





Minutes Part I

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Audit Committee
Part I minutes

Meeting Time and Date	0830 on 17 March 2020
Meeting Location	Room H20, Enfield
Members	Robert Howard (Chair)  Guy Jones-Owen (Vice Chair)  Tony Young (Independent) 
Auditors	Paul Goddard (Scrutton Bland)  Carl Bullen (Scrutton Bland) 
Observers	Christine Bianchin (Academic) Susanne Datta (HR) Damien Fallon (Finance) Steven Girling (Estates) Malcolm Goodwin (Principal)
Minute Taker	Joanne Coffey (Clerk)
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	Action
<p>1. Apologies</p> <p>1.1. Apologies were received for Susanne Datta.</p> <p>1.2. The Chair requested that the Clerk moderate the meeting to better manage the dialled in participants.</p> <p>1.3. The Committee received an update on the measures being put in place by the College in response to COVID-19.</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 November 2019 as a correct record and authorise the Chair to sign them.</p>	
<p>4. Matters Arising</p>	

<p>4.1. Embedding student involvement in commercial activities, into the curriculum, has now been factored into commercial planning.</p> <p>Scrutton Bland joined the meeting.</p>	
<p>5. Report of the Finance Director (Decision)</p> <p><u>Teachers' Pension Scheme Audit 2019-20</u></p> <p>5.1. Buzzacott, the College's external auditors, has quoted for the required audit of the deductions and contributions made in running the Teachers' Pension Scheme (TPS) for the 2019-20 tax year.</p> <p>5.2. Governors agreed that the estimated fee of £1,500 exclusive of VAT, as also charged in the previous year, was prudent.</p> <p>Resolved to</p> <p>5.3. Accept the fee estimate of £1,500 exclusive of VAT for the completion of an audit of the deductions and contributions it has made in running the Teachers' Pension Scheme (TPS) for the 2019-20 tax year, and recommend it to the Governing Body for approval.</p> <p><u>Value for money</u></p> <p>5.4. As the Governing Body has delegated responsibility for assuring Value for Money annually from the Committee, Scrutton Bland have provided the 'Office for Students' Value for Money strategy 2019 to 2021' which demonstrates how value for money is being achieved in the education sector.</p> <p>5.5. Governors requested that the document is appended to the Decision Time library and included in the autumn 2020 report that confirms value for money.</p> <p>5.6. Value for money is defined as 'efficient and effective processes', which the College will adopt in their language when discussing value for money.</p>	<p>Governing Body</p> <p>Clerk (Completed)</p> <p>Finance</p>
<p>6. Internal Audit Reports 2019-20 (Decision)</p> <p>6.1. Scrutton Bland, the College's internal auditors, had reported on all but three of the required audits for this year, with all reports having been given either a Strong (highest) or Significant (second highest) assurance.</p> <p><u>Key financial controls: Significant assurance</u></p>	

<p>6.2. Overall, it was considered that the control framework regarding the areas reviewed are appropriate and the College's processes are being complied with in the majority of cases tested.</p> <p><u>Low risk recommendations</u></p> <p>6.3. Authorised signatory records had not been fully maintained due to a lack of central co-ordination, which has now been resolved by allocating the role to an individual member of the Finance Team.</p> <p>6.4. To comply with the College Financial Regulations as part of fraud mitigation, it was recommended that the same staff member must not raise and approve the same purchase order for goods or services. Management had accepted this where it was the budget holder. Management was keen to adopt this recommendation and has put a solution into place.</p> <p>6.5. A recommendation for management to risk assess each journal entry, to ensure coding validity, was not accepted due to the time this would take to fulfil. As coding errors are picked up during day to day review processes, which staff training had also significantly reduced, it was deemed more appropriate to continue to rely on management review as part of the reporting process.</p> <p>6.6. The Finance Director was requested to provide a short update to the Committee on how this is progressing at the next Committee meeting.</p> <p><u>Health and Safety: Significant assurance</u></p> <p>6.7. The auditors gave credit to the College as they considered the Health and Safety controls in place to be robust and well enforced, with Health and Safety oversight and coverage extended to all campuses.</p> <p>6.8. Documentation was all in place, including the Health and Safety Policy, and all risk assessments were regularly maintained and centrally located for ease of communication to the wider staff and student cohort.</p> <p>6.9. Health and Safety benchmarking against other colleges revealed that 64% were given Limited audit opinions (second lowest) versus Capel's Significant assurance (14.3% of colleges). This demonstrated the importance that the College has given to this key area.</p> <p><u>Low risk recommendations</u></p>	<p>Finance</p>
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- 6.10. To improve the frequency of in-house Health and Safety training, CPD days now include refresher courses to ensure that staff continue their awareness beyond their Health and Safety induction training.
- 6.11. In response to an isolated incident, where arboriculture students did not respond immediately to the evacuation test, a robust system is now in place to post-assess the termly evacuation drills to ensure lessons learned.
- 6.12. The College has National Examination Board in Occupational Safety and Health (NEBOSH) qualified staff to carry out evacuation drills, including one who is specialised in NEBOSH Fire certification.
- 6.13. The Estates Team were thanked for their evident achievements in keeping the College safe.

High Needs Learner Support: Significant assurance

- 6.14. Scrutton Bland considered the controls in place surrounding the delivery of High Needs Learner Support to be robust and well embedded within current practice at the College. This key area was also found to be well discussed and reported on at executive level and through the Governors' Finance and Resources Committee.
- 6.15. The Committee discussed how High Needs support has evolved over the years, particularly since it moved to local authority control where £1.8m of funding can be secured to provide accessibility and appropriate resources.
- 6.16. The College has committed immense time in evidencing and tracking this important cohort, which remains a complex area to fund as until students are onsite it is difficult to pre-empt their needs.

Low risk recommendations

- 6.17. The recommendation to develop formal documentation for High Need learners was adopted through a collation of all current documentation into one comprehensive reference.
- 6.18. Staff to student ratios with High Need costing records are identified through periodic reviews with the Learning Support Managers. Auditors' recommendation to tighten the accuracy of this analysis will be reflected in the new comprehensive record.
- 6.19. The Committee discussed the challenges of these ever changing needs but understood the importance of

<p>recapturing funds as early as possible to ensure resources are available.</p> <p>6.20. Having more intuitive processes in place would also better position the College to adjust to the new costing models that local authorities are expected to adopt.</p> <p>6.21. The Vice Principal was congratulated for the management of High Needs learner support.</p> <p><u>Budgetary Control – Strong Assurance</u></p> <p>6.22. The College's budgets were found to be adequately controlled and managed in year.</p> <p>6.23. The budget was flexed to take into account the Mottingham acquisition which completed on 1 January 2020. The budget was later reforecast against the rolled forward figures to fully realigned the budget. Scrutton Bland were comfortable with the process and deemed the flex to be an appropriate business call.</p> <p>6.24. The College continues to forecast surpluses, which reflects accurate forecasting of income and expenditure over this volatile period.</p> <p><u>Added Value Points</u></p> <p>6.25. No recommendations were made by the auditors. They did, however, suggest that value could be added by ensuring budget holders remain aware of their available funds to manage expenditure more tightly.</p> <p>6.26. As the College empowers its staff to take charge of their responsibilities, they are naturally responsive to flagging up any budgetary issues as part of their review processes.</p> <p>6.27. An added value point, to demonstrate the total variance of the current flexed budget against the original approved budget, it had already been referenced in the management accounts received by the Finance and Resources Committee in March 2020.</p> <p>6.28. Governors suggested that, as already exists with Health and Safety, that other Committees should receive a follow-up report on their own audits to remain aware of all processes, going forwards.</p>	<p>SLT / Clerk</p>
<p>Resolved to</p> <p>6.29. Accept the Risk and Assurance Reports on Key financial controls, Health and safety, High needs provision and</p>	<p>Governing Body (Appendix I)</p>

<p>Budget control issued by Scrutton Bland as part of the College's Internal Audit Plan 2019-20.</p>	
<p>7. Risk and Assurance Progress Report 2019-20 (Decision)</p> <p>7.1. The Human Resources audit was in process, and Learner Records and the Follow Up reports were due by the end of the academic year.</p> <p>7.2. Scrutton Bland were commended for their clear audit reports and management were congratulated for the green assurances that demonstrate the controls in place.</p> <p><u>Sector Update from Scrutton Bland</u></p> <p>7.3. The expected update to the Post-16 Audit Code of Practice (ACOP) had not yet been released. Scrutton Bland suggested that the Office for Students (OFS) may be aligned with the ACOP, which may result in additional reporting requirements for the College.</p> <p>7.4. The new Integrated Financial Model for Colleges (IFMC) had heavily impacted the sector due to the deadlines which were out of sync with most college cycles.</p> <p>7.5. The Education and Skills Funding Agency (ESFA) are adopting an international standard for information security management systems, ISO 27001. Compliance was expected by 1 August 2020 but, as this has proved to be an expensive strategy for Colleges, the ESFA are delaying this process in order to take a more measured approach.</p> <p>Resolved to</p> <p>7.6. Confirm the Internal Audit Plan for 2019-20 to be appropriate for the current needs of the College.</p>	<p>Governing Body (Appendix II)</p>
<p>8. Financial Statements Auditor Evaluation (Decision)</p> <p>8.1. Buzzacott continues to provide a high standard of service. The change in audit partner has been smoothly managed and Catharine Patel brings a fresh perspective, alongside a stable team beneath her.</p> <p>8.2. The inflationary increase is below 3% and an additional £1k has been proposed in respect of additional work in respect of the transfer of the Nottingham centre.</p> <p>8.3. Governors felt this was a modest inflationary rise, particularly in light of the fact that many of the larger audit firms had been proposing fees increases of 10-20%.</p>	

<p>8.4. The Committee wholeheartedly agreed to reappoint Buzzacott for a further year.</p> <p>Resolved to</p> <p>8.5. Confirm the evaluation of the performance of the financial statements and regularity audit service for 2018-19 as good (the highest grade) and recommend their reappointment to the Governing Body.</p> <p>8.6. Accept the proposed fees for the 2019-20 year and recommend them to the Governing Body.</p>	<p>Governing Body (Appendix III)</p>
<p>9. Review of Risk Management (Decision)</p> <p>9.1. The Risk Management Policy had been updated to reflect that Governors now review the most significant or 'principal risks' at all Committee meetings and Governing Body meetings. This is to highlight the coverage and inter-connectedness of risk and encourage further contribution and challenge.</p> <p>9.2. Governors had been reviewing the principal risks during the spring meetings and found they were aiding discussions in the meetings, with more emphasis on high level strategy and trends.</p> <p>9.3. The operational risk register (still available to Governors on Decision Time), no longer required the Risk Category column as this was now cross-referenced through the principal risks.</p> <p>9.4. The Principal was commended for producing the user friendly principal risks.</p> <p>Resolved to</p> <p>9.5. Confirm that the principal risks represent the main internal and external risks and remain fit for purpose.</p> <p>9.6. Accepts the amended Risk Management Policy 2020, and recommends it to the Governing Body for approval.</p>	<p>Governing Body (Appendix IV)</p>
<p>10. AOB</p> <p>10.1. None.</p>	
<p>11. Date of next meeting</p> <p>11.1. The next Audit Committee meeting will take place on 15 June 2020 at 0830.</p>	

APPROVED MINUTES			
CHAIR:	Robert Howard	DATE:	15 June 2020
APPROVAL:	Remote confirmation: CONFIRMED		
	Or signed:		