished the training to cover to inform the programme.

ACTION: Company Secretary

15. Committee terms of reference

- i. The Company Secretary summarised the proposed changes to the Committee's terms of reference.
- ii. Following consideration and subject to updating role titles at paragraph 4.2, the Committee resolved to **RECOMMEND** the proposed changes to its terms of reference to the Board for approval.

16. Students' Union accounts

- i. The Chief Operating Officer introduced the report summarising the Students' Union Accounts and provided additional detail regarding the income and spending in response to questions from the Committee.
- ii. The Committee **RECEIVED** the report and Students' Union Accounts and noted that it was operating within budget and in a manner consistent with previous reporting periods.

17. Other matters to report

- i. The Audit Committee directed that this item be minuted confidentially.
- ii. The Chief Operating Officer also informed the Committee that since the last meeting, the Corporation Board had authorised the temporary exemption of a section of the Financial Regulations, exclusively for the specified purposes of a capital funding offer by the Department for Education.
- iii. The Committee **RECEIVED** the verbal update and noted the content.

- iv. The Committee also **RECEIVED** and noted the summary of equipment capital 2019/20 budget versus full year spend which the Chief Operating Officer summarised.

18. Any other business

The Chair encouraged the Committee members to inform her if there were any items that they wished to cover at future meetings to ensure the agenda reflected any particular areas of interest.

19. Date, time and venue of next meeting

- i. It was noted that the next meeting of the Committee would be held on 3 March 2021, 5.00pm via Teleconference.
- ii. There being no further business, the meeting closed at 6.00pm.