

BOSTON COLLEGE**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 25 MARCH 2021**

1. PRESENT

Andy Atkins (Chair), Heather Lee (joined the meeting in Point 4), Chris Pett and Ann Savage.

Also in attendance: Janet Hemmant (Clerk to the Corporation), Debbie Holland (Vice Principal: Finance & Corporate Services), Adrian Humphreys (Executive Director: Business, Innovation & Partnerships), Charlotte Robinson (Head of Finance), Gareth Jones (RSM) and Jonathan Creed (ICCA).

Attendance: 100%

2. AUDIT RECOMMENDATIONS TRACKING AND ACTION LOG

Members reviewed the contents of these documents and Debbie Holland and Jonathan Creed gave an update to the committee on recommendations rated as amber on the tracking log. Particular note was taken of the position regarding USB sticks, disaster recovery (which includes Cyber Crime) and ESFA mock funding audit.

3. MINUTES

The minutes of the meeting held on 19 November 2020 were reviewed and agreed as a correct record.

4. SECTOR UPDATE

Gareth Jones gave a brief overview of sector issues and two documents which had been circulated regarding risk appetite and enhancing the control framework.

Heather Lee joined the meeting at this point.

Gareth advised that he was happy to take questions on the information presented and it was noted that if RSM were re-appointed the Audit plan produced in June would reflect the issues raised. Andy Atkins commented that it was interesting to see how many high priority recommendations were normal in the sector which meant that the College's record in this respect was comforting.

5. EXTERNAL AUDITORS TENDER EXERCISE

Debbie Holland presented a paper on the tender exercise which had been carried out for the appointment of auditors. Gareth Jones was invited to stay in the meeting to answer any questions which might arise.

Ann Savage asked why there was only one response received to the tender invitation. Debbie advised that location played a part in this and also Mazars, who had been interested last time, didn't apply because they have a lot of new clients. Gareth Jones advised that the audit market has shifted with the big four being under pressure for resources. Jonathan Creed commented that he had seen two clients with financial statements auditors resigning recently as the fee structure doesn't work in the sector. Big four firms are rapidly disappearing from college audits which will be a challenge for the regulator. RSM audit a large proportion of the sector. Debbie advised that one firm had been identified which was looking to enter the market and Gareth suggested that

the issue may eventually be resolved by experts changing firms. Andy Atkins commented that this was a risky time for firms to come into the sector.

Gareth Jones left the meeting at this point

Chris Pett asked whether the price submitted by RSM was competitive and Debbie Holland confirmed that it was in line with previous fees. Jonathan Creed and Charlotte Robinson reported that large fee increases were being seen elsewhere. Debbie commented on the benefits of RSM's experience in the sector.

Chris Pett asked whether the last audit had been carried out remotely and whether the College was happy with it. Debbie advised that it had taken longer remotely but RSM had also had a lot of sickness in the team at the time. In response to a query as to whether there was sufficient challenge in the audit, Debbie advised that there was although the new team gave different style to the audit. Jonathan Creed suggested that the longer audits are carried out remotely the less impact they will have.

The committee agreed to recommend the appointment of RSM to the Corporation.

6. INTERNAL AUDIT REPORTS

a) Curriculum Efficiency 16-19 study programmes

Jonathan Creed identified that this report had substantial assurance with a couple of recommendations, which were reviewed by the committee, about the use of labour market intelligence and study programme hours. Jonathan advised that the College has good systems in place and is exceeding its 16-19 targets.

A discussion took place about the study programme hours which focussed on a degree of excess delivery and learners on the boundaries of funding bands. Andy Atkins asked how the College monitored this during the year. Debbie Holland advised that it had been challenging this year but usually it is reviewed before returns are submitted and it is also in hand in curriculum planning for 2021-22. Jonathan advised that the positive outcome is suggestive of good controls historically.

b) Financial Planning and Budgetary Control

This report also has substantial assurance. Jonathan noted that the sector is required to do more and more work on financial returns. The report has two recommendations, one relating to reporting to the Corporation and an advisory one relating to the production of an internal report. With regards to reporting to the Corporation, the report advises that where budgets are presented it should be clearly identified whether FRS102 estimates are or are not included.

Chris Pett suggested that in respect of the FRS102 estimates, governors with a non-financial background find it easier to defer to others on pensions. He asked whether further information should be provided to members. Jonathan Creed suggested that at key points in the year some time should be spent looking at pension adjustments.

c) 16-18 Learner Recruitment and Retention

This report gives reasonable assurance which is still a positive outcome. The recommendations relate primarily to retention which is challenging in the current climate and which is important to maintain funding. The first recommendation relates to learner attendance interventions and it was noted that difficulty with

attendance for English and maths sessions was not uncommon. A balance is required to keep attendance up. The second recommendation related to ensuring that targets set within the quality process are smart.

Andy Atkins asked how the reported drops in attendance compared to those at other colleges. Jonathan advised that he has seen worse outcomes so this could be an indicator that the College is doing quite well. He outlined the range of rates seen.

Heather Lee asked what accommodation has been made to ensure learners can participate in lessons remotely. Debbie Holland advised that in the last lockdown the College had ensured that all learners had devices available. During more blended times use is made of the learning hubs. The Department for Education has recently provided more devices. Heather Lee asked if the College could confirm that low attendance was not symptomatic of deprivation. Debbie confirmed that it was not and that the College had addressed issues for learners.

Jonathan Creed advised that ICCA had recently completed its audit work on sub-contracting. The report includes no recommendations and the certificate will be submitted to the ESFA.

7. INTERNAL AUDIT PLAN

Debbie Holland advised that two audits had been due to take place in March but were being put back to July as the scheduled dates clashed with the return of learners to College. The committee noted this and Jonathan Creed advised that ICCA would bring the audits in earlier if they can.

8. RISK MANAGEMENT

The committee received a report from Debbie Holland on Risk Management and the risk register.

A discussion took place about changes to the risk register. It was noted that the rating for data security had increased as colleges are currently being targeted. Debbie outlined steps being taken to address this. The risk rating of the AEB has also increased and the College is working on this. Jonathan Creed commented that the 90% delivery target recently announced by ESFA will cause significant hardship to a lot of colleges and he suggested that this may change. Debbie confirmed that this has been raised as an issue with ESFA. Ann Savage asked if the College had mitigation prepared on the funding allocation. Debbie confirmed that it had been looked at in the reforecast budgets and the College is looking at ways of increasing delivery.

Andy Atkins commented that it was good to see risks regularly reviewed and updated.

9. NEXT MEETING

It was noted that the next meeting of the committee would take place on 17 June 2021.