



ST MARY'S COLLEGE BOARD OF GOVERNORS

Minutes of the Meeting of the Audit Committee Held On Tuesday 9th March 2021 at 9.15am

- Present: Fthr Noel Wynn (Committee Chair for 20/21) (NW)
Paul Case (PC)
Claudia McLean (CMC)
- In attendance: Mark Conboy (Board Chair 20/21) (MC)
Lisa Farnhill (Clerk) (LF)
Katrina Hollern (Business Manager) (KH)
- Invited to be
in attendance: Jane Butterfield (TIAA) (JB) (Invited but **not** in attendance)
Nicola Wakefield (Mazars) (Invited but **not** in attendance)
- Apologies: Jane Butterfield (TIAA) (JB)
Nicola Wakefield (Mazars)
- Absent: Chris Beesley

OPEN AND WELCOME

Fthr Wynn formally opened the meeting by thanking members and attendees for their time.

ITEM 1 – APOLOGIES

The clerk advised that there had not been any apologies received for members, and that the auditors invited to attend had sent their apologies.

Item 1 – Noted: The apologies detailed above were noted and accepted.

ITEM 2 - DECLARATION OF INTEREST

Claudia Mclean declared an interest relating to her role at Liverpool Hope University, working closely with the College through the Network of Hope. The Clerk declared an interest in relation to her role as Clerk to the Corporation at Southport College.

Item 2 – Noted: The declarations detailed above were noted.

ITEM 3 - MINUTES OF THE MEETING OF THE AUDIT COMMITTEE ON TUESDAY 8TH DECEMBER 2020
(FOR APPROVAL)

The chair asked the Clerk to summarise the minutes and the clerk advised that all of the recommendations from the Committee had been presented to the Board for approval.

With no comments or corrections returned, the minutes were approved.

Item 3 – Approved: The minutes of the meeting of the 8th December 2020 were approved as a true record of the meeting.

ITEM 4 - MATTER ARISING FROM THE MEETING OF THE AUDIT COMMITTEE ON 8th DECEMBER 2020

The Clerk confirmed that there were no actions as a result of the previous meeting and confirmed that as detailed within the circulated summary report, all recommendations of the Committee had been approved by the Board of Governors.

The clerk asked if any further matters were identified within the minutes, none were raised.

Item 4 – Noted: The committee noted the details of the report.

ITEM 5 – RISK REGISTER AND RISK MANAGEMENT REPORT

KH informed the Committee that there had been a meeting on 25th February to review the risk register, with the outcome of the meeting being to reduce the number of risks from 21 to 19 removing risks 11 and 12 relating to student recruitment for FE and HE. A change to the wording of the risk relating to the nurseries was also highlighted, changing the focus from the financial viability of the nurseries to the effective management of the closure of the nurseries.

KH itemised each risk, highlighting changes to the register as follows:

Risk 1 - Failure of the Teach Out:

Previously considered to be the highest risk, this had now had the risk rating reduced to an overall risk rating of 10. The reduced risk reflects the systems, processes and resources in place to support the activities within the Implementation Plan with further assurance provided by the review by RSM.

Risk 2 - Risk of the Spread of COVID-19 and Associated Impact on Teaching and Learning:

This has been reduced from 15 to 9 (moderate) as a result of the effective strategies in place for minimising the spread of the virus, further supported by the new lateral flow testing.

A member asked for an update on the reopening of the College which KH advised was being managed effectively, describing the process for student appointments for lateral flow testing. KH explained that two tests were being undertaken this week whilst online learning continued, with a final college based test scheduled for the following week when students returned to onsite learning,

with students then taking responsibility for home testing thereafter. It was confirmed that staff were undertaking twice weekly self-testing with results uploaded.

A member asked if students were not yet in college for learning, with KH confirming that learning continued online whilst students attended college for 2 pre-booked appointments for lateral flow tests with no positive results having been returned yet, with the blended model of learning to resume the week commencing 15th March.

A member asked if students would be prevented from returning if they had not undertaken the tests and provided a negative result. KH informed the Committee that the College was encouraging all student to take the tests, however they remained voluntary not compulsory, therefore students could return without a negative test result. KH advised that students were provided with appointments, to which they needed to make their own way into College and would only be prevented from returning in the following week if the result was positive or if they were displaying symptoms of COVID-19.

A member detailed concerns and protocols from other sectors within education, where security was being utilised to control the return of students, preventing a return for those without a negative result. KH advised that security was available at SMC; however this was only used to ensure students' onsite were those attending their appointments, directing students to the test centre and would be encouraging students to follow the safety guidance, reiterating the voluntary aspect of the testing regime at SMC.

An attendee asked if a student that had received a positive result and did come onto site would be asked to leave, with KH confirming that they would. **A follow up question** asked if teachers and lecturers would be aware of those testing positive, with KH confirming that this was managed centrally with the on-going use of the track and trace list, ensuring staff would know and reassuring the Committee that the students would be asked to leave, initiating the protocols within the risk assessment.

With no further questions, KH continued to advise the Committee of changes to the risk register.

Risk 5 - Failure to Secure the Viability of the College:

KH explained that this was cross referenced to risk 1, and whilst the impact score remained unchanged, the probability score had been reduced resulting in an overall score reduction from 16 to 12.

Risk 7 - Poor Attendance leading to Poor Achievement:

KH advised the Committee that although this risk remained unchanged, it should be noted that considerable work had been undertaken to ensure that attendance and engagement remained high during the College Closure.

Risk 8 - Failure to Improve Outcomes:

KH informed the Committee that the score had been reduced from 12 to 8 following a successful virtual parents evening and positive feedback form the parental surveys.

Risk 11 - Effective Management of the Nursery Closure:

KH confirmed that the description of the risk changed from considering the risks associated with the financial viability of the nurseries, with the scoring changed to reflect the new detail of the risk. The overall risk was lowered from 10 to 9 with an impact score of 3 and a probability score of 3. The closure dates were confirmed with SMC scheduled to close at the end of March and Wensley Fold at the end of July.

KH confirmed that the remaining risks remained unchanged, highlighting any additional actions undertaken to ensure on-going mitigation and minimisation where possible and invited questions from the Committee.

A member asked if there were plans for the nursery building when the nursery closes. KH advised that the short term availability of the premises meant it would be unlikely any other nursery provider would want to utilise the facility as parents require security of service for their children, making uptake unlikely. It was confirmed that the Wensley Fold premises was rented meaning SMC would not have any control over the future use of the facility.

KH was thanked for her clear summary.

Item 5 - Noted: The Committee noted the details of the report.

ITEM 6 - REPORT FROM RSM'S IBR

The clerk advised the Committee that the report had not yet been made available. KH advised that the review work had been completed with RSM now undertaking the process of writing and having the report reviewed and quality checked, with its release expected imminently.

Board Chair and Attendee MC informed the Committee that it had been expected by now, and in the absence of the report, provided a summary of involvement, adding that the meetings had gone well, with it hoped that the release of the report would provide additional support and clarity, with no problems expected as a result of its release.

Item 6 - Deferred: The Committee noted the verbal update and the report would be deferred.

ITEM 7 - UPDATED INTERNAL AUDIT PLAN

KH informed the Committee that there was no work scheduled for the internal auditors. This would be reviewed once the IBR from RSM was issued as this would highlight any areas of need. KH reminded the Committee that the level of external scrutiny and the number of reviews recently had provided the Board with substantial assurance of compliance in key areas. It was proposed that any work planned in would need to be beneficial and relevant to the processes the College is going through now and not duplicate the work done by other agencies.

Attendee, Board Chair, MC advised the Committee that following the release of the report from RSM, issues where internal audit would be supportive would be initiated and put to the Committee for approval. MC also advised that the only Internal Audit work due was a review of the system of

control over the funding claims process, however, it was noted that the process was currently working well with Resources Chair and Finance Link Governor, SB reviewing the request ahead of submission. Therefore with no timeframe for this requirement, there was no immediate need for this work to commence.

KH agreed that the allocated days should be used for worthwhile reasons, focusing on the outcome of the RSM IBR initially.

A member asked who RSM were answerable to with KH confirming that this would be the ESFA as they had been instructed by them. **A further question was asked as** to whether it was thought that the ESFA were satisfied with the progress, with Board Chair MC indicating that the funding was continuing therefore it was considered indicative of satisfaction of the work undertaken.

MC explained that RSM were looking at the strategy plan to ensure there was a cohesive plan in place with no indication to date that the plan is insufficient in any area; however there may be areas that can be added to and this could only be ascertained through the report.

Item 7 - Noted: The Committee noted the verbal update.

ITEM 8 - INTERNAL AUDIT ROLLING ACTIONS SUMMARY

KH detailed the only item outstanding from the internal audits completed related to health and safety. It was noted that the policies highlighted in the recommendation were in place; however, a process was underway to review them against those now available to the College through their subscription to the BwD Health and Safety Service. This was to ensure parity and to consider enhancements to the SMC policies and not indicative of any non-compliance. With the local authority service being predominantly available to schools, a number of the policies were school specific and not comparable. This action was now being supported by the newly appointed Estates Manager with the support of the Health and Safety Lead and PA to the Principal, responsible for overall policy compliance.

With no questions or comments, the update was noted.

Item 8 - Noted: The Committee noted the update on the rolling internal audit actions.

ITEM 9 - GDPR TERMLY REPORT

The Clerk as DPO advised the Committee that since the last meeting, the majority of the work undertaken had been in preparing for closure including data minimisation, with further clarity still required regarding the retention periods for a closing College. It had been confirmed that the responsibility for the records that needed to be maintained post closure would fall to the ESFA, however, identifying what was deemed essential was still unclear.

A member asked what proportion of the records were paper against digital, with the clerk confirming that it was anticipated that there would be digital versions of most of what is expected to

be transferred, however, there continued to be a large amount of paper records. The clerk confirmed that these were within their retention periods for an on-going business but may not be deemed essential once closed. The clerk advised the Committee that the GDPR working group had discussed the feasibility of uploading all paper records to a digital format as the ESFA indicated that the costs associated with the transfer and storage meant that where possible, minimised and electronic data should be transferred. The conclusion of the group was that this needed to be considered against the staff time and resource to scan and upload these, with it unlikely that there would be sufficient resource to do this. **The member advised** that there were services that could be utilised at minimal cost to undertake this work.

A member added that they had thought that the GDPR training provided had been user friendly, with the DPO confirming that this would be supplemented for staff with further training on the safe use of IT systems and recommended storage of information ahead of closure. This was intended to ensure compliance with destruction schedules and simplify the task for the DPO and IT manager once the College closes.

Item 9 - Noted: The Committee noted the detail of the GDPR update.

ITEM 10 - FINANCIAL UPDATE

KH informed the Committee that the report provided was the commentary from the latest monthly management accounts, reminding the Committee of the requirement to provide a budget update at least quarterly. KH drew attention to the overall reduction in the deficit with savings to date of £24,393.

KH worked through the detail of the variance as outlined within the report, noting the increased general education budget by £7750, with savings from online delivery and reduced copying costs offset by the need to upgrade IT equipment and provide additional resources including webcams, laptops and microphones to facilitate online lesson delivery.

The increased premises costs of £8000 were attributed to the increased gas costs, as a result of needing to heat the building whilst maintaining ventilation in accordance with the COVID -19 risk assessment. KH added that the costs did reduce during the lockdown closure, but not as much as hoped as there was a need to dry out the areas affected by the roof leaks, with repairs now almost complete.

The savings from teaching costs were presented as £15,000 year to date with the online delivery methods resulting in reduced photocopying and physical resources for students. Other savings were seen in administration and training, with online CPD having significantly lower costs than face to face programmes, saving £3000.

It was highlighted that the leisure centre cost of £395 was the difference between what was paid to the furloughed staff and what had been claimed on the furlough scheme, with the centre now closed with no further costs to be incurred.

The nursery budget increase at SMC was due to the transfer of students to the Wensley Fold site, therefore all associated income had also been transferred. The budget increase of £9,360 at SMC was offset against the increased income and reduced deficit overall at Wensley Fold, which was more efficient with less staff, with a saving of £21,227. It was also noted that final costs for the Park nursery had now been received, and the anticipated deficit of £7000-£8000 had been reduced to a final deficit in the region of £5000, with a further saving of £2000.

The HE budget saw a saving of £6309 due to not needing to fund and evening receptionist whilst teaching was taking place online.

KH advised the Committee that the College would continue to identify savings wherever possible, noting it may be possible to consider further savings, pending the outcome of the RSM IBR. This was due to money built in for legal and closure costs that had not been fully utilised, which will be reviewed once the report from RSM was received.

A member commented on how well everything had gone, thanking KH for her clear and concise summary, with another **member asking** when the redundancy consultation would end and if more were built into the teach out plan.

KH confirmed that the redundancies made to date were in small areas, with the full teaching staff consultation having now commenced. KH stated that the College had already identified how many staff would go by the end of the academic year. The applications for voluntary redundancy were already being received with the process not yet closed, with staff due to be notified by the end of April if they would be required for August with those still employed in August needed until closure. **A member asked** if there would be a limit on the number of those able to access redundancy, with KH confirming there was a limit with applications being considered on individual basis.

Item 11 - Noted: The Committee noted the financial update.

ITEM 12 - WHISTLE BLOWING POLICY AND PROCEDURE

KH asked members to review and approve the annual refresh of the Whistle Blowing Policy and Procedure. **A member asked** why this was on the agenda having been on in December, with KH advising that only the elements within the financial regulations had been approved, with the need to approve the standalone policy and procedure for staff on an annual basis.

A member asked if it was based on something that had worked before or a newly written policy, with KH advising it was a refresh of the existing policy, which was broadly standard across the sector, with minor amendments made to reflect the current job roles and titles.

With no further questions or comments, the Committee resolved to recommend the policy and procedure to the Board for approval.

Item 12 - Approved: The Committee would recommend the Board of Governors approve the whistle blowing policy and procedure.

ITEM 13 - ANY OTHER BUSINESS

In the absence of the auditors, the clerk suggested conducting a brief review of the performance of the auditors. The committee held detailed discussions about various aspects of the performance of the external auditors summarised as follows:

- Knowledge of the College and sector: The auditors were considered to have sound knowledge of the sector and knowledge of the situation of SMC which could not be easily replicated. This was balanced with changing management that ensured on-going objectivity and avoided overfamiliarity
- Communication: Staff were professional and courteous in their communications, however, communication towards closure had become fragmented. Concerns were raised over the miscommunication of the availability of the completed documents
- Issues raised: Consideration was given for the timing of the completion - possibly delayed due to unavoidable parental leave. Internal processes within the audit firm were considered to have delayed closure, acknowledging the difficult and unfamiliar circumstances which were being worked through
- Field work: Conduct and communication during the remote audit was considered excellent. The processes of the remote field work was reviewed and staff working with the auditors felt this had been well conducted and efficient

The Committee concluded that the performance of the auditors had been good overall; maintaining their decision to extend the contract until closure.

Item 13 - Resolved: The Committee resolved to recommend their evaluation of the auditors to the Board of Governors

The meeting closed at 10am