Capel Manor College

Minutes
Part I

Remote Access Symbols	
☎	Dialled in
🖥	Online

Audit Committee
Part I minutes

Meeting Time and Date	0830 on 15 June 2020
Meeting Location	**Remote via Zoom**
Members	Robert Howard (Chair) 🖥 Guy Jones-Owen (Vice Chair) 🖥 Tony Young (Independent)
Auditors	Katherine Patel (Buzzacott) 🖥 Paul Goddard (Scrutton Bland) 🖥
Observers	Christine Bianchin (Academic) 🖥 Susanne Datta (HR) 🖥 Damien Fallon (Finance) 🖥 Steven Girling (Estates) Malcolm Goodwin (Principal) 🖥
Minute Taker	Joanne Coffey (Clerk) 🖥
z:\governance\keydrive autumn minutes\au draft minutes part i.docx	

	Action
1. Apologies 1.1. Apologies were received for Tony Young and Steven Girling.	
2. Declaration of Interests 2.1. None.	
3. Minutes (Decision) **Resolved to** 3.1. **Approve the minutes of the Audit Committee meeting held on 17 March 2020 as a correct record and authorise the Chair to sign them.**	
4. Matters Arising 4.1. No matters arising were discussed.	
5. Internal Audit Reports 2019-20 (Decision) 5.1. Scrutton Bland, the College's internal auditors, had reported on three of the required audits for the current year, with all reports having been given either a Strong (highest) or Significant (second highest) assurance. 5.2. As the College remains closed to non-essential services, the Follow-Up review will be completed over the summer period, no later than autumn 2020, as it has not been practical to complete	

remotely. This will have no impact on the completion of Scrutton Bland's annual report

Human Resources (HR) Management Report: Significant assurance

5.3. The HR audit had proved an effective exercise which involved 1.5 days onsite.

5.4. The College were currently working to establish a new performance management system, via a dedicated working group, to bring the appraisals process in line with the improved HR systems put in place by the new HR Director. This will be audited in 2021.

5.5. The Committee discussed whether the additional solutions offered by Scrutton Bland in relation to their recommendations were needed. As this was best practice within the sector and were considered as useful ideas by some members, it was agreed that they should continue to be included.

Low risk recommendations: Policies/HR Resources

5.6. It was agreed that the following policies would be reviewed and updated, to align with the procedures being adopted across the College and to reflect any regulatory or statutory changes required:

    a) Recruitment policy

    b) Sickness, absence and leave policies.

HR

5.7. Although it was agreed to provide existing HR staff with training to further assist the Executive Director of HR with operational duties, it was not deemed necessary to extend the team or ring-fence time allowance to review all policies.

HR

5.8. The College recently compiled a master policy list, managed by the PA to the Principal, to ensure that all policies are reviewed annually and assessed by Governors if any meaningful changes are made.

IT Infrastructure Report: Significant assurance

5.9. It was considered that the College had a robust framework in place regarding its IT infrastructure and that the system security features were being well enforced.

5.10. The College's processes regarding backup restoration testing represented good practice and the anti-virus software was up to date and being effectively deployed across all College machines.

5.11. The Auditors found that during COVID-19, the systems put in place for remote access and meetings had stood up well to the unforeseen needs.

5.12. The IT Department was now managed by the Executive Director of Finance.	
Medium risk recommendation: IT Disaster Recovery Plan	
5.13. It was recommended to produce a comprehensive IT Disaster Recovery Plan.	
5.14. The College's Business Continuity Plan (BCP) already included IT recovery plans. For further mitigation, an IT disaster recovery document will be prepared by the IT department and shared with the College and become an integral part of the BCP.	**Finance**
5.15. A further recommendation to perform regular scenario testing, was not deemed necessary due to the small size of the IT department and it was felt that the opportunities for real life testing were adequate to evidence effectiveness and sufficient workarounds.	
5.16. Since COVID-19, further IT resources have been put in place, including an additional IT team member, remote working for staff and students and the purchase of the Zoom online platform's educational licence.	
5.17. It was, therefore, accepted to carry out a post-COVID scenario testing exercise either during the summer 2020 break, or, if students are still onsite, at the next appropriate time. This will be reported back at the next Audit Committee.	**Finance**
Low risk recommendation:	
5.18. A risk to a skylight being potentially accessible in the backup server room has now been mitigated against, by sealing it and limiting the ability to open it to the IT team only in emergencies.	
5.19. It was also confirmed that a CO2 extinguisher was present in the room and that the wall to ceiling structure allowed smoke to be picked up by the external smoke detectors. This will be checked against the College's insurance policy and reported back.	**Estates**
Learner Records Report: Strong assurance	
5.20. It was considered that the overall controls in place, to ensure the College complied with the Education and Skills Funding Agency (ESFA) 2019-20 funding requirements, continued to remain robust and well enforced across the College.	
5.21. There was a small risk noted within the Individual Learning Records (ILR) relating to 3 students who required internal timetable updates, which the ILR system could only recognise as full course transfers. This functionality restriction was deemed unlikely to have any impact on funding implications.	

5.22.	The Committee commended the Director of Management Information Systems and Admissions, Richard Davies, on the Strong assurance given to the ILR.	
	Resolved to	
5.23.	**Accept the Risk and Assurance Reports on Human Resources Management, IT Infrastructure and Learner Records issued by Scrutton Bland as part of the College's Internal Audit Plan 2019-20.**	
5.24.	For tracking purposes, it was agreed to document follow-up reporting of the Internal Auditors' recommendations. Following the meeting, it was proposed that this could be included in the Matters Arising from the minutes of the recommendations.	**Clerk (Completed)**
	GDPR	
5.25.	Governors noted that GDPR had not been included in the audit reports, given that a year had passed since the regulations has come into force.	
5.26.	Following the meeting, the Committee were emailed by the Clerk to confirm that:	
	a) It had been agreed to not include GDPR in the annual audit plan for 2020-21. This would be revisited later by the Auditors when more time had passed for industry testing of GDPR mitigation.	
	b) The risk assessment of GDPR was now documented through the Clerk's termly report on Data Protection to the Finance and Resources Committee, which included how many breaches and requests have been dealt with, which both the Clerk and Data Protection Officer (DPO) monitored daily.	
	c) The role of the DPO officer being retained by MIS (Richard Davies), with support from the Clerk, had been successfully deployed and continued to remain best practice.	
5.27.	To ensure that the Audit Committee had annual oversight on GDPR, the Committee agreed that the Clerk would present an annual review of GDPR at each autumn meeting. This would also include a recommendation that the role of DPO continued to remain with MIS, as appropriate.	**Clerk**
6.	**Report of the Finance Director (Decision)**	
	Internal audit service	
6.1.	The regulations with which the College must comply, allow the Audit Committee to annually choose whether to employ an internal service. Management had reflected on the value received by the College and recommend the retention of this service.	

Resolved to

6.2. **Confirm that Scrutton Bland should continue to provide an internal audit service to the College for the 2020-21 year.**

Financial Statements Auditors' Planning Arrangements

6.3. Buzzacott, the College's External Auditors, updated the Committee on the current year's planning arrangements.

6.4. The Post-16 Audit Code of Practice for the current financial year had not yet been released but no substantial changes were expected.

6.5. The Accounts Direction from the Education and Skills Funding Agency (ESFA) had far fewer changes in comparison to the previous year to ensure stability of timely reporting during COVID-19.

6.6. Carbon energy usage is now required to be published in the College's annual report and financial statements. This will not require a specific judgement to be expressed by the external auditor.

6.7. As COVID-19 is the main current risk, the external auditors will be reflecting on how it has impacted the College in terms of commercial income streams and expenditure.

6.8. As this is not expected to impact substantially on the 2019-20 accounts, the focus will be on bad debt provisions, any greater risk of recovery at the year end, and the longer term 3 year forecast budgets.

6.9. Buzzacott will also be auditing the Mottingham: transfer of assets and liabilities of the freehold property; the value of the property; the liability to Kent County Council for transfer of the pension scheme and; the actuary's liability.

6.10. If the College remains closed for non-essential services, Buzzacott are able to do the majority of the audit remotely (as they have been successfully doing for other clients) followed by an onsite visit of 1-2 days later in the year. It was confirmed that the College recognised their duty of care to any external visitors and that a safe space would be provided.

Resolved to

6.11. **Confirm the External Audit Plan proposed by Buzzacott for the 2019-20 year.**

Internal Audit Assurance Strategy and Annual Plan for 2020-21

6.12. The College's internal audit plan is determined through a review of proposals provided by SLT and Scrutton Bland to identify impact and need.

6.13. Business continuity and management information audits were proposed to replace cash handling and quality management. The inclusion of staff performance management within the payroll audit will provide an efficiency gain.	
6.14. Scrutton Bland noted that cash handling was significantly being reduced within the sector to allow resources to be focused on areas of greater risk.	
6.15. Risk management and Governance were deferred for a second year as they are deemed stable and have historically achieved strong audit assurances.	
6.16. Individual Learner Records (ILR) was deferred for the first time as it had also received consistent strong assurances. This would allow time to complete an audit of student attendance, progress monitoring and retention for the first time.	
6.17. Scrutton Bland confirmed that the ILR had a second level of assurance through the ESFA funding returns, and that other linked audits, such as Apprenticeships, student retention and management information, would further reveal any limitations to learner records.	
6.18. Mottingham students had already been included within the ILR audit report for 2020-21. This further assured the Committee to defer the ILR audit.	
6.19. Scrutton Bland's proposed commercial activities audit for the current year was deferred to 2020-21, as the pandemic had resulted in a greatly reduced level of operations.	
6.20. The Student attendance, progress monitoring and retention audit will provide insight for the Marketing audit, which the Committee agreed was too key to defer.	
6.21. The audits generally, but specifically of curriculum planning and estates management, will include a retrospective opinion on how COVID-19 was managed by the College to draw on any lessons learned and to provide future assurance that mitigation strategies are effective.	
6.22. As English and maths remain one of biggest areas of challenge to the College, rather than increase from 34 days, the auditors / Vice Principal will incorporate English and maths into the monitoring side of the student retention audit.	**Scrutton Bland / Academic**
6.23. An updated internal audit plan for 2020-21 to be circulated to the Audit Committee by email before its next meeting.	**Finance**
Resolved to	
6.24. **Approve the revised Internal Audit Assurance Strategy and Annual Plan for 2020-21 year.**	

7. Review of Risk Management (Decision)	
7.1. The impact of COVID-19 has affected all areas across the College and the safety of students and staff has been the key driver to all strategies and mitigations put in place.	
7.2. The many unknown factors that will affect student recruitment for 2020-21 were too complex to be able to foresee at this stage, particularly given that Capel is a mainly practical learning environment due to its land-based nature.	
7.3. Key dates to assess impact on recruitment numbers are in November, when a return is also made to the ESFA, and the following Easter when retention is clearer.	
7.4. It was agreed that the Principal Risks should make clearer the impact of COVID-19 on failing to provide student experience and for student recruitment.	
7.5. The Risk Register and the Principal Risks to be updated to include the risk and mitigation of online teaching, home working, commercial digitisation and cyber security.	**Principal**
Resolved to 7.6. **Update the principal risks and the risk register to better reflect COVID-19 and cyber security, to ensure the main internal and external risks remain fit for purpose.**	
8. AOB	
8.1. None.	
9. Internal Auditors' Training Session	
9.1. Paul Goddard, of Scrutton Bland, updated the Committee on the impact of COVID-19 on the education sector.	
9.2. Unlike Capel, colleges who had not set up online enrolment had been impacted significantly.	
9.3. The ESFA have paused all of their consultations, including 'Keeping children safe in education' which impacts on best practice.	
9.4. Staff and student wellbeing have been of primary importance to the sector to ensure that people have been comfortable to continue to study and work, mainly from home, in the ever-changing COVID environment.	
9.5. Government concerns around the abuse of furlough being claimed for funded staff necessitates robust record keeping, ensuring that HMRC will validate claims.	
9.6. Some organisations have adopted COVID-specific risk registers. Examples of these will be shared with Capel by Scrutton Bland.	

9.7.	The ESFA are opening up a Collaboration Fund where colleges can bid for up to £500k to partner with other colleges. It was recognised that preparing a strong bid against other COVID-related commitments would be a challenge.	
9.8.	The forecast income in the sector for 2020-21 is expected to be between 6 and 15% less income compared to previous years, with some colleges taking a much larger hit.	
9.9.	Adaption to digital working has been good and scanning of old papers, within retention periods, is encouraged for future non-reliance on paper.	
9.10.	Phishing emails had become more of a risk in the home working environment, and colleges are encouraged to continue to challenge cyber security through training and reporting.	
9.11.	Apprenticeships require flexibility on end point assessments which may involve fundamental changes such as: replacing practical assessment with an online discussion; an Apprenticeship guarantee via the Government or; a continuation in the study term element.	
9.12.	Social distancing was likely to be reviewed by the government which would facilitate the return of all students to College. High needs students may require more assistance and helpers to accompany them.	
9.13.	On the horizon, there has been a consideration to bring colleges back into the public sector, rather than where they currently sit between public and private ownership. If this were to be realised, it would not have a substantial impact on colleges, as they already adhere to their Instrument and Articles that align with Government requirements.	
10. Date of next meeting		
10.1.	The next Audit Committee meeting will take place on 16 November 2020.	

APPROVED MINUTES			
CHAIR:	**Robert Howard**	**DATE:**	16 November 2020
APPROVAL:	**Remote confirmation: CONFIRMED** **Or signed:**		