

Minutes Part I

Audit Committee	
Meeting Time and Date	0830 on 20 November 2018
Meeting Location	Room H2, Enfield
Present	Robert Howard (Chair) Guy Jones-Owen (Vice Chair) Beryl de Souza Avnish Savjani (Buzzacott) Paul Goddard (Scrutton Bland) Mark Smith (Scrutton Bland) Malcolm Goodwin (Principal) Christine Bianchin (Academic) Susanne Datta (HR) Damien Fallon (Finance) Joanne Coffey (Clerk)
Apologies	Richard Prowse (Facilities)
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	Action
<p>1. Apologies</p> <p>1.1. Apologies were given for Richard Prowse.</p>	
<p>2. Declaration of Interests</p> <p>2.1. None.</p>	
<p>3. Minutes (Decision)</p> <p>Resolved to</p> <p>3.1. Approve the minutes of the Audit Committee meeting held on 18 June 2018 as a correct record and authorise the Chair to sign them.</p>	
<p>4. Matters Arising</p> <p>4.1. No matters were discussed.</p> <p>AGENDA ITEMS WERE RE-ORDERED TO RECEIVE THE EXTERNAL AUDITORS' REPORTS FIRST</p>	

<p>5. Regularity Audit Self-Assessment Questionnaire 2017-18 (Decision)</p> <p>5.1. Buzzacott, the External Auditors, met with the College in August 2018 and were satisfied with the College's self-assessment on regularity.</p> <p>5.2. Governors requested that the College response in relation to episodes of fraud in the Regularity Self-Assessment questionnaire be amended from 'not reporting' to 'not applicable' when no events of fraud have taken place.</p> <p>5.3. The document was subsequently amended and signed by the Principal and Chair of Governors on 21 November 2018.</p> <p>Resolved to</p> <p>5.4. Approve the Regularity Audit Self-Assessment Questionnaire for 2017-18 and recommend it to the Governing Body for approval and its submission to the Education and Skills Funding Agency (ESFA).</p> <p>Paul Goddard joined the meeting.</p>	<p>Governing Body (Appendix I)</p>
<p>6. Review of Areas Susceptible to Fraud (Decision)</p> <p>6.1. As part of the financial statements audit, the auditor is required to obtain a representation from the Governing Body in the format set out in the current year and three year history of fraud and attempted fraud.</p> <p>6.2. The Committee discussed the benefits of contactless payment systems in reducing scope for fraud. The College monitors all income and adapts to the appropriate payment systems as needs arise.</p> <p>6.3. Contactless payment systems are working effectively for some functions at the Enfield Centre and are to be installed at all other Centres in 2019.</p> <p>6.4. Governors requested that the new Head of Enterprises and Commercial Operations along with the new Finance Manager conduct a tender on Contactless payment systems to ensure maximum cost savings. Guy Jones-Owen to provide advice in this area.</p> <p>Resolved to</p> <p>6.5. Agree the Fraud Review Schedule for 2017-18 and recommends it to the Governing Body for adoption.</p>	<p>Finance / Guy Jones-Owen</p> <p>Governing Body (Appendix II)</p>
<p>7. Post Audit Management Reports 2017-18 (Decision)</p>	

<p>7.1. Buzzacott identified no material issues during their audit of the College and its subsidiary companies as expressed in their post audit management reports for Capel Manor College, Capel Manor Ltd and Forty Hall Community Vineyard Ltd.</p> <p>7.2. Buzzacott found the College's pension deficit to be on par with the FE sector's Local Government Pension Scheme (LGPS) benchmarked data; the 2018 operational surplus of £748k excludes the LGPS actuarial gain.</p> <p>7.3. Governors requested that the examples of scenarios in relation to regularity where concerns may arise, provided in the March 2018 ESFA Post Audit Code of Practice, be circulated to the Committee.</p> <p>7.4. Buzzacott concluded that the statutory financial statements indicate the College's financial health would be graded as Outstanding (the highest grading).</p> <p>7.5. Governors commended the work of the Executive Director of Finance and his team on the outcome.</p> <p>Resolved to</p> <p>7.6. Approve the Post-Audit Management Reports issued in respect of the College, Capel Manor Limited and FHCVL for the year ended 31 July 2018 and recommend them to the Governing Body for approval.</p>	<p>Governing Body (Appendix III)</p>
<p>8. Report and Financial Statements 31 July 2018 (Decision)</p> <p>8.1. The Report and Financial Statements for Capel Manor College, Capel Manor Ltd and Forty Hall Community Vineyard Ltd were received by the Committee to approve the strategic narrative of the accounts.</p> <p>8.2. The Mission, Vision and Values have been included in the College's accounts to showcase its strategic focus.</p> <p>8.3. The Key Performance Indicator for staffing costs has been flexed to improve the breadth and depth of skills within the College but remains ≤65%.</p> <p>8.4. The College is currently assessed by the ESFA as having a Good financial health grading which is demonstrated in the financial statement, but this may be subject to change given the excellent end of year results.</p> <p>8.5. As Governors are also Charity Trustees of the College, they requested more focused training in this area, to include:</p>	

<p>10. Review of Terms of Reference (Decision)</p> <p>10.1. The Terms of Reference were amended for membership to also not include Student Governors.</p> <p>Resolved to</p> <p>10.2. Accept the amended Terms of Reference as attached and recommend them to the Governing Body for adoption.</p>	<p>Governing Body (Appendix VI)</p>
<p>11. Internal Audit Reports 2017-18 (Decision)</p> <p>11.1. Scrutton Bland, the College's Internal Auditors, reported on the remaining audits for the Internal Audit Plan 2017-18.</p> <p><u>Capital Projects</u></p> <p>11.2. Capital Projects received a Significant assurance opinion (their second highest), with only one recommendation to conduct full post-implementation reviews to ensure that intended benefits and efficiencies have been achieved and learnings carried over to new projects.</p> <p>11.3. To strengthen this process, the College endeavours to assemble knowledge throughout the project to ensure lessons learnt are not only retrospective but captured and acted on in real time.</p> <p>11.4. The Audit Committee recommend that the Finance and General Purposes Committee consider how they wish to process lessons learned from capital projects, including whether F&GP wish to delegate any aspects to the Audit Committee, and also the degree of engagement appropriate for the Governing Body.</p> <p><u>Quality Management</u></p> <p>11.5. Quality Management received a Significant assurance opinion.</p> <p>11.6. A recommendation to reduce data protection risk by ensuring minimal manual uploads to the SMART Assessor software, which tracks students' progress, has been resolved. Staff are now more experienced and confident with their use of the software.</p> <p><u>Learner Records (Apprenticeships)</u></p> <p>11.7. Learner Records (Apprenticeships) received a Significant assurance opinion. Scrutton Bland noted that Capel's processes are one of the 'cleanest' it had reviewed.</p>	<p>Finance and General Purposes Committee (spring 2019)</p>

<p>11.8. The recommendation to have a further signed agreement between the employer and the apprentice has been completed.</p> <p>11.9. The recommendation to complete a costing exercise on apprenticeship courses, to ensure course fees are justified in the event funding is peer challenged, will be completed in January 2019.</p> <p><u>Commercial Activities</u></p> <p>11.10. A Reasonable assurance was given to Commercial Activities, which derives from potential missed opportunities. Scrutton Bland's review found that there are a significant number of opportunities available to increase non-core income, but that detailed strategies to inform and guide non-core growth are required.</p> <p>11.11. The College has recognised the scope for growth in its commercial areas and will be dedicating time at its next staff conference to focus on these exciting plans.</p> <p>11.12. A working group has been formed to develop a Marketing and Income strategy for the College which is expected to be completed by July 2019, and this will be reviewed in the spring 2019 audit.</p> <p>11.13. The Committee suggested that along with volunteers, to mitigate costs, that student involvement in commercial activities (as part of their curriculum) would showcase Capel's educational significance.</p> <p><u>General Data Protection Regulations (GDPR)</u></p> <p>11.14. Scrutton Bland's audit on GDPR is advisory rather than an assurance audit (due to it only recently coming into force in May 2018). A full audit will be completed in spring 2019.</p> <p>11.15. The College deems the new GDPR regulations to be of high importance due to the nature of the highly sensitive data held, the enhanced scrutiny of this area and the increase in the maximum fines and potential for reputational damage.</p> <p>11.16. The auditor's report contained two High, two Medium and one Low recommendation. Governors strongly challenged the auditor's report as it was deemed imperative to ensure the highest level of focus is targeted at this important area.</p> <p>11.17. Staff GDPR training has now been completed for existing staff and new staff complete training within three weeks of employment. Training is tracked and monitored through the single central record.</p>	<p style="text-align: center;">Academic / Estates</p>
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<p>11.18. Although all data mapping will have been processed by December 2018 and the Data Asset Register will be completed by March 2019, Governors requested an earlier deadline to ensure any potential breaches are mitigated.</p>	<p>Principal / DPO</p>
<p>11.19. Relevant policies and procedures are still being updated for GDPR compliance. A Data Breach Policy is to be developed to provide the time-framed procedural steps to be followed to ensure any potential risks are immediately escalated. The Chair of Audit to share a template with the College.</p>	<p>Principal / DPO Chair of Audit</p>
<p>11.20. A GDPR Working Group to be formed which will formally document its meetings and work to a time-framed action plan to ensure the timely resolutions of the above agreed recommendations.</p>	<p>Principal / DPO</p>
<p>11.21. Governors questioned whether there is a need for external consultancy. In addition to advice from the Association of Colleges (AoC), the College's solicitors (Ashfords) will be advising on GDPR for the College.</p>	
<p>11.22. The Clerk made the Committee aware of a new JISCMail email group for Data Protection Officers in UK colleges (FE-DATA-Protection@jiscmail.ac.uk).</p>	
<p>11.23. Governors drew attention to ensuring that any data partners with the College, for example suppliers that receive staff or student data, are also adhering strictly with GDPR regulations.</p>	
<p>11.24. The College's Data Protection Officer (DPO) is currently the Director of Information Services and Student Support. The auditors suggest that stronger independence might be provided by an external DPO or by giving responsibility to the Clerk to the Corporation. A risk assessment will be completed by December 2018 in respect of the independence of the current DPO and Strategic Lead for GDPR, in the context of their daily roles and responsibilities that relate to GDPR.</p>	<p>Principal</p>
<p>11.25. Further direction on progress with the College's GDPR plans is to be circulated to the Audit Committee prior to the 12 December 2018 Governing Body meeting or by the end of the autumn 2018 term.</p>	<p>Principal/Clerk</p>
<p>11.26. Governors advised that the general use of 'Consent' as a legal reason for possessing staff/student data, is best avoided since such consent can be withdrawn. In the private sector, 'legitimate interest' is most commonly used as the legal reason.</p>	<p>DPO</p>
<p>Follow Up</p>	

<p>11.27. A Health and Safety recommendation was increased from Low to Medium due to the nature of the risk (as they related to fire evacuation drills and emergency lighting tests).</p> <p>11.28. Heads of Centre and Centre Managers are responsible for maintaining comprehensive records of fire drills and lighting tests via standardised paperwork.</p> <p>11.29. The new Head of Centre for Enfield will seek to review the record-keeping at Enfield.</p> <p>Resolved to</p> <p>11.30. Approve the reports issued by Scrutton Bland as part of the College's 2017-18 Internal Audit Plan in respect of Capital Projects, Quality Assurance (Apprenticeships), Learner Records (Apprenticeships), Commercial Activities, GDPR and Follow up.</p>	
<p>12. Internal Audit Annual Report 2017-18 (Decision)</p> <p>12.1. Scrutton Bland gave Green reasonable assurances to the key areas of Risk Management, Governance, Internal Control and Efficiency and effectiveness. Due to the nature of risk never being absolute, this is the highest assurance that can be given.</p> <p>Resolved to</p> <p>12.2. Approve the Internal Audit Annual Report for the year ended 31 July 2018.</p>	
<p>13. Report of the Executive Director of Finance (Decision)</p> <p>13.1. The College will conduct a tender process for the appointment of the external auditors in February 2019 and the panel will include the Chair of Audit, a member of the Audit Committee, the Chair of the Finance and General Purposes Committee, the Principal and the Executive Director of Finance, supported by the Clerk.</p> <p>13.2. The current external auditors, Buzzacott, are to be included in the list of potential auditors.</p> <p>Resolved to</p> <p>13.3. Approve the proposed internal audit tender process.</p> <p>Paul Goddard and Mark Smith (Scrutton Bland) left the meeting.</p>	

<p>14. Internal Audit Service (Decision)</p> <p>14.1. The College's Internal Auditor's, Scrutton Bland, have provided good value over the past year.</p> <p>14.2. They have a large client base which provides a wealth of advice and experience to the College.</p> <p>14.3. The Performance Indicator table to be edited to transpose the incorrect date headings. This was completed following the meeting.</p> <p>Resolved to</p> <p>14.4. Confirm the evaluation of the performance of the internal audit service for 2017-18 to be good (the highest grade).</p> <p>14.5. Recommend to the Governing Body they confirm the appointment of Scrutton Bland to provide an internal audit service to the College for the 2018-19 year at a negotiated cost of £18,020, exclusive of VAT.</p> <p>Beryl de Souza left the meeting.</p> <p>Paul Goddard and Mark Smith (Scrutton Bland) re-joined the meeting.</p>	<p>Governing Body</p>
<p>15. Annual Checklist of the Audit Committee 2017-18 (Decision)</p> <p>15.1. Governors felt confident in confirming that the College achieved Value for Money after considering Scrutton Bland's Internal Audit Annual Report 2017-18.</p> <p>Resolved to</p> <p>15.2. Note that all criteria have been achieved.</p> <p>15.3. Confirm that Value for Money has been achieved.</p> <p>15.4. Report the outcomes to the Governing Body by attaching the Schedule to the minutes of this meeting.</p>	<p>Governing Body: for information (Appendix VII)</p>
<p>16. Annual Risk Management Report 2017-18 (Decision)</p> <p>16.1. The new Risk Register has been well received and is a positive driver for the College. It was noted that a number of new risks have been added and one deleted.</p> <p>16.2. The risk pertaining to unidentified allergens in food is to be moved from the responsibility of the Finance and General Purposes Committee to the Health and Safety Committee.</p>	

<p>This was amended following confirmation with these committees.</p> <p>16.3. A typo of the word 'Public' on the Risk Register to be corrected. This was amended following the meeting.</p> <p>Resolved to</p> <p>16.4. Recommend to the Governing Body in the Annual Report of the Audit Committee to the Corporation and the Accounting Officer for the year ended 31 July 2018 that risk management complied with the Risk Management Policy and risks were effectively managed during 2017-18.</p>	<p>Governing Body (Risk Register: Appendix VIII)</p>
<p>17. Annual Report of the Audit Committee 31 July 2018 (Decision)</p> <p>17.1. The Annual Report of the Audit Committee will be considered for approval by the Governing Body at its next meeting and then be submitted to the ESFA by 31 December 2018.</p> <p>17.2. Governors requested changes to the GDPR narrative to clarify that immediate attention is being given to this essential issue, and that the type of internal audit review was on an advisory basis rather than risk-based. These revisions were made following the meeting.</p> <p>Resolved to</p> <p>17.3. Approve the Audit Committee Annual Report 31 July 2018 and recommend it to the Governing Body for adoption.</p>	<p>Governing Body (Appendix IX)</p>
<p>18. Academic Quality Cycle</p> <p>18.1. The Academic Quality Cycle for 2017-18 will be completed in December 2018.</p> <p>18.2. The College has appointed two new Curriculum Quality Managers, Fernanda Chiappinelli and Sarah Seery, to manage this fundamental area.</p>	
<p>19. AOB</p> <p>19.1. No other business was discussed.</p>	
<p>20. Date of next meeting</p> <p>20.1. The next Audit Committee meeting will take place on Monday 11 March, 2019 at 0830.</p>	