



## Northern College

### AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on **8 March 2023**.

**Present:** Liz Stanley (Chair), Colin Forrest and Emma Norton.

**In attendance:** Emma Beal (Principal), Richard Lewis (RSM) (from Min A23/12 To A23/15), the Deputy Principal/Chief Finance Officer (Sue Saunders) and the Clerk to the Governors (Sarah Johnson).

**Apologies:** Seb Schmoller

### DECLARATIONS OF INTEREST

A23/1 Each governor present declared any potential interests/conflicts of loyalty related to items to be considered at the meeting. Liz Stanley declared a potential conflict with respect to her role undertaking internal audits unconnected to the College for BMBC audit services on a self-employed basis. It was agreed that no decisions to be taken at the meeting would be affected and it was not considered necessary for the member to withdraw.

### MINUTES AND MATTERS ARISING

A23/2 The minutes of the meeting held on 7 November 2022 were approved as an accurate record.

### INTERNAL AUDIT PROJECTS (Document 2i)

A23/3 The committee considered an update regarding the already approved risk based internal audit projects scheduled for 2022/23.

A23/4 The committee considered the **financial testing** work that had been commissioned from BDO LLP, noting that:

- the scope of the activity had included a high-level review of the College's historical trading performance in FY21 and FY22, a review of the College's integrated Income and Expenditure, balance sheet and cash flow forecasts for FY23 and FY24, and conclusions in relation to the financial forecasts and a high-level overview of the options available to the College;
- the audit work was complete, and the report had been finalised and presented to the Board of Governors for consideration at its meeting in February 2023;
- the report and feedback from BDO had provided the Board with assurance that the College's financial reporting, forecasting and scenario modelling were robust and accurate;
- further work would be commissioned from BDO to support the College and the ESFA in relation to financial assurance as required.

- A23/5 The committee noted that:
- the scope of the **funding assurance** audit would be to ensure that funding was being correctly claimed, both in terms of maximising funding claims and meeting funding rules, and ensuring risk of claw back was minimised;
  - an independent specialist was being engaged to undertake the audit;
  - the work would be completed by end of May 2023, with the report scheduled for consideration by the committee at its meeting in June 2023.

**Resolved: i That the report be noted.**

### **AUDIT RECOMMENDATIONS STATUS REPORT (Document 2ii)**

- A23/6 The committee considered the regular report which outlined the status of previous audit recommendations and enabled it to ensure that they were appropriately implemented in a timely manner. The committee:
- noted that two recommendations remained outstanding, but appropriate progress was being made;
  - urged the College to progress the recommendations relating to procurement to completion as a priority;
  - agreed that any recommendations arising from the internal audit work commissioned for 2022/23 should be included in future reports, along with any recommendations arising from any other external audit activity.

- A23/7 The committee agreed that overall appropriate progress was being made with the implementation of recommendations and welcomed the development reported.

**Resolved: i That the recommendations relating to procurement be progressed to completion as a priority.**

**ii That any recommendations arising from internal audit work commissioned for 2022/23 and any other external audit activity be included in future audit recommendations status reports.**

### **ASSURANCE AND RISK MANAGEMENT - KEY STRATEGIC RISKS (Document 3i)**

- A23/8 The committee considered the risks from the strategic risk register allocated to them for oversight, noting that:
- no new risks had been added/were proposed;
  - no risks were proposed for removal;
  - two risks were overseen by the committee relating to cyber-attacks and funding clawback as a result of audit activity, both of which had remained at the same level as previously reported.

- A23/9 The committee considered overall current risks, direction of travel and mitigation factors and agreed that these had been reflected in the proposed internal audit plan. The committee were assured that each risk was being appropriately overseen by the relevant allocated committee/Board.

- A23/10 The committee undertook its **annual review of the College's approach to risk management** and concluded that it remained fit for purpose.

**Resolved: i That the key strategic risks be noted.**

### **ANNUAL AUDIT COMMITTEE REPORT TO THE BOARD 2021/22 (Document 5i)**

A23/11 The committee considered the updated draft **Annual Audit Committee Report to the Board for 2021/22** and noted that:

- the report provided the committee's opinion to the Board of Governors and accountable officer on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets;
- the draft had been updated since it was last considered by the committee to reflect the finalisation of the audit of the financial statements for 2021/22;
- the report would be submitted to the Board of Governors for consideration at its meeting in March 2023 to support/inform consideration and approval of the financial statements.

A23/12 The committee agreed to include an additional statement at 18.10 confirming that the Board had concluded that whilst there was evidence that some material uncertainty existed, there was a reasonable expectation that the Corporation had adequate resources to continue in operational existence for the foreseeable future and for this reason continued to adopt a going concern basis in preparation of its financial statements.

**Resolved: i That the Audit Committee Annual Report to the Board be updated at 18.10 to include the Board's going concern assessment.**

**ii That with the inclusion of the addition at 18.10 the Audit Committee Annual Report to the Board be submitted to the Board for consideration at its meeting on 9 March 2023.**

### **FINANCIAL STATEMENTS 2021/22 (Document 4ii)**

A23/13 The committee considered the **key findings of the financial statements' auditors RSM and draft financial statements for year ending 31 July 2022**, it was noted that:

- as previously reported the audit work was substantially complete and the auditors anticipated issuing an unqualified audit opinion and an unmodified regularity conclusion;
- work in relation to going-concern was almost complete and only finalisation of the wording for the report was now required;
- the auditor welcomed the detailed going concern assessment summary included and the scrutiny undertaken to reach the conclusion outlined;
- the final version of the audit findings report would be provided once the finalised version of the financial statements were confirmed;

A23/14 The committee reviewed the going-concern para 1, page 16 wording with the auditor and agreed to propose revised wording which would be reviewed by RSM prior to finalisation.

A23/15 The committee reviewed and was satisfied by the assurance process completed as part of the recent handover of principals in relation to concluding and approving the regularity self-assessment and financial statements audit.

A23/16 The committee agreed to recommend the financial statements to the Board for approval at its meeting on 9 March 2023, subject to final confirmation of the going-concern wording to be approved by chair's action, a final proof-read, and a short period to allow for any other comments/concerns to be raised.

- Resolved:**
- i That the Financial Statements for 2021/22 be recommended to the Board of Governors for approval subject to final agreement of wording regarding going-concern to be approved by chair's action.**
  - ii That the audit findings report be updated by RSM following final completion of the financial statements.**

### **FUNDER AUDITS (Document 4iii)**

A23/17 The committee considered the compliance report arising from the AEB compliance check on 2021/22 learner records undertaken by (South Yorkshire Mayoral Combined Authority) SYMCA in August 2022, noting:

- the scope of the audit undertaken, which was much wider than enrolment data and was significantly focussed on quality and IAG;
- there had been no opportunity for curriculum input into the relevant aspects;
- that the written feedback received in November 2022 contained a summary of general findings which was not reflective of the initial verbal feedback previously reported to the committee, and was not quantified;
- that there was no option/requirement for a management response to be submitted;
- the actions taken in response to the points raised, and progress to date;
- that the recommendations had been included in an audit tracker which would be incorporated into future audit recommendations reports.

A23/18 The committee agreed that appropriate actions were being taken in response to the points raised, but that the value of the audit undertaken was limited.

- Resolved: i That the recommendations arising from the SYMCA audit be tracked by the Audit Committee as appropriate.**

### **GOVERNANCE**

A23/19 The committee noted the appointment of Colin Forest as an interim member of the Audit Committee, and thanked Colin for his contribution.

A23/20 The committee noted that two new governors had been appointed, taking up their posts on 1 April 2023, both of which had also been appointed as members of the Audit Committee.

- Resolved: i That the membership changes reported be noted.**

### **DATES OF THE NEXT MEETINGS**

A23/21 12 June 2023 - 11.30am  
6 November 2023 - 11.30am  
11 March 2024 - 11.30am  
10 June 2024 - 11.30am