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| <b>Remote Access Symbols</b>  |
|  Dialed in |
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| <b>Audit Committee</b> |
| <b>Minutes</b>         |

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| <b>Meeting Time and Date</b>  | <b>0830 on 4 March 2021</b>   |
| <b>Meeting Location</b>   | <b>Zoom Online</b>  |
| <b>Members</b>  | Robert Howard (Chair) <br>Guy Jones-Owen (Vice Chair) <br>Tony Young (Independent)   |
| <b>Auditors</b>   | Paul Goddard (Scrutton Bland) <br>Carl Bullen (Scrutton Bland)    |
| <b>Observers</b>  | Cengiz Ali (HR) <br>Christine Bianchin (Academic) <br>Damien Fallon (Finance) <br>Malcolm Goodwin (Principal) <br>David Scott (Estates)  |
| <b>Minute Taker</b>   | Joanne Coffey (Clerk)    |
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|  | <b>Action</b> |
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| <p><b>1. Apologies</b></p> <p>1.1. No apologies were received.</p>   |               |
| <p><b>2. Declaration of Interests</b></p> <p>2.1. None.</p>  |               |
| <p><b>3. Minutes (Decision)</b></p> <p><b>Resolved to</b></p> <p>3.1. <b>Approve the minutes of the Audit Committee meeting held on 16 November 2020 as a correct record and authorise the Chair to confirm them.</b></p>  |               |
| <p><b>4. Matters Arising</b></p> <p>4.1. Although a post-Covid scenario testing exercise could not yet be carried out, the Committee were assured that the previous Covid protocols had proven to be robust and that new guidance, such as wearing masks indoors, had already been in place at the College since the first reopening in 2020.</p> <p>4.2. Offering tests for students to self-administer a test, onsite, for the first two weeks, would be overseen by specialist temporary staff.</p> <p>4.3. The IT disaster recovery document was due to complete in May 2021.</p> <p>4.4. The College sought external validation to analyse the robustness of its cyber security, through Cyber Essentials certification. This is expected to complete in April 2021 and will be reported to the Committee in June 2021.</p> |               |

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| <p>4.5. A Greater London Authority (GLA) remote audit was in process at the College and is expected to conclude mid-March, with a contractual final deadline of 31 March.</p> <p><b>Paul Goddard joined the meeting.</b></p>  |  |
| <p><b>5. Report of the Finance Director (Decision)</b></p> <p><b><u>Evaluation of the performance of the Financial Statement and Regularity Audit Service external auditor: 2019-20 and annual re-appointment 2020-21</u></b></p> <p>5.1. The performance of Buzzacott, the College’s External Auditors, had been scored by SLT as Good (the highest available). However, the remote conduct of the audit had led to numerous delays as information was requested that needed to be sourced, imaged and sent electronically by College staff that were working remotely. This proved to be a challenge for both the College and Buzzacott.</p> <p>5.2. Buzzacott had advised that their fee ledger had been affected by these delays, which was £14k over the fees they had quoted to the College, due to senior auditors needing to use their time to ensure deadlines were met. However, they had recognised the contributions from both sides and were seeking to agree an additional fee of £4,900 excluding VAT.</p> <p>5.3. The Committee were dissatisfied that costs had been passed on to the College and noted that there was a disconnect between the service experienced and the performance scoring. There was a full and robust discussion around both the scoring of the 2019-20 performance and the requirement for Capel to increase its fee beyond what had been agreed and budgeted for.</p> <p><u>Additional fee</u></p> <p>5.4. The Finance Team accepted some of the responsibility for not being effective in providing the necessary information on time, whilst managing the unforeseen Covid situation, and had initially deemed the additional fee as a reasonable request.</p> <p>5.5. SLT did also convey that time was wasted through the requirement to repeat historical exercises which were already documented by Buzzacott, but also accepted that starting afresh each new year could be their chosen approach to ensure capability.</p> <p>5.6. Governors felt that, due to the pandemic, the fee ledger onus should not go to the client and that the auditors should recognise this, particularly given that Capel are longstanding clients.</p> <p><u>Performance</u></p> <p>5.7. The current performance scoring measures, where 1 is highest and 4 is the lowest, had resulted in the overall score at Good, defined as having exceeded the College’s expectations.</p> <p>5.8. Although this was consistent in the outcome of the Financial Statements being signed off on time (unlike a number of colleges during the pandemic) the Committee were not convinced that this reflected the full situation, in that an additional fee had been requested.</p> |  |

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| <p>5.9. SLT advised that the College preparations were for a full on-site audit when, in reality, paper-based information had to be imaged and sent by staff who were only attending site on a rota basis. The speed of information provision to the auditors was slower hampering queries and requests for further information. Senior Finance staff in College could not always prioritise audit responses. As the audit progressed, audit juniors were replaced by the senior audit team members to meet reporting deadlines.</p> <p>5.10. It was agreed that the scores would be revised to better reflect the overall performance, which would equate to 2, Adequate, defined as meeting the College's expectations.</p> <p>5.11. The Finance Director agreed to draft a letter to communicate the sentiment of the Committee to Buzzacott, which would be circulated to the Committee by email to agree, before proceeding.</p> <p>5.12. As Buzzacott do not attend the spring Committee meetings, they would also be given an opportunity to clarify the situation at the summer meeting, to give assurance to both parties in terms of future managing of expectations.</p> <p>5.13. As the scoring system had not proven to correctly provide an accurate overall score, and was currently 8 years old, Governors requested a review of the system, to ensure future clarity.</p> <p><b>Resolved to</b></p> <p>5.14. <b>Confirm the evaluation of the performance of the financial statements and regularity audit service for 2019-20 as Adequate (the second highest grade) and recommend their reappointment for the 2020-21 year to the Governing Body.</b></p> <p><b><u>Teachers' Pension Scheme Audit 2019-20</u></b></p> <p>5.15. Buzzacott had quoted for the required audit of the deductions and contributions made in running the Teachers' Pension Scheme (TPS) for the 2020-21 tax year.</p> <p>5.16. Governors agreed that the estimated fee of £1,550 exclusive of VAT, was prudent.</p> <p><b>Resolved to</b></p> <p>5.17. <b>Accept the fee estimate of £1,550 exclusive of VAT for the completion of an audit of the deductions and contributions the College has made in running the Teachers' Pension Scheme (TPS) for the 2020-21 tax year, and recommend it to the Governing Body for approval.</b></p> | <p><b>Finance</b></p> <p><b>Finance</b></p> <p><b>Finance</b></p> <p><b>A: Governing Body</b></p> <p><b>B: Governing Body</b></p> |
| <p><b>6. Internal Audit Reports 2020-21 (Decision)</b></p> <p>6.1. There was an initial delay in management formally responding to reports issued by the internal auditors, Scrutton Bland's, early in 2020. This had arisen due to the disruption caused by the Covid lockdowns and closure of the College.</p> <p>6.2. All outstanding recommendations are monitored through the Committee's matters arising report, as well as in Scrutton Bland's retrospective Follow-Up audit report.</p>  |   |

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| <p><b><u>Follow-up on previous recommendations: Good Progress</u></b></p> <p>6.3. The report provided assurance that good progress was being made on past recommendations, with 8 implemented, 2 awaiting Governor approval and a remaining 2 outstanding, now in progress.</p> <p>6.4. These will be resolved prior to the Follow-up review scheduled for 6 May 2021.</p> <p><b><u>Marketing: Significant assurance</u></b></p> <p>6.5. Scrutton Bland issued a Significant assurance opinion (their second to highest) on Marketing.</p> <p>6.6. Overall, it was considered that the Marketing framework throughout the College was being well managed, with significant improvements being both implemented and planned for future developments.</p> <p>6.7. The Marketing Department had been restructured since this area was last audited. Management were pleased with the overall outcome of this audit.</p> <p><u>Best practice point</u></p> <p>6.8. <i>“The College undertakes effectiveness and return on investment reviews of each marketing campaign carried out. This includes an analysis of each activity completed as part of the campaign, suggestions for changes to future campaigns and justifications for discontinuing certain activities. We consider that the reviews are of a high quality, contain a good level of information and this represents best practice when compared to our other college clients.”</i></p> <p>6.9. The Committee were impressed with the speed in which the College had conducted the reviews after every marketing initiative had been rolled out.</p> <p>6.10. The following recommendations were accepted:</p> <p><u>Medium risk recommendation</u></p> <p>1) To develop a cross-department action plan on marketing requests, including those raised in the Learner Journey report.</p> <p><u>Low risk recommendations</u></p> <p>2) To develop a single set of SMART marketing Key Performance Indicators (KPIs). It was noted that once they are agreed it can take some time for trends to become established.</p> <p>3) To ensure that Marketing has access to progress against application data, and updates on recruitment targets by department. This data was already available via the REMs system. As this system was based on older software, the sharing of information would become more dynamic as new planned systems came into operation.</p> | <p><b>Academic<br/>(VP-led Team)<br/>Apr 2021</b></p> <p><b>Principal<br/>(Marketing)<br/>Dec 2021</b></p> |
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| <p><b><u>Fixed Assets: Significant assurance</u></b></p> <p>6.11. Scrutton Bland has issued a Significant assurance opinion.</p> <p>6.12. The Estates management audit was replaced with Fixed Assets and is now incorporated into the audit plan.</p> <p>6.13. The internal auditors considered that the processes around the management of the Fixed Asset Register, including reconciliations and additions, to be robust. They also considered that the capital spend budgets represented good practice.</p> <p>6.14. The following recommendations were accepted:</p> <p><u>Low risk recommendations</u></p> <p>1) To establish a preventative measure to annually conduct spot-checks on fixed assets for a sample of items. Covid closures had left some sites more exposed to theft, although robust security precautions had been implemented in early 2020.</p> <p>Spot-checks will be in force by July 2021, for a risk assessed list of assets which may include cross-department checks.</p> <p>2) Financial Regulations to be updated to reflect current practice and to include information on asset categorisation and depreciation rates. To align with insurance cover, it should also specify the parameters of what the College classes as portable and attractive items to thieves, rather than an exhaustive list.</p> <p><b><u>Risk and Assurance Progress Report</u></b></p> <p>6.15. SLT reported that delivery of the rest of the 2020-21 Internal Audit Plan was now a challenge due to a number of factors:</p> <p>a) Management's time constraints in preparing to reopen the College and catch up with operational reintegration.</p> <p>b) Three of the remaining six audits all impacting the team that had supported the autumn enrolment review and now the GLA audit.</p> <p>c) Two new appointments within the SLT.</p> <p>6.16. The Committee discussed the balance of providing audits for higher risk areas versus the impact on staff's, already stretched, valuable time.</p> <p>6.17. It was agreed that Student Attendance, Progress Monitoring and Retention was being adequately covered this year through the GLA audit.</p> <p>6.18. As Commercial Activities had ceased during the pandemic, this audit was postponed.</p> <p>6.19. The new HR Director will be joining the College in April 2021. For this reason, and as the new performance management system has only been in place since autumn 2020, the Staff Performance audit was postponed.</p> <p>6.20. It was agreed that Payroll and the addition of an Anti-Fraud audit should go ahead, with further reflection following the outcome of</p> | <p><b>Finance/Estates<br/>Jul 2021</b></p> <p><b>Finance<br/>Jul 2021</b></p> |
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| <p>the GLA report in June, to ascertain where the remaining focus should lay.</p> <p>6.21. No significant findings had yet been highlighted by the GLA audit at the time of this meeting.</p> <p><b>Resolved to</b></p> <p>6.22. <b>Accept the Risk and Assurance Reports on Follow-up 2019-20, Marketing and Fixed assets issued by Scrutton Bland, as part of the College's Internal Audit Plan 2020-21.</b></p> <p>6.23. <b>Review the adequacy of audit work quantum undertaken by the 2020-21 Internal Audit Plan for it to be able to satisfactorily report due diligence to the Governing Body.</b></p>   |  |
| <p><b>7. 4 Month Report on Data Protection 2020-21 (Information)</b></p> <p>7.1. During September-December 2020, there had been:</p> <p>a) <b>1 Personal Data Breach:</b> This was as a result of human error, where email addresses were shared prior to consent being given, which posed no serious impact or serious risk against the individual's interest, rights and freedoms.</p> <p>b) <b>2 Freedom of Information Requests:</b> These requests are mainly from service companies researching for the College's budget for their services and one from a Local Authority in relation to enrolled students from their area.</p> <p>c) <b>2 Data Subject Access Requests.</b></p> <p>7.2. As at 31 December 2020, the Clerk confirmed that the College was 100% compliant in all areas of Data Protection.</p> |  |
| <p><b>8. Review of Risk Management (Decision)</b></p> <p>8.1. The Principal Risks now included a new risk agreed with Governors: A failure to maintain the safety and wellbeing of staff and students.</p> <p><b>Resolved to</b></p> <p>8.2. <b>Confirm that the principal risks represent the main internal and external risks and the current approach to risk management remains fit for purpose.</b></p>   |  |
| <p><b>9. AOB</b></p> <p>9.1. None.</p>   |  |
| <p><b>10. Date of next meeting</b></p> <p>10.1. The next Audit Committee meeting will take place on Thursday 17 June 2021 at 0830.</p>   |  |

| APPROVED MINUTES |                               |              |              |
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| <b>CHAIR:</b>    | Robert Howard                 | <b>DATE:</b> | 17 June 2021 |
| <b>APPROVAL:</b> | Remote confirmation: Approved |              |              |
|                  | Or signed:                    |              |              |