



**AUDIT COMMITTEE
PART I**

Minutes of the one hundred and fourth meeting of the Brockenhurst Audit Committee meeting, held on Thursday, 16 November 2023 via MS Teams.

Present:	Governors		Meetings attended	
	Mr S Williams	Chair		(1 out of 1)
	Mr J Ede			(1 out of 1)
	Mrs D Hawkins			(1 out of 1)

In attendance:	Ms H Odhams	Principal and CEO	(1 out of 1)
	Mr L Feingold	Vice Principal, Finance (VP-F)	
	Mrs L Payne	Clerk to Corporation	
	Mr C Mantel	External Auditors – Alliotts	

Meeting commenced at 5.30pm

Minute Number		Action
104.1	<p>Welcome, Apologies and Declarations of Interest The Chair welcomed everyone to the meeting. Apologies for absence had been received from Caroline Cooke and Graham Beards.</p> <p>No member declared any conflict of interest with the agenda.</p>	
104.1.1	<p>Election of Chair and Vice Chair 2023-2024 Members were asked to elect a Chair and Vice Chair of the Committee for the new academic year. All Members were agreed that Graham Beards, co-opted member, be Chair and Shaun Williams be Vice-Chair of the Committee.</p>	
104.2	<p>COMMITTEE BUSINESS</p>	
104.2.1	<p>Minutes of previous meeting held on 18 May 2023 The minutes of the meeting held on 18, May 2023, having been previously circulated to members, were agreed as a true record and would be signed electronically by the Chair. All Members were agreed.</p>	
104.2.2	<p>Matters arising from the meeting held on 18 May 2023 It was noted that matters arising had been actioned or would be covered within the agenda items.</p>	
104.3	<p>EXTERNAL AUDIT</p>	
104.3.1	<p>Report on the 2022/2023 Annual Financial Statements This item was presented by the Vice Principal, Finance. Members were asked to recommend to the Board for approval the College's Annual Financial Statements and Self-Assessment Regularity Questionnaire for 2022-2023. The VP-F reminded members that as a condition of funding from the College's main funding agency, the ESFA and the Office for Students, the Corporation was required to submit audited accounts for each financial year no later than five months after the year end of 31, July. The submission needed to include the Self-Assessment</p>	

	<p>Regularity Questionnaire providing evidence to the independent auditor that the College had complied with its terms and conditions of funding and was able to identify any improper use of funds. The VP-F informed members that the College Auditors', Alliotts, work was predominantly complete, they had raised a small number of material misstatements which had been adjusted by the College and the summary of the misstatements was set out in the auditors' management letter. The VP-F confirmed the accounts presented had been agreed by both auditors and the College and subject to finalisation of their procedures the auditors were expected to issue an unqualified audit report.</p> <p>The VP-F informed members he did not expect the figures to move between now and the completion of Alliotts' work.</p> <p>Chris Mantel from Alliotts confirmed this had been a clean audit and the VP-F had applied a prudent approach. There were no issues with the numbers. There was a discussion about the matter relating to the Asbestos provision not meeting the accounting criteria for such adjustments. The VP-F informed members that addressing Asbestos at the College may entail significant costs in the future hence the proposal to reflect this as a provision, and it would therefore be a component of the College's Estate Strategy.</p> <p>Members discussed the pension asset that would not be recognised and agreed this was a prudent approach. It was noted there were no issues in treating the College as a 'going concern', nor breaches of the Managing Public Money framework.</p> <p>The Chair thanked the VP-F and his team and Alliotts for their clear report. Members agreed to recommend the Annual Financial Statements and Self-Assessment Regularity Questionnaire to the Board for approval.</p> <p>All Members were agreed.</p>	Refer to Corporation
104.3.2	<p>External Auditors (Alliotts) Management Letter on Financial Statements and Regularity Review</p> <p>Alliotts had already confirmed they agreed the Financial Statements and Self-Assessment Regularity Questionnaire. Alliotts' Management Letter on the College's Annual Report and Self-Assessment Regularity Review was considered. Members noted the International Standards on auditing also required the External Auditors to provide a summary on the work carried out on those charged with governance at the time financial statements were being considered. Members agreed the management letter and agreed to recommend it to the Board for approval.</p> <p>All Members were agreed.</p>	Refer to Corporation
104.3.3	<p>External Auditors letter of Representation 2023</p> <p>Members considered the External Auditors' letter of Representation for 2022/2023. These were agreed and referred to the Board for approval.</p> <p>All Members were agreed.</p>	Refer to Corporation
104.3.4	<p>External Auditors Letter of Engagement 2022-2023</p> <p>Members had received and considered the External Auditors letter of Engagement for 2022-2023. Members agreed to delegate the signing of the letter of Engagement to the Vice Principal, Finance so that it could be signed online using a digital signature, once approved by the Board. Members agreed to recommend the letter of Engagement to the Board for approval.</p> <p>All Members were agreed.</p>	Refer to Corporation
104.4	INTERNAL AUDIT	
104.4.1	<p>Internal audit plan for the year 2023-2024 and Internal Audit Charter</p> <p>This item was presented by the Vice Principal, Finance. Members were asked to consider and approve the Internal Audit Plan for 2023-2024. Members considered the proposals for an Internal Audit in year on, Key Financial Controls. This was discussed at length as the College's finances were in good order and members felt it may be more useful to use the Internal Auditors to focus on a higher risk, namely the cyber position. The Principal agreed, and was keen to explore Internal Audits for other areas, namely IT backup, HR and Staff Pay. It</p>	

	was agreed the Senior Leadership would look at how better to use the services of the Internal Auditor in this year and report back to the Committee at the next meeting. The Internal Audit plan for the year would be considered again at the February 2024 meeting.	Principal Agenda item
104.4.2	<p>Internal audit reports</p> <p>The Vice Principal, Finance reported on the findings and recommendations of the Internal Audit reports, covering Key Financial Controls carried out in May 2023. Members were advised that the College's Internal Auditors TIAA carried out one compliance review during the year, being, Key Financial Controls. The review considered the effectiveness of the Key Financial Controls which provided assurance that the following systems were operating in accordance with the College's requirements;</p> <p>Cash, banking and treasury management, income and debtors, payroll, payments purchase and purchasing procedures. The report concluded that the College had substantial assurance over its key financial controls. The routine recommendations raised were confirmed as having now been implemented.</p> <p>The report was noted.</p>	
104.4.3	<p>Internal Audit Recommendations Register – Full report</p> <p>Members had received the Internal Audit Recommendations Register that showed no outstanding recommendations from previous reports.</p> <p>The report was noted.</p>	
104.5	RISK MANAGEMENT	
104.5.1	<p>Risk Management Register for review and Action plan 2023-2024 update</p> <p>Members were asked to consider and recommended for approval the Colleges' Risk Register and Action plan. The Vice Principal, Finance reminded members the Risk Register highlighted and prioritised the College's specific current risks. It aimed to provide a user-friendly summary of areas of heightened risk and sought to focus risk management discussions. Members noted the College's key risks and the Vice Principal, Finance provided commentary around them all. There was a proposal to remove from the Risk Register those risks relating to Principal recruitment, Banking covenants and Covid-19. Members referred to the higher risks, where there was a high-risk score but only possible likelihood which might need readjusting, as if they were only likely they should not be a high risk. The VP-F said he would re-consider the likelihood scores on the risk register. Subject to the helpful discussion and suggestions from members it was agreed to recommend the College's Risk Register and Action Plan to the Board for approval.</p> <p>All Members were agreed.</p> <p>It was agreed that a revised Risk Register on the points mentioned would be available at the next meeting.</p>	Refer to Corporation
104.5.2	<p>Risk management policy</p> <p>Members noted the College's Risk Management Policy and associated report. It was agreed to recommend this to the Board for approval.</p> <p>All Members were agreed.</p>	Refer to Corporation
104.5.3	<p>Log of outstanding recommendations from Internal and External Audit reports</p> <p>This was a verbal report from the Vice Principal, Finance. It was noted there were minor outstanding recommendations made by the external auditors regarding cleaning up the College's Fixed Asset Register to reflect assets that have now been disposed of.</p> <p>There were no other recommendations.</p> <p>The report was noted.</p>	
104.5.4	<p>Cyber Security Update</p> <p>The Vice Principal, Finance asked members to note the progress being made by the College to establish a sound Cyber Security environment. He confirmed that</p>	

	<p>the Director of Innovation at the College, who transferred as part of the WESS transfer, was extremely helpful and as a result the College would effectively be Cyber Essentials (CE) ready by the end of the calendar year, but accreditation would be evidenced in the Spring Term. Members explored the difference between the Cyber Essentials (CE) and Cyber Essentials Plus (CE+) accreditations.</p> <p>Members felt it may be useful to monitor how the Cyber Essential was working at the end of the year with a view to taking on the Plus option, next year. The Principal confirmed Cyber Essentials Plus was something she had experience of and referred to where the college could be assisted to become Cyber Essential Plus 'ready'. The VP-F confirmed that assuming the final pieces of work were completed as expected the College intended to apply for the Cyber Essentials accreditation in the Spring term as planned.</p> <p>Members noted the report.</p>	
104.6	GOVERNANCE	
104.6.1	<p>Audit Committees Annual Report to Corporation 2022-2023</p> <p>Members considered the Audit Committee's Annual Report to the Corporation, which was comprehensive. It was agreed to recommend this to the Board for approval.</p> <p>All Members were agreed.</p>	Refer to Corporation
104.6.2	<p>Annual review of hospitality register</p> <p>Members noted the Annual review of hospitality register.</p>	
104.6.3	<p>Report on Freedom of Information Requests</p> <p>The Vice Principal, Finance asked members to consider and note the report on the number of Freedom of Information requests received by the College in 2022-2023. The College had received 16 Freedom of Information requests during that period and all had been responded to within the required deadline.</p> <p>The report was noted.</p>	
104.6.4	<p>WESS Governance</p> <p>The Vice Principal, Finance presented his report on the 2022/2023 Financial Accounts, External Auditors Letter of Representation and Letter of Comfort for Wessex Educational Shared Services (WESS) Ltd. Members were reminded that WESS Ltd was a private company, limited by guarantee. It was required to prepare annual financial statements in accordance with the provisions of the Financial Reporting Standards' Section 1A 'Small Entities' and the Companies Act 2006. The Directors of WESS Ltd were noted as Limor Feingold and Simon Lovegrove and would be signatures to the Financial Accounts, Letter of Representation, Letter of Comfort and all relevant Companies House submissions. Members agreed to recommend to the Board the Financial Accounts and external auditors Letter of Representation and Letter of Comfort for WESS Education Shared Services.</p> <p>All Members were agreed.</p>	Refer to Corporation
104.7	MEMBERS' AUDITOR BUSINESS	
104.7.1	<p>Annual review of effectiveness of Internal & External Auditor</p> <p>Members noted the summary on the effectiveness of Alliotts as the College's External Auditors and TIAA as the College's Internal Auditors for 2022-2023. Members was particularly pleased to note the extremely effective service to the College from the External Auditors. The Internal Auditors received an adequate service effectiveness review as they did less work with the College these days.</p> <p>The report was noted.</p>	
104.8.	<p>Evaluation of Meeting</p> <p>Members had been very helpful in the meeting with their suggestions around Cyber Essentials, Cyber Essential Plus and other aspects of the accounts.</p>	

	Papers had been considered sufficient to inform decisions and had been received in the required time before the meeting.	
104.9.	Any other business No other business was raised.	
104.10.	Date of next meeting Thursday, 6 February 2024 at 5.00pm	

Meeting ended at 6.20pm