



WOODHOUSE
COLLEGE

Annual Report of the Audit Committee

2019/20

1. Introduction

Under Item 19 of the Joint Audit Code of Practice (March 2018), the Audit Committee must *'produce an annual report for the Corporation, summarizing the committee's activities relating to the financial year under review, including*

- *A summary of the work undertaken by the Committee during the year*
- *Any significant issues arising up to the date of the preparation of the report*
- *Any significant matters of internal control included in the reports of audit and assurance providers*
- *The Committee's view of its own effectiveness and how it has fulfilled its terms of reference*
- *The Committee's opinion of the adequacy and effectiveness of the corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets*
- *Submit the annual report to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed.'*

2. Period Covered

This report covers the audit year ending 31 July 2020.

3. COVID-19

Due to the COVID-19 pandemic and subsequent lockdown, this has been an unprecedented year. The College closed its doors at the end of the spring term and students and staff migrated to online learning. A Level exams were cancelled and students were issued grades by the College.

At its meeting of 23rd March 2020, the Board amended its Instrument & Articles to allow governor meetings to take place via telephone or video-conference and decisions to be made by written resolution. From the 23rd March, all governor meetings took place via Microsoft Teams.

4. Membership

The Membership of the Audit Committee during the year comprised of:

- Heidi Dixon (Co-opted Member)
- Funmi Esuola (from 28th October 2019)
- Zubair Shaikh (Chair)
- Matthew Konneh (Vice Chair – appointed 16th September 2019)
- Angela Hille.

In addition to this, the Principal, Director of Business Operations and Clerk to the Corporation were *in attendance*. Representatives of Buzzacott also attended meetings where appropriate.

5. Meetings

The Audit Committee met four times during the academic year:

- 16th September 2019

- 18th November 2019
- 20th January 2020
- 18th May 2020 (via Microsoft Teams).

6. Attendance

All meetings held were quorate, with an average attendance of 94%, which is higher than the Board's average attendance of 82% and the committee's attendance in previous years.

7. Terms of Reference

The Terms of Reference for the Audit Committee were reviewed in September 2019 and noted by the Board at its October meeting. The Committee has a number of standing items at each meeting, which include a review of the audit action plan, risk management and reports on fraud, health & safety and GDPR.

8. Internal Audit

At its September meeting, the Audit Committee discussed the Internal Audit Plan for 2019-20, as drafted by Buzzacott in consultation with the College. Buzzacott has previously reminded the Committee that there are now greater 'freedoms' available and the internal audit could be tailored to the needs of the College. Therefore, various amendments suggested by the Committee were subsequently agreed with Buzzacott and confirmed at the January meeting.

The areas to be reviewed as part of the internal audit were:

- Follow up work – GDPR action plan
- Risk management
- Free school meals and bursary
- Safeguarding
- Senior management expenditure
- Student Learner Numbers.

However, due to the COVID-19 outbreak and subsequent College closure, the only area to be covered within the internal audit was safeguarding. This decision was made jointly by Buzzacott and the College. Buzzacott confirmed that the College will only be invoiced for the hours that have been worked, not the original amount.

The Committee received a brief report from Shachi Patel, Buzzacott, at its May meeting. Carol Kirkland informed the Committee that the recommendations as a result of the audit had been added to the audit action plan.

Shachi informed the Committee of a new requirement under the Joint Audit Code of Practice that prohibits the same organisation conducting both the internal and external audits. It was agreed that Buzzacott should continue to conduct the external audit and the College should go out to tender for a new internal auditor in the autumn term. Therefore, tendering will be discussed at the first meeting of the Audit Committee in 2020-21.

9. Financial Statements Audit

The Committee discussed the Financial Statements Audit Report at its November meeting, at which Shachi Patel, Buzzacott, was present.

The objectives of the audit were to:

- give an opinion on the financial statements of the College for the year ending 31st July 2019;
- form an opinion on whether funds given for specific purposes had been properly applied for the intended purpose and managed in accordance with appropriate legislation;
- form an opinion on whether funds provided by the ESFA were applied in accordance with the Financial Memorandum and other terms and conditions.

The auditors were of the opinion that *“the financial statements give a true and fair view of the state of the College’s affairs as at 31 July 2019 and of its deficit of income over expenditure for the year then ended and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.”*

10. Regularity Audit

The Regularity Audit was conducted in accordance with the Joint Audit Code of Practice and the Regularity Audit Framework issued by the ESFA. The review included examination, on a test basis, of evidence relevant to the regularity and propriety of the College’s income and expenditure.

The Regularity Audit opinion was that *‘nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.’* ^[L]_{SEP}

There were no issues arising that the Auditors wished to bring to the attention of the College.

11. Financial Regulations & Procedures

Usually the Committee would review and approve updated versions of the College's financial regulations and procedures annually. However, as the College is planning to academise on 1st January 2021, it was agreed that the current Financial Regulations and Procedures should continue to be used until academisation. It was also agreed that the Financial Procedures should be approved at management level and only the Financial Regulations are presented to the Committee for approval.

12. Risk Management

The Audit Committee reviews the risk management plan at each of its meetings, discussing each risk in detail, along with the mitigating actions and residual risks.

In March 2020, a separate ‘pandemic risk plan’ was drafted by the Principal.

Covering areas such as safeguarding, reduced enrolment in September 2020 and the academic impact on students, the Committee considered this plan in detail and will continue to do so in 2021.

The Audit Committee is able to provide assurance to the Board that the College has a robust process in place for risk management.

13. Health & Safety and Environment

The Audit Committee considers a report on health & safety and environment as a standing item on each agenda. Reports in 2019-20 included information on a small number of accidents, including some that were as a result of the leak in the sports hall roof. The College took the decision to cancel some lets until the leak was located and repaired.

The Committee also approved the College's health & safety policy at its January meeting, noting that this remained largely unchanged from previous years.

The Audit Committee can give assurance to the Board that health & safety and environment are managed effectively.

14. Fraud

The Audit Committee considers a report on fraud as a standing item on each agenda and reviewed and approved the College's anti-corruption and fraud prevention policies at its November meeting. Therefore, the Committee can give assurance to the Board that adequate procedures are in place to minimise the risk of fraud.

15. GDPR

The Audit Committee receives a report on GDPR at each meeting, which includes the number of data breaches and subject access requests along with feedback from meetings of the GDPR working party, staff training and policies and documents. The Committee noted that one breach had been reported to the ICO and a number of recommendations had been put into place as a result of this.

The Committee approved the College's Data Protection Policy and subsequent appendices at its November meeting. Buzzacott conducted an audit of GDPR in 2018-19 and the majority of recommendations have now been implemented by the College. Therefore, the Committee can give assurance to the Board that GDPR is managed effectively at the College.

16. IT

At its November meeting, the Committee considers the IT risk register, discussing the key risks and the mitigating actions in detail. The IT risk register remained largely unchanged from previous years, but the Committee was informed of the College's migration to Office 365, which has increased the security of emails.

At its May meeting, the Committee is informed of all IT outages that have

taken place over the last year, whether planned or unplanned. The Committee also noted the large amount of work undertaken by the IT team to migrate all staff to remote working.

17. Conclusions

On the basis of the information presented to the Committee as referenced above, the Audit Committee expresses the opinion that the College's systems of internal control and its arrangements for risk management, health & safety and the environment are adequate and effective.

Once again, the Committee commends the College for its outstanding efforts in continuing to manage a very effective, efficient and safe college.

18. Approval

This document was recommended for approval by the Audit Committee on **14th September 2020**, then agreed and approved by the Board of Governors on **19th October 2020**.