

MEETING OF THE AUDIT COMMITTEE OF MACCLESFIELD COLLEGE

TUESDAY 29 NOVEMBER 2022 – 9.30 AM

VELOCITY

PART I

Clerk: Mrs R Clare

Director of Finance and Estates to join the meeting once the Audit Committee has ascertained if there are any matters that the auditors wish to pass to the committee from their perspective whilst no college staff are in the room. **The internal auditors were not in attendance at the meeting. The external auditors joined the meeting to present item 3.**

Attendance:	M Wright, N Schofield, M Bowers (remotely), C Johns (remotely).
In attendance:	V Hayhoe A Hogg (Wylie and Bisset External Auditors)

Actions from the meeting:

The Audit Findings Report for the year ended 31 July 2022 will be recommended for approval at the Corporation meeting on 6 December 2022.	VH
The letters of representation will be shared at the Corporation meeting on 6 December 2022 for signing by the Chair of the Corporation and the Principal.	VH
The Audit Committee agreed to recommend the Report and Financial Statements for the Year ended 31 July 2022, subject to three minor amends that were reported by V Hayhoe at the meeting. A Governor had also raised the amendments. The amendments will be made and an updated copy will be shared with the Director of Governance, ahead of the Corporation meeting.	VH
The Chair of the Corporation and the Accounting Officer are required to sign the Self-Assessment questionnaire to meet audit and ESFA requirements.	VH
The Annual Risk Management Report for the period 1 August 2021 to 31 July 2022 was recommended to the Corporation meeting of 6 December 2022 for approval.	VH
Audit Committee Members recommended the Annual Review of Risk Appetite report to the Corporation meeting of 6 December 2022.	VH
Q: When you review the Capital risk next time at the Risk Management Group, this could be reviewed in relation to future projects.	VH

V Hayhoe agreed that the risk relating to Capital projects will be reviewed at the next meeting but provided assurance that the College has excellent skills and experience in this area to manage and execute projects well.	
The Audit Committee recommended the Annual Report of the Audit Committee to the Corporation meeting to be held on 6 December 2022.	VH
The Terms of Reference will be recommended to the Corporation meeting for approval at the meeting on 6 December 2022.	VH

MINUTES

- | Item | Title |
|--------------|--|
| 23/22 | <p>Welcome and Apologies for Absence
The Chair of the Audit Committee welcomed Members to the meeting.</p> <p>Apologies for absence were confirmed for J Mairs and S Horseman.</p> <p>The Chair of the Audit Committee thanked V Hayhoe and R Clare for their hard work in ensuring that the External Audit was completed and reported in an effective way, despite challenges within staffing and pressures relating to external capital projects.</p> |
| 24/22 | <p>Declaration of Members' Interest
There were no declarations of Members' Interest.</p> |
| 25/22 | <p>Financial Statements/Regularity Audit
(Year ended 31 July 2022)</p> <p>i. To receive from Wylie and Bisset the Audit Findings Report for the year ended 31 July 2022
The External Auditor presented the External Audit Findings Report for the year ended 31 July 2022, prepared by Wylie and Bisset. It was noted that this report was required to be forwarded to the ESFA.</p> <p>AH referred to the executive summary on page 3, that confirmed key matters. AH reported the year-end financial position for July 2022 and the predicted position for the year ended 31 July 2023. AH referred to outstanding matters on page 3, section 1.2, listed under this section was post balance sheet events confirmation to date of approval. AH explained that the outstanding matters contained within the report will be removed upon signing of the report. A new report will be shared with the removal of any outstanding matters. AH reported that Wylie and Bisset anticipate issuing an unmodified audit opinion subject to authorisation of the financial statements by the Members of the Corporation and clearance of outstanding matters in section 1.2.</p> <p>AH confirmed that Wylie and Bisset anticipate issuing an unqualified opinion on the accounts of Macclesfield College for the year ended 31 July 2022. The financial statements would be signed by the auditors on the assumption that the College would continue for the foreseeable future as a going concern, i.e. that the Corporation would be in a position to meet its liabilities for the next 12 months.</p> |

AH confirmed that they had undertaken an overall review of the governance arrangements and process of internal control in place at the College, based on their findings the College has strong systems in place to comply with governance arrangements. The External Auditors made no control recommendations in relation to the year ended 31 July 2021.

AH referred to page 7 of the report, the Financial Review section and confirmed that there are no anticipated qualifications in the audit opinion of Wylie and Bisset on the College's accounts for the year ended 31 July 2022. The financial statements give a true and fair view of the College's financial position.

AH confirmed that on page 10, section 3.9, Actual V Budget, reported the key variances including the changes in income due to unfavourable movement. The staff costs were higher than budgeted due to the FRS 102 pension charge and additional staff costs. Page 11 of the report detailed the balance sheet.

AH confirmed that on page 14, section 4.3, that there was one unadjusted error brought to the attention of the External Auditors. This relates to an under-provision for AEB clawback of £7,918 which was highlighted by Senior Management following completion of ILR14 reporting process. This was not material to the financial statements but auditing standards require that this is highlighted as was above the tolerance level for reporting.

Q: Is this a timing issue?

Yes, this was a timing issue of ILR14 and closure of the accounts. This will be reconciled in next years accounts.

Q: When was the last actuarial report and what are the future risks energy costs and pension contributions?

The assumptions for next year are not yet known but could be both of those areas with the addition of staffing costs (this was confirmed to be across the sector). They assumptions will be known by March/April 2023.

AH confirmed the independence of Wylie and Bisset in carrying out the audit.

Audit Committee Members thanked Wylie and Bisset for the comprehensive report.

The Audit Findings Report for the year ended 31 July 2022 will be recommended for approval at the Corporation meeting on 6 December 2022.

ii. To receive a copy of the letters of Representation which the Corporation will be invited to approve at its meeting on 6 December 2022

AH presented the Letters of Representation and confirmed that the representation was standard for the sector. **The letters of representation will be shared at the Corporation meeting on 6 December 2022 for signing by the Chair of the Corporation and the Principal.**

iii. To receive a copy of the draft Report and Financial Statements for the Year ended 31 July 2022. This will formally be considered by the Corporation at its meeting on 6 December 2022

V Hayhoe shared the Report and Financial Statements for the Year ended 31 July 2022. It was explained the statements reflect the final management accounts and strategic position in line with the financial reporting at Corporation meetings.

The Audit Committee agreed to recommend the Report and Financial Statements for the Year ended 31 July 2022, subject to three minor amends that were reported by V Hayhoe at the meeting. A Governor had also raised the amendments. The amendments will be made and an updated copy will be shared with the Director of Governance, ahead of the Corporation meeting.

iv. Annex C Macclesfield College Self-Assessment Questionnaire

V Hayhoe presented Annex C Macclesfield College Self-Assessment Questionnaire. It was explained that there were a new section relating to Governance in the Self-Assessment Questionnaire this year and the document accurately reflected the College in terms of policies, contracts and matters of regularity.

The Chair of the Corporation and the Accounting Officer are required to sign the Self-Assessment questionnaire to meet audit and ESFA requirements.

26/22 Minutes and matters arising

To confirm and approve the minutes of the meeting held on 21 June 2022 and to review any actions.

The minutes of the meeting held on 21 June 2022 were recorded as an accurate record.

Matters arising from the previous meeting were reviewed.

15/22 The Audit Committee agreed the proposal for the External Auditor fees as confirmed upon agreement of the three-year tender. The fees will be recommended for approval at the Corporation meeting on 5 July 2021. MW/VH. **This action was noted as completed.**

18/22 Q: A Member requested that page 12 of the report be populated. (Internal Audit Plan). Internal Auditors. **This action was noted as completed.**

18/22 The Audit Committee agreed that the relevant areas were included in the plan. Members discussed Business Continuity and agreed that a risk should be included on the Risk Register in relation to the College being agile and the ability to be adapt. VH. **The risk was added to the Risk Register.**

19/22 The Internal Audit fees will be recommended to the Corporation for approval at the meeting on 5 July 2022. MW/VH. **This action was noted as completed.**

21/22 The Audit Committee reviewed the risks and identified that a risk relating to Health and Safety/Business Continuity should be added. The Audit Committee agreed that an additional column should be added to confirm if the risk has moved up or down. The document will be developed and populated. The document will be shared with the Audit Committee at the first meeting of the academic year. VH. **The new Risk Register is being presented at this meeting.**

27/22 Fraud, GDPR and RIDDOR reportable incidents

There were no matters relating to fraud, GDDP or RIDDOR reportable incidents to report.

28/22 Schedule of outstanding recommendations

V Hayhoe presented the schedule of outstanding recommendations and confirmed it had been updated to reflect the recommendations from the 2021/22 internal audits. It was confirmed that Audits were carried out in the following areas:

- Budget Control and Cashflow
- Corporate Governance
- Health & Safety
- MIS – AEB
- Safeguarding
- Cyber Security (follow up)
- Follow up of prior year recommendations

From these audits, recommendations were only received against Health and Safety and MIS - AEB. The detail of these are shown on the schedule. In total 9 recommendations were received of which 8 have already been completed and 1 is not yet due. The one outstanding recommendation relates to verification of the maintenance tracker. This will be confirmed in June once the cyclical inspections are completed and new tracker updated accordingly. The electronic tracker was implemented by the newly appointed Head of Estates and at the time of audit he had only been in post for a week. **2022/23 audits will be added to the schedule in year as they are completed.**

29/22 Risk Management

i. To receive the Annual Risk Management Report for the period 1 August 2021 to 31 July 2022 and to recommend it to the Corporation meeting of 6 December 2022.

The Annual Risk Management Report was shared in advance of the meeting. Risk processes were deemed to be working well and operating effectively. A Member commented on the college approach to risk management approach.

The Annual Risk Management Report for the period 1 August 2021 to 31 July 2022 was recommended to the Corporation meeting of 6 December 2022 for approval.

ii. To receive the 'Annual Review of Risk Appetite, in accordance with the requirements of the Risk Management Policy. Members are invited to consider the report, and determine the recommendation to be made to the Corporation meeting of 6 December 2022.

The 'Annual Review of Risk Appetite' was considered, in accordance with the requirements of the Risk Management Policy. **Audit Committee Members recommended the Annual Review of Risk Appetite report to the Corporation meeting of 6 December 2022.**

iii. To receive an updated copy of the Risk Register

V Hayhoe explained that in June 2022. the governors approved the adoption of a new Risk Register that would focus on the strategic risks of the College. The top ten strategic risks were identified and agreed with governors, with an additional one added for Health and Safety as governors requested that this be included.

The Risk Management Group met on the 20 October 2022 to complete and discuss the new strategic risks. The detail of this workshop is contained within the Risk Register presented.

The Audit Committee reviewed the following two risks in details:

- There is a risk that the Financial Health of the college falls below 'Good'.
- There is a risk that the College does not have the resource to cope with increased demands on student and staff mental health and wellbeing.

Governors agreed that both of these risks were well managed and mitigated through strong management. Governors discussed the excellent strategies that the College had put in place to manage student and staff mental health and wellbeing such as the new way of working, Christmas closure, long service awards and recognition schemes.

There was a risk relating to Capital projects. V Hayhoe explained that this had been considered in relation to the two projects that had been completed and came in on budget and on time.

Q: When you review the Capital risk next time at the Risk Management Group, this could be reviewed in relation to future projects.

V Hayhoe agreed that the risk relating to Capital projects will be reviewed at the next meeting but provided assurance that the College has excellent skills and experience in this area to manage and execute projects well.

30/22 Annual Report of the Audit Committee to the Corporation

To recommend the above report to the Corporation meeting of 6 December 2022, for approval. Members should note that the report contains the annual self-assessment of the Committee, in appliance with Audit Committee minutes 9/05.

V Hayhoe presented the Annual report of the Audit Committee to the Corporation. The following points were highlighted from the report:

- Arrangements of Committee
- Committee attendance
- Internal service and controls examined
- Controls tested
- An unqualified external audit opinion with no adjustments and no issues identified
- Terms of Reference of the Audit Committee
- Fees

The Audit Committee recommended the Annual Report of the Audit Committee to the Corporation meeting to be held on 6 December 2022.

31/22 Internal Audit Performance Indicators 2022/23

V Hayhoe shared the Internal Audit Performance Indicators for 2022/23 in advance of the meeting. V Hayhoe reported that the indicators for 2021/22 have been met. For the 2022/23 version, the following two additional indicators have been included:

- Draft Audit Briefs (terms of reference) to be issued two weeks in advance of fieldwork visit.
- Did the audits run on time? KPI for 2022-23 – Draft report to be issued within 10 working days of completion of audit. Final reports to be issued within 5 working days of receiving agreed management responses.

The performance indicators were reviewed and approved by the Audit Committee. The indicators reflected the internal audit work carried out last academic year by BDO and positive responses had been provided. This will be Haines Watts moving forward.

32/22 Terms of Reference

To undertake the annual review of the terms of reference of the Committee and to make any necessary recommendations to the Corporation meeting of 6 December 2022.

The Audit Committee reviewed the Terms of Reference for the Audit Committee as part of the annual business cycle. The Director of Governance recommended no changes to the Audit Committee Terms of Reference. **The Terms of Reference will be recommended to the Corporation meeting for approval at the meeting on 6 December 2022.**

33/22 Date and time of the next meeting

The Audit Committee that was due to take place on 21 March 2023 will be rescheduled and will now take place on 28 March 2022 at 9.30am.