















# Minutes

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 Dialled in
 Online

<b>Audit Committee</b>
<b>Minutes</b>

<b>Meeting Time and Date</b>	<b>0900 on 3 March 2022</b>
<b>Meeting Location</b>	<b>Zoom Online</b>
<b>Members</b>	Robert Howard (Chair)  Guy Jones-Owen (Vice Chair)  Tony Young (Independent) 
<b>Auditors</b>	Paul Goddard (Scrutton Bland)  Alice Walker (Scrutton Bland) 
<b>Observers</b>	Alex Lane  Christine Bianchin (Academic)  James Bryan (HR)  Denise Cheng-Carter (Finance)  Malcolm Goodwin (Principal)  David Scott (Estates) 
<b>Minute Taker</b>	Joanne Coffey (Clerk) 
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	<b>Action</b>
<p><b>1. Welcome and Apologies</b></p> <p>1.1. Alex Lane (Governor), Denise Cheng-Carter (Interim Executive Director of Finance and IT) and Alice Walker (Scrutton Bland) were welcomed to the Committee.</p> <p>1.2. 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 15 November 2021 as a correct record and authorise the Chair to confirm them.</b></p>	
<p><b>4. Matters Arising</b></p> <p>4.1. The College were still receiving a preferred rate from the utility firm, Bulb, despite them being impacted by the energy crisis.</p> <p>4.2. An alternative provider will be sought by the College through advice from Ofgem. Governor, Guy Jones-Owen, also offered to assist in selecting the new provider.</p> <p>4.3. The IT Disaster Recovery Plan certification was on track to complete by spring 2022. DCC to confirm to the Committee the Cyber Essential Plus certification.</p>	<b>Finance</b>

**5. Report of the Finance Director (Decision)**

**RSM Audit**

- 5.1. The RSM audit has now completed. The full report is expected at the end of March 2022.
- 5.2. A funding error of £19,061.65 was identified. This is not material to the accounts for the 2020-21 financial year end so these were closed and published by the revised deadline of 28 February.
- 5.3. The final findings from the RSM audit are subject to quality assurance processes and will be presented at the summer 2022 Committee meeting, along with a comprehensive action plan.

**Internal Audit Service**

- 5.4. The College continued to receive a good quality service from Scrutton Bland, the College's Internal Auditors. Alice Walker has replaced Carl Bullen as the client manager.
- 5.5. The audit reports had all received either strong, significant or interim significant assurance opinions. The outstanding audits were on-track to be completed by the end of the current year.

**Teachers' Pension Scheme Audit 2021-22**

- 5.6. Buzzacott have previously completed this work for the College. Their fee estimate of £1,580 exclusive of VAT (2020-22 £1,540 exclusive of VAT) is based on the Teachers' Pension Scheme not adding to the specification of the audit work to be completed.

**Resolved to**

- 5.7. **Accept the fee estimate of £1,580 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 2021-22 tax year.**

**Evaluation of the performance of the external auditor: 2020-21 and annual re-appointment 2021-22**

- 5.8. The quality of the financial statements and regularity audit service received by the College is reviewed each year to assess the adequacy of this service.
- 5.9. The evaluation of their performance for the 2020-21 year, in respect of the College and its subsidiary companies, has been compiled by the Senior Leadership Team and the performance indicators are confirmed as still being appropriate for this purpose and a score of 'Good' was determined in each case.
- 5.10. The final audit fee for the previous year 2020-21 audit was £29,125. The proposed audit fee for this financial year 2021-22 is £29,975 excluding VAT.
- 5.11. Buzzacott continues to provide a high standard of service and College management recommended their reappointment for 2021-22, and the new interim Finance Director had been impressed with their performance and speed in which they finalised the statutory accounts.
- 5.12. The report was corrected to show that the 2019-20 grade had been downgraded to a score of 18 (Inadequate) following a

**Finance  
(16 Jun 2022)**

<p>change to the grading agreed at the summer 2021 Committee meeting.</p> <p>5.13. Governors felt that the grading system table should be revised to no longer define what Good etc. meant, in terms of the College's expectations, as this added an unnecessary layer of subjectivity.</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 2020-21 as 'Good'.</b></p> <p>5.15. <b>Recommend to the Governing Body the reappointment of Buzzacott as Financial Statement auditor for the current financial year 2021-22.</b></p>	<p><b>Finance (Completed)</b></p> <p><b>Finance (Completed)</b></p> <p><b>A: Governing Body</b></p>
<p><b>6. Internal Audit Reports 2020-21 (Decision)</b></p> <p>6.1. As the Education and Skills Funding Agency (ESFA) were conducting their own funding audits for FE colleges in 2022, the Committee discussed the value in retaining this internal audit area for the current year.</p> <p>6.2. Although there is a strong probability that the College will receive a follow-up ESFA funding audit (because of the extrapolated error-rate found on the first audit), it was agreed to retain the internal funding audit at the current time and continue to review this over the course of the year.</p> <p><b><u>Budget Setting and Control: Strong assurance</u></b></p> <p>6.3. Scrutton Bland issued a Strong assurance opinion (their highest) on Budget Setting and Control.</p> <p>6.4. It was considered that the budget setting process and systems were robust and transparent. They also considered that the monitoring and reporting processes were effective and adequately managed.</p> <p>6.5. No anomalies were identified and no recommendations or added value points were made.</p> <p>6.6. Governors were very impressed that this important area had not required any recommendations.</p> <p><b><u>Student Attendance, Progress Monitoring and Retention: Significant assurance</u></b></p> <p>6.7. Scrutton Bland has issued a Significant assurance opinion (second highest) for Student Attendance, Progress Monitoring and Retention.</p> <p>6.8. It was considered that the College had an appropriate, consistent and well understood framework for the monitoring of attendance and progress.</p> <p>6.9. The following recommendations were accepted:</p> <p><b><u>Low risk recommendations</u></b></p> <p>1) To ensure that student withdrawal is being recorded in a timely manner throughout the REMs and Promonitor systems.</p>	

<p>2) To make ProMonitor guidance documents available to staff in addition to their current training.</p> <p>6.10. An Added Value Point was made to improve the sharing of good practice for encouraging learner attendance and participation, through a centralised document or forum where activities and benefits could be shared.</p> <p>6.11. The Committee felt that these were all sensible recommendations to improve efficiencies. SLT confirmed that more fine-tuning should naturally evolve once the new system had been well-embedded.</p> <p>6.12. Although the pandemic had impacted on attendance rates initially, this still remained a challenge that the College was heavily focused on. A working group had been formed to establish a new approach for raising attendance.</p> <p>6.13. Retention at Capel was very good at 98.1% and Governors noted that the national average for attendance was very poor, by comparison. The College have very good pathways to ensure that students are matched with the right courses for them and they are also good at supporting students. However, some colleges may not encourage retention where attendance is poor, so this may also be a factor to be considered.</p> <p><b><u>Commercial Activities: Interim Significant assurance</u></b></p> <p>6.14. The College's Commercial Strategy and Development Plan that was originally created in 2019 for planned delivery, commencing in the 2020-21 academic year was impacted by the pandemic.</p> <p>6.15. As a result of not being able to commence delivery of the Commercial Activity Strategy and Plan due to COVID, activity has not progressed as would have been expected.</p> <p>6.16. As initiatives have not had time to come to fruition for the auditors to be able to complete assurance, an Interim Significant opinion was given.</p> <p>6.17. The following recommendations were accepted:</p> <p><u>Low risk recommendations</u></p> <ol style="list-style-type: none"> <li>1) The Commercial Activities Strategy to be updated to reflect the new delivery timelines.</li> <li>2) The Development Plan to be expanded to include commercial opportunities for each key focus area, along with individual accountabilities</li> <li>3) Key Performance Indicators have been agreed and will be reported on a monthly basis.</li> <li>4) The new timeline to be appropriately tracked with regular progress reporting.</li> </ol> <p>6.18. The low risk recommendations have been found to be cornerstones of success with realising commercial opportunities.</p> <p>6.19. Management had been planning these measures prior to the pandemic but, until these are in place, auditors cannot move to the next level of advice.</p>	
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<p>6.20. The new follow-up report on auditors' recommendations will provide an update on how this has progressed at the summer 2022 Committee meeting.</p> <p>6.21. If auditors can provide more solid assurance later in the year on Commercial Activities, the Interim label may be negated.</p> <p><b>Resolved to</b></p> <p>6.22. <b>Receive and agree the above Internal Audit reports.</b></p> <p>6.23. <b>Agree that all further recommendations made by auditors will no longer be included in the Matters Arising report but, instead, be summarised into a rolling 'Implementation of Audit Recommendations' report with management response updates to the next Committee meeting.</b></p>	<p><b>Finance (16 Jun 2022)</b></p>
<p><b>7. 4 Month Report on Compliance and Regulation 2021-22 (Information)</b></p> <p><b><u>GDPR Policies</u></b></p> <p>7.1. The GDPR policies required an update to the new College format.</p> <ul style="list-style-type: none"> <li>a) Data Protection Policy</li> <li>b) Data Breach Policy</li> <li>c) Subject Access Request Policy</li> <li>d) Freedom of Information Request Policy</li> <li>e) Document Retention Policy</li> <li>f) Information Security Policy</li> </ul> <p>7.2. The relevant policies to be updated to change the references from 'EU GDPR' to 'UK GDPR'.</p> <p><b>Resolved to</b></p> <p>7.3. <b>To accept and recommend the standing GDPR policies to the Governing Body for adoption.</b></p> <p><b><u>Personal Data Breach</u></b></p> <p>7.4. Since the previous report, there had been 2 Personal Data Breaches.</p> <p>7.5. One breach was due to a parent mistakenly being contacted by a Learning Support Assistant (LSA) regarding a safeguarding incident, when no contact had been requested. No serious impact was confirmed by the incident and the LSA was instructed that only Safeguarding Officers or Tutors could contact parents or guardians, as they would know of any restrictions.</p> <p>7.6. The other breach was due to loss of a page of personal contact details of students on an adult education course. This was an accident and the member of staff confirmed that they would take more care in the future with any paperwork.</p> <p><b><u>Freedom of Information (FOI) and Data Subject Access Requests (DSAR)</u></b></p> <p>7.7. Since the previous report, there had been 4 Freedom of Information Requests. These requests are mainly from service companies researching for the College's budget for their services</p>	<p><b>Clerk (Completed)</b></p>

<p>and one from a Local Authority in relation to enrolled students from their area.</p> <p>7.8. Since the previous report, the College received and complied with 1 Data Subject Access Request.</p> <p>7.9. As at 30 November 2021, the Clerk confirmed that the College was 100% compliant in all areas of Data Protection.</p> <p><b><u>Fraud, Theft and Irregularity</u></b></p> <p>7.10. A fraudulent £50 note was received from a student by restaurant staff in January 2022, unknowingly by the student who had received it as part of a cash-in-hand work placement.</p> <p>7.11. An instalment plan has been arranged with the student and their parents to replace the funds by the end of February 2022, and as such the incident was not reported to the police. It also provided a life lesson for students who are paid in cash.</p> <p>7.12. As the error had been captured by banking staff, the College's staff training on fraud awareness was being reinforced.</p> <p>7.13. There have been reports from 2 staff and 2 students regarding catalytic converters being stolen from their vehicles whilst parked on-site at the Enfield campus. The Estates Director and Centre Manager are working to improve car park security measures.</p> <p>7.14. There continues to be no instances of irregularity.</p>	
<p><b>8. Review of Risk Management (Decision)</b></p> <p>8.1. The Principal Risks are now embedded into Committee reports where the context is more appropriate. The Principal felt that this had significantly improved the Board's conversations around risk.</p> <p>8.2. Some College areas were flagged as currently high risk, including: staff retention and recruitment and; student recruitment and loss of students to competitors.</p> <p>8.3. The Committee discussed the framework and whether there was value in:</p> <ul style="list-style-type: none"> <li>a) Prioritising the risk appetite for the Principal Risks.</li> <li>b) Including Cyber Risk as a standalone Principal Risk, due to this being a current high risk area.</li> </ul> <p>8.4. As both of these would involve a similar type of drilling down that the College's Risk Register effects, it was not deemed appropriate for this high level document, where each Principal Risk can also be analysed separately to the others.</p> <p><b>Resolved to</b></p> <p>8.5. <b>Confirm that overall approach to risk management is fit for purpose, the principal risks reasonably represent the main internal and external risks and the specific risk relating to legal and regulatory as relevant to this Committee is being effectively managed.</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 16 June 2022 at 0830.</p>	
<p><b>11. FE Sector Update</b></p> <p>11.1. There have been some instances of Cyber Attacks in FE, recently, which have resulted in colleges having to close for several days along with a significant loss of money.</p> <p>11.2. The Finance Director is assessing the market to acquire Cyber Risk insurance for the College. This insurance is not always as comprehensive as it should be and progress is being made to improve this.</p> <p>11.3. There has been a significant movement in the recruitment of staff in FE, following the pandemic.</p> <p>11.4. Guidance on ‘The scope of work of audit committees and internal auditors in college corporations’ was updated on 12 January 2022 and can be found here, which provides board assurance frameworks and core activities  <a href="https://www.gov.uk/government/publications/college-corporation-financial-management-good-practice-guides/the-scope-of-work-of-audit-committees-and-internal-auditors-in-college-corporations">https://www.gov.uk/government/publications/college-corporation-financial-management-good-practice-guides/the-scope-of-work-of-audit-committees-and-internal-auditors-in-college-corporations</a></p>	

APPROVED MINUTES			
<b>CHAIR:</b>	Robert Howard	<b>DATE:</b>	16 June 2022
<b>APPROVAL:</b>	<b>Remote confirmation:</b> Approved.  <b>Or signed:</b>		