

Minutes of the meeting of the of the Inspire Education Group (IEG) Audit Committee (AC) held at 1630 hrs on 02 December 2121.

Present	Martin Ballard (Chair)	Mark Haydon	Tony Keeling	Qun Yang
In Attendance	Alison Davies (AC Chair UCP) (till 10/21)	Ralph Devereux (IDG)	Emma Graham GDF	Lee Glover (Haines Watts)(till 15/21)
	Louise Perry (CFO)	Claire Sutherland (RSM)	Peter Walker (AC UCP)(till 10/21)	Mark Woods (AC UCP) (till 10/21)

09/21 ELIGIBILITY, QUORUM, DECLARATION INTERESTS AND MEMBERS

- a. No notice had been received of any Member becoming ineligible to hold office, the meeting was quorate and there had been no unregistered interests declared.
- b. The Chair welcomed all to the meeting: in particular Qun Yang a new Corporation and AC Member, and the University Centre Peterborough (UCP) AC who were present for the external auditor's explanation of the Group accounts as they affected UCP.

The information was received and noted.

10/21 ANNUAL FINANCIAL STATEMENTS (AFS) (UCP)

The UCP AC and Council had not been able to scrutinise the front section of the AFS at their last meeting, and the UCP AC had been invited to this meeting to receive comments from the external auditors. The Auditor explained that the version for discussion this evening was largely similar to that which had been circulated, although presentational work continued on classification adjustments and journals; the Income and Expenditure (I&E) Account had not been changed and there was a healthy surplus, which was explained as inheriting students from New College Stamford (NCS) and strong enrolments for 2020/21. This was a clean set of accounts, which included a "going concern" assurance and an unqualified opinion. During general considerations:

- a. the reasons for the relatively large debtors' total was student loan reconciliation for those students still on roll at UCP but who pre-merger had been administered through Anglia Ruskin University;
- b. academic cost detail would be clarified as staff related;
- c. the IEG financial guarantee (£500k) was renewed annually and the arrangement would be discussed at the IEG Corporation Awayday tbn on 13 January 2022 and the next Corporation meeting. **(Action 1)**

AC Members were content with the present detail and would receive the definitive version when available and advise Council Chair/Director re signatures. **(Action 2)**

The information was received and noted;
Actions had been noted. (Register at 19/21).

The UCP Members left the meeting.

11/21 STANDING ITEMS

- a. There were no requests for urgent business.
- b. The Minutes of the last meeting (21.08.21) were confirmed for signature. **(Action 3)**
- c. Actions from the last meeting. Actions from the last meeting were considered

See referenced minute for full action.	Status
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Action 1	02/21b. Last minutes (23.06.21) confirmed for signature.	complete
Action 2	03/21. AC TORs to Corporation for approval.	
Action 3	04/21a. IAS Strategy to Corporation for approval.	
Action 4	04/21d. Verbal report to Corporation (at Corp Agenda Item 3)	
Action 5	06/21a. RM Policy recommended for approval	
Action 6	06/21c. RR including subsidiary detail to next meeting.	

**The information was received and noted;
Actions had been noted. (Register at 19/21).**

12/21 The External Auditors had almost completed the financial statements and regularity audits of the IEG; relatively low level work continued with what had been an involved process and a clean opinion was expected. The necessary documentation was then considered and discussed:

- a. IEG Financial Statements. The Committee remit was to consider the findings of the External Auditor and to scrutinize the narrative, including the Corporate Governance Statements with respect to the systems of financial control, RM and governance processes and to recommend the document(s) for signature. The draft documents to inform considerations showed an expected break even position but, after pension related adjustments, the present forecast, likely to change, was for a Total Comprehensive Income loss of £2.8m. A full reconciliation from management to final accounts would be provided when the definitive version was complete.
- b. Audit Findings Report. The external auditor's Findings Report to the Committee was then considered, page by page with reference to the AFS. Outstanding Items had been listed on Page 3, these included an increased sector wide focus on "going concern" matters but it was agreed that they all could be completed in time for finalisation of the accounts and thus no delay in sign off was anticipated. Key audit risks had been identified and notified in advance of the fieldwork and the outcomes were explained and detailed. During completion of funding assurance several assessment issues had emerged with the Management Information System (MIS), all were listed in the document and RAG rated. Further information was contained in the Appendix and was noted. The Auditor asked if the Committee had any concerns over the possibility of fraud particularly since there had been a cyber-attack during the year. A brief explanation of one recent disciplinary process was given, although no financial loss was incurred it was felt relevant. The External Auditors were thanked for their professional manner throughout the process so far and they responded similarly.
- c. It was then unanimously agreed to provisionally (on final scrutiny by CFO) recommend:
 - (i) the AFS; and
 - (ii) the Regularity Audit; and
 to the Corporation for acceptance, approval and signature. **(Action 4)**

**The information was received.
Actions had been identified (Register at 19/21)**

13/21 SUBSIDIARY COMPANIES

The UCP and QRS AFS and associated documentation were noted for information. During discussion it was explained that

- a. UCP draft accounts had been circulated to the Council and the AC had indicated their contentment with the draft (10/21) the definitive version would be approved by the IEG Board, and circulated to UCP Directors for comment and signature when complete (10/21 refers). **(Action 5a)**
- b. QRS had been established solely to service staffing requirements for NCS and returned a "net zero" (not for profit) annual return. The accounts would be considered for approval & signature at the Board meeting tbh on 06.12.21, and the IEG Board on 13th December 2021.

- c. APT. The Board had reviewed the draft accounts for signature 25 November 2021; the definitive version would be circulated to Board Members for any comment and signature when complete. **(Action 5b)**

The information was received.

Actions had been identified (Register at 19/21)

14/21 INTERNAL AUDIT SERVICE (IAS)

- a. IAS Follow Up Report. Control Design and Application had both been graded as “adequate” with “adequate” assurance that “the Group is able to take adequate assurance that the controls upon which the Group relies to manage risks material to the achievement of its objectives are suitably designed and managed.” A major influence in the grading was that the Register of Outstanding IAS Recommendations was monitored through a “Tracker” which currently only included former NCS items, consequently some items relevant to the former PRC had been overlooked; corrective action would be taken. **(Action 6)**

- b. IAS. The IAS Annual Report for 2020/21 was a stand-alone document, which would inform the AFS “Statement of Internal Governance and Internal Control”, and thus the ESFA on internal audit issues; it was a digest of previous information presented to the committee. The IAS overall opinion for the 2020/21 plan was.....

“Based on the work performed we offer our conclusion as to the adequacy and effectiveness (or inadequacy and effectiveness) of the College’s risk management, control and governance processes. Overall in our opinion, based on the review performed during the year, Northampton College has:

- (i) adequate and effective risk management;*
- (ii) adequate and effective governance; and*
- (iii) adequate and effective control processes.*

The IAS Annual Report was recommended to the Corporation. **(Action 7)**

- c. Assignment Briefs. Seven initial draft assignment briefs for this year’s IAS Plan were considered and discussed; these briefs would be re-examined closer to completion for continued relevance; the 2 remaining assignments would be considered at the right time. All drafts were approved, **(Action 8)**

15/21 REPORTS

AC Annual Report (ACAR). The ACAR to the Corporation was then discussed. The Committee opinion explained in the report had been formed after due deliberation of the IAS annual report, together with the External Audit information and other assurance sources; based on this information the Committee was of the opinion that,

- a. the IAS Report indicates satisfaction with the system and all points raised are addressed in the relevant minutes;
- b. takes comfort from the corrective action that has been instituted and is assured that realistic dates have been set for implementation;
- c. is content with the production and comments surrounding the External Auditors work with the AFS to be reviewed following receipt of the management letter and outcome of the regularity audit; and
- d. is satisfied that adequate processes as detailed in para 3 are in place and additionally that VFM, which is regularly considered, is being satisfactorily achieved.

The ACAR was recommended to the Corporation. **(Action 9)**

The information was noted and received.

Actions had been identified (Register at 19/21)

The Haines Watts representative left the meeting.

16/21 RISK MANAGEMENT (RM)

- a. Board Assurance Framework (BAF)(Appendix 1). The recently revised format provided more information on controls; final detail was still under development and would be presented to the Corporation on 13 December. There were 2 key changes:
- (i) failure to deliver the financial plan (directly associated with (ii)); and
 - (ii) under recruitment in HE. This had occurred and had been considered at the last Council meeting (10.12.21) at Council Minute 21/21 and active mitigation was progressing.
- b. Contingency Register. All risks on the Register had been rescored against the new Policy and Framework (summarised at Appendix 2); entries were considered and discussed with individual focus on some areas.

It was agreed that some focused familiarity training was desirable and that would be included in the programme for the Corporation awayday. **(Action 10)**

17/21 URGENT BUSINESS

There had been no urgent business agreed.

18/21 NEXT MEETING

The next meeting would be at 1630 on 23 February 2122.

19/21 ACTION REGISTER

See referenced minute for full action.		Resp	Date
Action 1	10/21. IEG financial guarantee to UCP tbd at IEG Board (awayday?)	CFO	23.02.22
Action 2	10/21. UCP AC to advise Council re documents' signature.	UCP Chair	wie
Action 3	11/21. Last Minutes (21.06.21) confirmed for signature.	Clerk	
Action 4	12/21. AFS documents recommended to Corporation for signature.	Chair	13.12.21
Action 5	13/21. AFS recommended to Subsidiary Boards for signature.		wie
Action 6	14/21a. "Tracker" detail to include PRC detail.	CFO	
Action 7	14/21b. IAS Annual Report recommended to the Corporation.		13.12.21
Action 8	14/21c. Draft IAS Assignment Briefs 2021/22 approved.	Chair	wie
Action 9	15/21, ACAR recommended to the Corporation,		13.12.21
Action 10	16/21. RM Training included in awayday	CFO	wie

Agreed Minutes RD.LP. 02.12.21

Final Audit Report

2022-06-27

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