

FINANCIAL STATEMENTS TAKE AWAY CONTROLS CORPORATION

Meeting

AUDIT COMMITTEE

Thursday 27 February
2020

Time

18.00

Date

Anderson

Prison: Maha Velrome David Peino 4by video conference: Cellium

Chief Executive Officer (CEO) responsible for the company's overall performance and strategy. The CEO is responsible for the company's financial performance and for ensuring that the company's operations are in line with its strategic objectives. The CEO is also responsible for the company's relationship with its shareholders and for ensuring that the company's financial statements are accurate and reliable.

75%

Attendance at meeting

ITEM

APOLLO E-FORCE INC

scores had changed and those where the risk score had increased were the matter of particular focus for the Committee.

colleges whose finances had been seriously prejudiced by high levels of subcontracting ; the consultation proposed that a cap on permitted levels of subcontracting be set at 25% of ESFA post 16 income in 2021/22, further reducing that percentage to 17.5% in 2022/23 and to 10% in 2023/24. It was noted that the College is developing a plan to mitigate the potential loss of this funding by increasing the proportion of provision that it delivers directly, in both devolved and non-devolved areas.

Members of the Committee asked questions about other risks in the register. In relation to **Risk 6** (*Damage to college reputation resulting from current financial difficulties leading to strained relationship with key stakeholders and suppliers, adverse press reporting, negative impact on enrolments and employer engagement, impact on staff morale and potential loss of key staff*), it was asked about the current degree of creditor stretch and how that would be managed in the light of the financial restructuring and recent capital disposal. The COO commented that no suppliers would be beyond 60 days payment terms other than those with agreed repayment arrangements. It was expected that 30 days payment terms would be achieved by the end of April. In relation to **Risk 14** (*Failure to ensure that the quality of education is at least Good at the next inspection and consequential impact on the College reputation and student recruitment* (score of 12) and whether there were other mitigating actions that could be taken. The CEO commented that this reflected the most recent College Self-Assessment Report (SAR), which

had been very honest in its SAR judgement and the CEO acknowledged that there was lots to do in terms of curriculum quality. The College had not been helped by the continuing difficulties in appointing a permanent Deputy Principal for Curriculum and Quality but she was pleased to advise the Committee that the recent interview panel for the role had been able to

last year. There was discussion of the recommendations relating to the need to update the College Asset Register: the COO said that there would be a major focus on completing this by the end of the year.

RESOLVED: that the reports on the implementation of internal and external audit recommendations be noted.

8. REPORT OF PAYROLL INCIDENT TO THE AUDIT COMMITTEE

The Committee received a report about a recent incident involving payroll arrangements at the College. The incident had involved a significant over-payment of payroll to a member of staff who waVE1 Td9/TT0 12 Tf 36ds08.42 95.184 r 606.31ErBiterTTslemth42 606.3T Q q 58.0

In discussion it was noted that the College was not happy with its HR/Payroll systems which were expensive to licence (c£200k p.a.) and as had been shown, did not provide the necessary systems safeguards. The existing supplier contract expired in 2021 and there would be fresh look at the market for more effective and value for money systems. It was noted that many of the individuals who had been involved in the original implementation of the systems were no longer at the College.

Internal audit confirmed that core financial systems including payroll had been examined last year as part of the audit programme. T

examined systems integrity in relation to payroll processing and whether it had found the problems that become evident. The Committee commented that it was surprising that audit had provided the opinion it had given subsequent events. Internal audit commented that these aspects would have been covered as part of the audit and the recommendations covered in the follow-up report. The Committee requested that a more detailed audit be undertaken in the current year so that it could obtain more robust assurance going forward.

It was **AGREED** that Mazars would review the audit plan for the current year with College management to create the necessary capacity for a further review of payroll core systems. They were also asked to provide a note of the scope of the last payroll audit that was carried out in 2018-19 and to confirm what controls had been reviewed and tested, and why significant control weaknesses in the authorisation of the payroll were not identified during the audit (**ACTION: Mazars**).

9. FRAUD REPORT

Management confirmed that there were no recent incidents of fraud at the College.

10. ANY OTHER BUSINESS

There was no further business and the meeting closed at 19.27.

11. DATE OF NEXT MEETING

The next meeting would take place on Tuesday 7 July 2020 at 18.00.

12. **CONFIDENTIAL ITEM {to be redacted from the published minutes}**
Representatives of audit firms withdrew from the meeting at this point.