Minutes
Part I

Audit Committee	
Part I minutes	

Meeting Time and Date	**0830 on 24 June 2019**
Meeting Location	**Room H2, Enfield**
Present	Robert Howard (Chair)
	Guy Jones-Owen (Vice Chair)
	Beryl de Souza
	Katherine Patel (Buzzacott)
	Paul Goddard (Scrutton Bland)
	Christine Bianchin (Academic)
	Susanne Datta (HR)
	Damien Fallon (Finance)
	Steven Girling (Estates)
	Malcolm Goodwin (Principal)
Observer	Tony Young
Minute Taker	Joanne Coffey (Clerk)
Apologies	None
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	Action
1. Apologies	
1.1. No apologies were received.	
1.2. Tony Young, who is being recommended to the Governing Body in July 2019 as Independent Member of Audit, attended as an Observer.	
2. Declaration of Interests	
2.1. None.	
3. Minutes (Decision)	
Resolved to	
3.1. **Approve the minutes of the Audit Committee meeting held on 11 March 2019 as a correct record and authorise the Chair to sign them.**	
4. Matters Arising	
4.1. Almost 100% of staff have received online training for the General Date Protection Regulations (GDPR). Those that had	

not, were either on long-term illness, maternity leave or new starters.	
4.2. An annual GDPR review will be reported at spring meetings from 2020, which will include a review of the independence of the process and role of the Data Protection Officer (DPO).	
5. Report of the Finance Director (Decision)	
5.1. Paul Goddard was congratulated for his promotion to Partner at Scrutton Bland which the Committee felt was well deserved.	
5.2. Paul will continue to manage internal audit at the College and will be assisted by Nicola Meadows of Scrutton Bland from 1 August 2019, who will lead on-site visits.	
Hadlow College	
5.3. As Hadlow College is the first college to be placed into educational receivership, audit lessons learned include:	
5.4. No chartered accountant on Hadlow's board.	
a) Capel Manor College currently has two chartered accountants on its board.	
5.5. Hadlow's 2017 Finance Record, which is submitted to the Education and Skills Funding Agency (ESFA) to enable them to confirm the financial stability of the college was not completed correctly. If it had been, it would have alerted authorities that support was needed.	
a) The Committee considered whether the College's Finance Record should be endorsed by an independent individual or agency, such as its External Auditors.	
b) As the College's new Finance Manager, who is a qualified chartered accountant and not a member of the Senior Leadership Team (SLT), could provide moderate independency, it was agreed to delegate this verification in-house.	
c) For Governance oversight, it was agreed to delegate confirmation of the Finance Record to the Finance and General Purposes Committee as part of its consideration of the Statutory Accounts.	
Resolved to	
5.6. **Agree that the Finance Record, to be submitted to the ESFA each year by 31 December, is approved by the Finance**	**Finance/ F&GP**

Manager and by the College's Finance and General Purposes Committee.

Developments in the regulatory environment

5.7. SLT have confirmed that all aspects of Annex D to the Post-16 Audit Code of Practice 2018-19 are sufficiently controlled by College processes and procedures, particularly the Anti-Fraud policy.

5.8. The Committee agreed to incorporate the Gov.uk's generic Checklist of Potential Indicators of Fraud into the College's Review of Areas Susceptible to Fraud checklist, from autumn 2019 onwards.

Resolved to

5.9. **Incorporate the Gov.uk generic checklist for education providers with the existing College Review of Areas susceptible to Fraud checklist into a single report for consideration by the Committee at its autumn meetings.**

Cyber security

5.10. As Cyber security is becoming a greater issue for colleges, it will be externally reviewed for 2019-20 and auditors will pass on recommendations to the College.

5.11. Cyber security infrastructure will be tested by October 2019 and the Finance and General Purposes Committees will monitor this growing area of concern.

6. Internal Audit Reports (Decision)

6.1. The College's internal auditors, Scrutton Bland, reported on three audits to complete the audit plan for 2018-19.

Learner Recruitment

6.2. Scrutton Bland gave a Reasonable assurance in assessing Learner Recruitment which included a mystery shopper exercise.

6.3. They considered that the College responds to prospective learner enquiries in a timely way and that the average time taken to process an application from enquiry to an accepted offer is approximately 37 days, which compares very favourably against many other colleges.

6.4. On recommendation by the internal auditors, the College now stipulates that student references are supported by the official

stamp (i.e. headed paper) of the institute providing the reference.

6.5.   Outstanding recommendations were to significantly review the manual application form, along with a consideration to take it online, to enhance the user's experience and encourage applications. Electronic forms would also avoid duplication of tasks.

6.6.   The audit area was assessed as Significant in 2015-16. The Committee recognised the paper application form had served its purpose and required updating and the application form has been undergoing a fundamental review, including consideration by the Equality and Diversity Committee.

6.7.   Online solutions have not been possible, until recently, due to technological challenges with the website and development of a new online application process is now underway.

6.8.   The Senior Leadership Team felt that the audit report status did not fairly reflect the excellent work and progress the Admissions Team had achieved.

Follow Up of Previous Recommendations

6.9.   A Reasonable assurance on the follow-up of previous recommendations was given by the internal auditors.

6.10.   The College did not implement a recommendation to reject procurement orders when there was no matching purchase order. Senior Leadership Team consider this to be a user issue, rather than a failure of systems and the process is being improved through training and challenge from Senior Leadership Team and as part of the new Finance Manager's new procedures.

General Data Protection Regulation (GDPR)

6.11.   GDPR was assessed as Significant by Scrutton Bland who felt that the College had made excellent progress in complying with the requirements of GDPR. This includes completion of its data mapping exercise and the development of a Data Retention Schedule.

6.12.   In response to the recommendation, all staff will complete GDPR training by 30 September 2019 and all new staff will complete the mandatory training within three months of their start date.

6.13.   As the Committee agreed that Governors should also complete the online same training modules as staff, the GDPR and | **Clerk**

	Equality and Diversity modules will be circulated to Governors for completion in July 2019.	
6.14.	The Chair and the Committee were pleased with the progress of GDPR which had been reflected in the audit.	
	Katherine Patel joined the meeting.	
	Resolved to	
6.15.	**Accept the Risk and Assurance Reports on Learner recruitment, Follow up on previous recommendations and General Data Protection Legislation issued by Scrutton Bland as part of the College's Internal Audit Plan 2018-19.**	
7.	**Internal Audit: Assurance Strategy and Annual Plan 2019-20 (Decision)**	
7.1.	The College's Internal Audit and Assurance Strategy and Annual Plan was produced through analysis of both the College and Scrutton Bland's proposals.	
7.2.	The plan focuses on high risk items facing the College and recorded on its Risk Register, including: audit management; risk management; governance; learner records and follow-ups on recommendations.	
7.3.	The College is strengthening its computer systems to tackle potential fraudulent or malicious acts and an audit on its anti-fraud systems will confirm processes are robust.	
7.4.	The Business Continuity Plan, being developed by the Estates management, will also benefit from this vital assessment.	
7.5.	As the College's High Needs provision has significantly increased in the last three years, this area will benefit from a review of its administration processes.	
7.6.	For learner records, the College has an established and strong management information systems (MIS) team, tried and tested checking processes for the individualised learner record (ILR) and an improved IT infrastructure. The audit assessment has been consistently 'significant' for several years.	
7.7.	The Committee agreed that this area might be audited bi-annually, with an option to return to annually if required by the Finance and General Purpose's committee or in response to concerns. This will provide additional audit time for other areas.	**(Governing Body to note)**
	Resolved to	
7.8.	**Approve the College Internal Audit and Assurance Strategy and Annual Plan for 2019-20.**	

8. Review of Overall Risk (Decision)	
8.1. The Committee was satisfied that the Risk Register needed no further amendment beyond those made through the sub-committees. **Resolved to** 8.2. **Make no amendments to the Risk Register.**	
9. Financial Statements Auditor's Planning Arrangements 2018-19 (Decision)	

9.1. Buzzacott, the College's external auditors, presented their External Audit Strategy to the Committee and confirmed that there is no threat to its objectivity and independence in completing the work.
 	
9.2. SLT confirmed that the timeline was manageable and no high risk areas were identified by Buzzacott.
 	
9.3. The Education and Skills Funding Agency's (ESFA) Regulatory Assurance Framework now states that colleges must explicitly consider:
 	
   a) whether the ESFA Insolvency Regime is applicable
 	
   b) how the risk of fraud is mitigated in relation to its internal controls and the processes in place to escalate matters to Governors or the ESFA as necessary.
 	
9.4. The UK's first charity-specific Digital Code of Practice is a voluntary Code that aims to help organisations improve their digital skills is being reviewed by the College over the forthcoming year. The Code will be shared with the Governing Body on 17 July 2019.
 	
9.5. In reference to *areas that may flag regularity concerns*, Governors requested that Buzzacott circulate the relevant source following the meeting for further clarity.
 	
9.6. The following excerpt from the Audit Code of Practice was circulated by email to the Committee on 27 June 2019.
 	
"Annex C: summary of regularity concerns
This annex sets out some of the characteristics of providers where we have identified regularity concerns. Corporations and their auditors may wish to consider these areas when assessing compliance. This list is not exhaustive and is given as guidance only.
 	
Governance
	Clerk

Good governance is important in delivering a high quality service and ensuring accountability. The corporation is responsible for good governance. Regularity concerns can arise where there is indication of:

- *weaknesses in the corporation's approach to holding management to account*

- *inadequate record keeping, for example poor quality or missing meeting minutes*

- *ineffective implementation of policies and procedures, for example in tendering, capital projects, budget monitoring and reporting, anti-fraud measures*

- *ineffective governance structure, including lack of policies in key areas*

- *inadequate reflection of charity law and associated good practice, including Charity Commission guidance on decision-making*

- *inappropriate related party relationships and transactions and incomplete disclosure thereof*

Management
Effective management is needed if a corporation is to deliver a quality service through day-to-day operations. Regularity concerns can arise where there is indication of:

- *ineffective use of resources, including land, buildings, staff, cash, borrowings*

- *slow response to issues identified by Ofsted*

- *inadequate record keeping, for example poor quality bookkeeping*

- *ineffective management structure, including lack of control processes, non-compliance with control processes and lack of relevant experience in key areas"*

Resolved to

9.7. **Approve the Audit Strategy proposed by Buzzacott in respect of the audit of the College and its subsidiary companies for the year ended 31 July 2019.**

10. AOB

10.1. None.

11. Date of next meeting

11.1. The next Audit Committee meeting will take place on Monday 18 November, 2019 at 0830.