



**AUDIT COMMITTEE
PART I**

Minutes of the one hundredth meeting of the Brockenhurst Audit Committee meeting, held on Thursday, 17 November 2022.

Present:	Governors Mr I Fry Mrs D Hawkins Mr S Williams Mr G Cooper	Chair	Meetings attended (1 out of 1) (1 out of 1) (1 out of 1) (1 out of 1)
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In attendance:	Mr S Wain Mr L Feingold Mr S Lovegrove Mrs L Payne	Interim Principal Vice Principal, Finance Vice Principal, Curriculum and Quality Clerk to Corporation	(1 out of 1)
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Auditors:	Mr C Mantel	External Auditors – Alliotts
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Meeting commenced at 5.30pm

Agenda Item	Paper title	Action
100.1	<p>WELCOME, APOLOGIES AND DECLARATIONS OF INTEREST The Chair of the meeting welcomed everyone to the meeting.</p> <p>Apologies had been received from committee member Mrs C Cooke. Apologies had also been received from Guy Francis and Judith Munro.</p> <p>No member declared any conflict of interest with the agenda.</p>	
100.1.1	<p>Election of Chair and Vice Chair 2022-2023 Members elected Ian Fry as Chair and Shaun Williams as Vice Chair of the committee for the next academic year. All Members were agreed.</p>	
100.2	<p>COMMITTEE BUSINESS</p>	
100.2.1	<p>Minutes of previous meeting held on 17 May 2022 The minutes of the meeting held on 17 May 2022 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>	
100.2.2	<p>Matters arising from the meeting held on 17 May 2022 It was noted that matters arising had been actioned or would be covered within the agenda.</p>	
100.3.3	<p>EXTERNAL AUDIT</p>	
100.3.1	<p>Report on the 2021/2022 Annual Financial Statements Members had received the draft 2021/22 Annual Report and Financial Statements and the Draft Regularity Self-Assessment Questionnaire. The Vice Principal (VP) Finance, informed members that overall, the financial results for 2021/22, were above budget and ahead of forecast. In response to income shortfalls across the areas of Adults, Apprenticeships and the Nursery, the college had proactively managed its expenditure and generated operational costs savings.</p>	

	<p>In relation to bank covenants the VP confirmed they had been achieved, and the College would report an ESFA health rating of 'Good' driven by EBITDA being 8% of adjusted income.</p> <p>The VP informed members that the results continued to evidence the college's financial recovery and it delivered ongoing improvement in the college's cash reserves thereby strengthening the college's financial resilience in the short to medium term. The replenishment of the cashflow had also improved the college's assessment of a 'going concern' namely that the college could meet its financial obligations for the next 12 months and would be able to comply with all its banking covenants.</p> <p>The External Audit of the Financial Statements was ongoing by Alliotts. The VP reminded members that following a change in the post 16 audit code of practice external auditors could no longer gain assurance regarding the completeness and accuracy of funding income received by the college from the ESFA. Previously the assurance had been provided though funding confirmations which were issued at the end of the funding year. As a result, the External Auditors were now required to perform additional testing to gain assurance. The VP confirmed the work had been finalised and no material adjustments had been proposed.</p> <p>The annual financial statements were considered in detail and members invited to ask questions. There were some concerns raised about the presentation and accuracy of some information but as relatively minor dealt with in the meeting. There was particular reference made to the remuneration disclosures and the view that they could be better explained and presented with more clarity. The VP was asked to, in conjunction with the auditors, provide a wider and more helpful description of in this area.</p> <p>Subject to the recommendations on the Annual Financial Statements, members unanimously agreed to recommend them to the Board for approval, together with the Regularity Self-Assessment Questionnaire.</p> <p>All Members were agreed.</p>	<p>Refer to Corporation</p>
100.3.2	<p>External Auditors (Alliotts) Management Letter on Financial Statements and Regularity Review</p> <p>Members noted the External Auditors (Alliotts) Management Letter on Financial Statements and Regularity Review. The Vice Principal confirmed the Financial Statements work (as discussed in the previous agenda item) had been finalised and there were no material adjustments proposed. He confirmed the other audit work was predominantly complete save for an unadjusted immaterial misstatement which was highlighted relating to legal costs for a former apprenticeship employer.</p> <p>Members considered the management letter, and Chris Mantel from Alliotts presented the key features.</p> <p>Members discussed the issues and were unanimous in their recommendation to the Board the approval of the Auditors Management Letter on Financial Statements and Regularity Review.</p>	<p>Refer to Corporation</p>
100.3.3	<p>External Auditors Letters of Representation 2022</p> <p>The Vice Principal, Finance went through the Letters of Representation provided by the College to its independent Auditor in connection with the External Audit of the College's Annual Report and Financial Statements for the year end 31 July 2022.</p> <p>Members considered the letters of Representation and agreed to recommend them to the Board for approval.</p> <p>All Members were agreed.</p>	<p>Refer to Corporation</p>
100.4	<p>INTERNAL AUDIT</p>	
100.4.1	<p>Internal audit plan for the year 2022-2023 and Internal Audit Charter</p> <p>The Vice Principal, Finance set out the reviews that would be carried out within the Internal Audit plan for the next academic year. He confirmed the College had chosen to use the services of an independent internal auditor TIAA but reminded members there was no legal requirement or funding condition that obliged the College to do so.</p>	

	<p>Members were advised that the annual cost of the Internal Audit reviews was £1,848.00 relating to five days' work. It was proposed that 'Key Financial Controls' would be the area reviewed in 2022-2023. Members noted the report.</p> <p>There was a request for from the Interim Principal and the Chair of the Board (not present at the meeting) for further internal audit reports to be carried out and this discussion is reported in the Part II Minutes.</p> <p>Members agreed to recommend the Internal Audit Plan for the year 2022-2023 and Internal Audit Charter to the Board for approval noting two requests for further audits were being considered. All Members were agreed.</p>	Refer to Corporation
100.4.2	<p>Internal audit reports Members noted the internal audit report on Key Financial Controls had been given a 'reasonable assurance' by the auditors. The VP Finance spoke about the issues that had been raised by the auditors and were now being addressed. The Chair of the committee asked if the review on the WESS staff transfer in the summer had taken place. The VP Finance confirmed the review had taken place and the audit was good. The report was noted.</p> <p><i>(Mrs Hawkins joined the meeting)</i></p>	
100.4.3	<p>Internal Audit Recommendations Register – Full report Members had received the College's Internal Auditors' report on the online Internal Audit Register. This information was last reviewed at the Audit committee meeting in June 2022. Members noted the report.</p>	
100.5	RISK MANAGEMENT	
100.5.1	<p>Risk Management Register for review and Action Plan 2022-2023 update The Vice Principal (VP), Finance presented his report. The risks on the risk register were considered in detail. The Chair of the Committee had raised a number of queries in relation to risks on the register before the meeting with the VP, and these were discussed and agreed. These included how VAT is being treated in relation to the SEN hub new build project. Requesting commentary in the risk register on what the Budget for 2022/23 predicts the college's ESFA financial health rating and covenant outcomes will be.</p> <p>Requesting information in the light of Risk 20 on the risk register around the VAT treatment of new buildings re the CIC case. The Chair had requested an update on WESS in the meeting and this was provided. The Chair also asked in relation to the risks to be retired, that they are not retired until the new principal had been appointed and had a chance to review them. He felt a number of the risks should stay on the register. Other helpful changes were suggested which the Vice Principal Finance agreed to make. Subject to the changes agreed, members recommended the Risk Management Register and Action Plan to the Board for approval. All Members were agreed.</p>	Refer to Corporation
100.5.2	<p>Risk Management Policy Members noted the Risk Management Policy, that had no changes to report, and it was recommended to the Board for approval. All Members were agreed.</p>	Refer to Corporation
100.5.3	<p>Log of outstanding recommendations from Internal and External Audit reports. The report was noted.</p>	

100.6	GOVERNANCE	
100.6.1	Audit Committees Annual Report to Corporation 2021-2022 Members were asked to review and recommend for approval to the Board the Audit committee annual report. Members agreed the report and to recommend it to the Board for approval.	Refer to Corporation
100.6.2	Annual review of hospitality register Members noted the review of hospitality register.	
100.6.3	Report on Freedom of Information Requests Members noted the number of Freedom of Information Requests that had been received in the year and the areas that they related to. The report was noted.	
100.6.4	WESS Governance The Vice Principal, Finance reported on WESS Governance. He confirmed the transition process of staff from WESS back to the College had gone smoothly, and took place in the summer. There was a discussion about the current directors of WESS itself and there were concerns that action needed to be taken to ensure this was in order. The Vice Principal was noted as the current Director of WESS. The issues raised would be considered quickly and reported back to the committee. The report was noted	Vice Principal
100.7	MEMBERS' AUDITOR BUSINESS	
100.7.1	Annual review of effectiveness of Internal & External Auditor Members noted the report on the review of the effectiveness of the Internal and External Auditors. The report was noted.	
100.8	Evaluation of Meeting Members felt they had added value and, in some cases, made useful, appropriate and constructive challenge. It was acknowledged that papers had been received in good time for the meeting.	
100.9	AOB (to be notified to Clerk in advance of meeting)	
100.9.1	External Auditor's Engagement Letter 2021/22 The Auditors presented their Engagement Letter which was agreed.	Refer to Corporation
100.10	Date of next meeting Thursday, 7 February 2023 at 5.00pm	

Meeting ended 6.55pm