

## Audit and Risk Committee (ARC)

9.30am Tuesday 27<sup>th</sup> April 2021 via Zoom

**Attendees:** Andrew Majury (Chair), Joanne Smithson (Trustee), Simon Jarvis (CEO), Paul Edwards (Finance Director), Richard Foster (Audit and Risk Committee Member), Muir Laurie (Audit and Risk Committee Member), Alan Poole (Director of Operations)

**Present:** Kate Thomlinson (Clerk)

Meeting opened 9.30am

### 1. Standing Items

**Apologies:** None

**Declarations of Interests not previously declared:** No further interests declared

**Safeguarding:** None

**Approval of Minutes:** 16<sup>th</sup> December 2020 Minutes approved

#### Matters Arising:

- PE to circulate final copy of 2019/20 Financial Statements – *completed*
- PE/LJ to review internal audit recommendations and report to April 2021 ARC for recommendation to Trust Board – *item 3.1 on this agenda*
- PE/KT to document Business Continuity Plans and update Disaster Recovery Plans within the next year – *ongoing*
- PE to circulate this year's Internal Action Plan - *completed Feb 2021*
- PE/LJ to discuss 2020/21 internal audit timeframe for a decision before April 2021 ARC – *item 3.3 on this agenda*
- KT to circulate the most recent Risk Register – *completed Feb 2021*
- AM/SJ to discuss ARC review regularity of Risk Register – *agreed that the Risk Register be discussed at every ARC and reviewed at Board on a biannual basis. For further details on this discussion, see item 4.*

### 2. Management Accounts

#### 2.1 First Half Management Accounts

The management accounts were accepted as reflecting a positive financial position. The reporting of non-financial key performance indicators was raised. Currently there are plans to develop a 'Dashboard' accessible by all interested parties. Unfortunately the project was put on hold because of COVID priorities but will be picked up again soon. ARC will be involved in deciding which KPIs should be included.

Write-offs were discussed, as although they are at very low levels, there is a new government initiative, 'Breathing Space', initiating 4<sup>th</sup> May. This may lead to a rise in bad-debts and careful consideration will need to be given to how debtors are dealt with.

**Committee Action:** ARC reviewed the financial half year position and noted no issues.

**Action:** PE to advise ARC of the details of the £517 write-off.

## 2.2 Financial Forecast

Overall the financial forecast is strong with a predicted surplus of between £300k and £350k. However, this is lower than last year. Cash balances are good but forecast to reduce as CAPEX increases. TPT has not yet heard if the CIF bids have been successful.

A significant risk is posed by the catering contract at SFCF which is a Managed Service Contract. So far TPT has incurred around £90k of costs due to COVID disruption, it is forecast there could be a further £50k loss. It was acknowledged that this is a problem for colleges around the county, most of which are on similar contracts. It was further noted that the potential costs could have been higher had it not been for some catering staff leaving and the furlough scheme. A different contract will be negotiated to start October 2021, which may reduce potential profit but will reduce risk. Further non-catering COVID costs are likely to be low.

## 3. Audit

### 3.1 Internal Audit Recommendations

The internal audit recommendations have been reduced to four key areas; Estates, Support Services, Business Continuity and Health & Safety. It was agreed the summary was very useful.

**Committee Action:** ARC approved the revised follow up recommendations of internal audit.

### 3.2 External and Internal Audit Appointment

The process and timeline for the appointment of auditors was discussed. It was agreed that changing both internal and external audit in the same year created unnecessary risk. It was further agreed that internal and external audit should be provided by different suppliers, as is the case currently.

**Committee Action:** ARC agreed to market test for external auditors in time for approval at the December AGM

**Action:** PE to formulate timeline to enable market testing for external auditors for approval at June ARC.

### 3.3 Development of Internal Audit Plan

One additional change to the internal audit plan was noted, namely IT security. Mazars' IT specialist team will carry out this audit over 10 days. This results in an increase to the internal audit plan of 5 days.

**Committee Action:** ARC approved the scope, timeframe and additional cost for internal audit.

#### 4. Risk Register

The risk register has been revised to cover new, emerging and increasing risks. The aim being to make this a more useful document focusing on the effectiveness of the actions being taken.

AP has now taken over the co-ordination of risk reporting in TPT. There will be a focus on assessing the Trust Board's appetite for risk across the Trust and creating a Risk Assurance Framework. ARC will carry out the detailed work on risk and make recommendations to the Board twice a year. However, if risks arise that are outside tolerance, they will be reported to Board outside of the usual cycle.

**Committee Action:** ARC approved the current risk register as covering all new, emerging and increasing risks.

**Action:** AP to prepare a paper for June ARC reporting on the assessments of risk across the Trust following a meeting with SJ.

#### 5. Calendar

10am, Wednesday 16<sup>th</sup> June 2021 Audit and Risk Committee

9.30am, Tuesday 22<sup>nd</sup> June 2021 Trust Board and Advisory Forum