












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

<b>Meeting Time and Date</b>	<b>0900 on 16 June 2022</b>
<b>Meeting Location</b>	<b>Zoom Online</b>
<b>Members</b>	Robert Howard (Chair)  Guy Jones-Owen (Vice Chair)  Alex Lane  Tony Young (Independent)
<b>Auditors</b>	Paul Goddard (Scrutton Bland)  Alice Walker (Scrutton Bland) Katharine Patel (Buzzacott) 
<b>Observers</b>	Christine Bianchin (Principal)  James Bryan (HR) Denise Cheng-Carter (Finance)  David Scott (Estates)  Liz Wood (Academic)
<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. Apologies were received for Tony Young, Alice Walker, James Bryan and Liz Wood.</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 3 March 2022 and 18 May 2022 as a correct record and authorise the Chair to confirm them.</b></p>	
<p><b>4. Matters Arising</b></p> <p>4.1. The Chair of Audit had now provided a cyber security contact to MIS, via Finance, who can demonstrate further controls and best practice protocols.</p> <p>4.2. The College's utility provider, Bulb, were currently under special administration, although this had not affected the College's current contract. A new contractor is being sought and this will be monitored through the College's management accounts.</p> <p>4.3. The following matters had been moved to the new Review of Audit Recommendations report (<b>see Item 8</b>):</p> <p style="margin-left: 20px;">a) The College's completion of the Cyber Essentials Plus certification.</p>	

<p>b) Revised wording for the autumn Annual Fraud Report.</p> <p>c) The College's adoption of 'Smart Water'.</p>	
<p><b>5. Review of Terms of Reference (Decision)</b></p> <p>5.1. The Committee conducted an annual review of the Committee's Terms of Reference.</p> <p>5.2. Membership had recently been increased to up to 4 members, from 3. The Committee agreed that, as members of other Committees could now be members of the Audit Committee, that it would be prudent to increase this further, to up to 6 members.</p> <p>5.3. The Terms of Reference were approved, subject to the Governing Body agreeing to the increase in membership.</p> <p>5.4. As this would usually be a decision for the Search, Governance and Remuneration Committee to recommend, this was circulated by email to the Committee prior to the Governing Body meeting.</p> <p><b>Resolved to</b></p> <p>5.5. <b>To approve the revised Audit Committee's Terms of Reference and recommend them to the Governing Body for their adoption.</b></p>	<p><b>A: Governing Body (Appendix I)</b></p>
<p><b>6. Report of the Finance Director (Decision)</b></p> <p><b><u>Internal Audit Service</u></b></p> <p>6.1. The College had received a good quality service from Scrutton Bland for the year 2021-22.</p> <p>6.2. The regulations with which the College must adhere to, permit the Governing Body to dispense with the services of an internal audit firm or to annually choose whether to employ such a service. Management has reflected on the value received by the College and recommend the retention of this service.</p> <p>6.3. The Committee agreed that Scrutton Bland should continue to provide the internal audit service to the College.</p> <p><b>Resolved to</b></p> <p>6.4. <b>Confirm the retention of Scrutton Bland to provide an internal audit service to the College for the next financial year 2022-23.</b></p> <p><b><u>Internal Audit Assurance Strategy and Annual Plan for 2022-23</u></b></p> <p>6.5. The Committee received the Internal Audit Assurance Strategy and Annual Plan provided by Scrutton Bland, which details the full range of internal audits they propose to undertake together with a plan of work for the next financial year 2022-23.</p> <p>6.6. The plan equates to 31.5 days (39 days 2021-22). The audit fees per day has been increased by 2.8% to £550 per day (£535 in</p>	

2021-22). It was noted that the previous audit fees of £535 per day has been held for the past 4 years.

- 6.7. The proposed audit fees for 2022-23 is £17,325 +VAT. (£20,865 + VAT 2021/22).
- 6.8. Governors suggested including a Culture audit for 2022-23, given that this was an area that had not previously been covered, and was at the current forefront of strategic improvements being put into place at the College.
- 6.9. Management felt that this would be better served, and achieve greater value for money, if it was carried out in 2023-24, when the current action plans have been fully established, to confirm that the College is on the right track to improve culture and to build on the initial groundwork. Governors agreed with this rationale.
- 6.10. Scrutton Bland will be conducting a more thorough, deeper dive, into the audits that had received a Reasonable or Limited opinion in 2021-22, to ensure that these areas can be de-risked.
- 6.11. As the Committee had considered which audits provided further insight into the separate opinion that the auditors make on efficiency, economy and effectiveness, Scrutton Bland agreed to clarify this in the future reports.
- 6.12. Denise Cheng-Carter and Christine Bianchin were thanked by Paul Goddard for their assistance in agreeing the annual plan.
- 6.13. The Committee agreed that it was a well-structured plan and they also agreed with the proposed fees.

#### **Resolved to**

- 6.14. **Agree the Internal Audit Assurance Strategy and Annual Plan for the 2022-23 year and the proposed fees therein.**

#### **Financial Statement audit service**

- 6.15. Equally, the College had received a good quality service from Buzzacott for the year 2021-22.
- 6.16. Buzzacott explained that 2021-22 had been a stable year for auditing standards, in relation to financial statements and regularity assurance, with minor changes that Colleges needed to adhere to.
- 6.17. The risks at Capel were specific to the College's activities and nothing had significantly changed from previous years.
- 6.18. The College was currently demonstrating a strong financial position with a small surplus, in addition to the £600k received for the granting of access rights to the College's land at 66 The Ridgeway, Enfield.

#### **Going Concern assessment**

- 6.19. Despite the pressures on costs for staff resources, pensions and funding, a continuing positive financial position was expected, in the context of the College remaining a Going Concern.

Change to the Accounting Officer

- 6.20. As there was a mid-year change to the Accounting Officer (Principal/Chief Executive), the previous Officer had now signed a statement to the Corporation to confirm regularity, propriety and compliance up to the date of their departure. This will accompany the accounts and financial statements for 2021-22 prior to the Governing Body's approval.

Capital Projects

- 6.21. Buzzacott will review the accounting treatment and disclosures within the financial statements, in relation to the redevelopment of the Mottingham site as an asset under construction. This will include a review of correspondence and the status of the planning application.

Income Recognition

- 6.22. In the prior year, the ESFA confirmed that auditors could no longer place reliance on the final funding reconciliation statement usually received by colleges in late November/early December to verify the accuracy of income claims made in the year.
- 6.23. Without assurance over the final Individualised Learner Records (ILR) return, which is used by the ESFA to prepare the reconciliation statement, there is a risk that income recognised in the financial statements is overstated and there is a risk of material clawback not being recognised. As such, alternative procedures are required to gain assurance over the validity of income.
- 6.24. Buzzacott's assessment that funding income is correctly stated will be facilitated by examining the external funding audits, the internal audits that Scrutton Bland has carried out, alongside Buzzacott's own checks and controls.
- 6.25. The Committee confirmed the retention of Buzzacott to provide the financial statements for 2021-22.

**Resolved to**

- 6.26. **Confirm the retention of Buzzacott to provide the financial statement audit service for the year ending 31 July 2022.**

**Financial Statements Auditors' Strategy for 2021-22**

- 6.27. The external auditor, Buzzacott, provided their Audit Strategy for 2021-22.
- 6.28. The objective is to meet the timetable of the Committee and the Governing Body and to file the College's accounts with the ESFA by 31 December 2022. The ESFA is presently asking Colleges to

<p>advise them if they will not be able to meet this deadline. The delivery of this plan does not require the College to make such a disclosure.</p> <p>6.29. It is proposed that the majority of the audit work will be carried out at the College's premises.</p> <p>6.30. This equates to an increase in audit fees of 4.8%, which is deemed a reasonable increase by management.</p> <p>6.31. The strategy and additional fees were agreed by the Committee.</p> <p><b>Resolved to</b></p> <p>6.32. <b>Note and agree the Strategy with the proposed fee therein.</b></p>	
<p><b>7. Internal Audit Reports 2020-21 (Decision)</b></p> <p>7.1. It was agreed that all future audit reports will be forwarded to the Committee that it relates to for their discussion, in addition to the Audit Committee's approval.</p> <p>7.2. Scrutton Bland provided the following audit reports:</p> <p><b><u>Lecture Deployment: Limited assurance</u></b></p> <p>7.3. Scrutton Bland issued a Limited assurance opinion (fourth highest) on Lecture Deployment.</p> <p>7.4. Governance, risk management and control arrangements provided limited assurance that the material risks reviewed were managed effectively.</p> <p>7.5. Urgent and significant action is required to improve the adequacy and/or operation of internal controls, to ensure that the College is being as efficient as possible with its staff resources.</p> <p><b>David Scott joined the meeting.</b></p> <p>7.6. The following recommendations were accepted:</p> <p><b><u>High risk recommendations</u></b></p> <ol style="list-style-type: none"> <li>1) Management will ensure that, by August 2022, that the Staff Utilisation report is updated and accurately reflects the staff in place for the College, including Agency staff members, and that the staff contracts in place are up to date and contain the correct contact hours for staff members.</li> <li>2) Managers are reviewing lecturer utilisation rates across the College, as part of a new process of integrated curriculum planning and budget setting, and will be closely monitored to increase utilisation rates. This will be completed by July 2022.</li> </ol> <p><b><u>Medium risk recommendations</u></b></p> <ol style="list-style-type: none"> <li>1) The College will be publishing guidance on expected lecturer deployment by August 2022, including targets for delivery, and formally reviewing and reporting against it at internal academic meetings and Governor Committee meetings.</li> </ol>	<p><b>Clerk / Finance noted (Completed)</b></p>

<p>2) Staff utilisation reports to be formally documented and discussed at Heads of Schools meetings chaired by the Vice Principal by August 2022.</p> <p>7.7. Management confirmed that the information was being captured, but had not yet been utilised. Inaccuracies had also been found, which were now being corrected.</p> <p>7.8. They acknowledged that the deadlines were challenging, but achievable, and that this would be triangulated with the curriculum plan.</p> <p>7.9. Governors requested that updates on this report are received by SLT at the November 2022 meeting.</p> <p><b><u>Curriculum Planning: Significant assurance</u></b></p> <p>7.10. Scrutton Bland has issued a Significant assurance opinion (second highest) for Curriculum Planning.</p> <p>7.11. Overall, it was considered that the College had developed a robust and efficient curriculum planning process. The 4cast system is used to capture all details of the curriculum plan, including target enrolments, income and course contribution rates. The data provided from this system is considered to be informative, easily accessible and is being well utilised in practice as part of curriculum planning meetings.</p> <p>7.12. There are some areas where the adequacy or operation of control in practice should be improved further.</p> <p>7.13. The following recommendation was accepted:</p> <p><b><u>Low risk recommendation</u></b></p> <p>1) The College to investigate the outcomes of its alumni students, in conjunction with implementing destination surveys by January 2023.</p> <p>7.14. The 2022-23 Curriculum Plan had been designed with the expectation that all courses are to be delivered by employed staff and, therefore, agency staff will not be required to supplement the staff resource.</p> <p>7.15. The Curriculum Plan is integrated with budgeting processes. Management has introduced this year a bottom-up approach to budget setting. Budget templates are populated by budget holders and these are followed up with meetings with management to inform their budgets for the next financial year.</p> <p>7.16. For those areas that are under-utilised, resources will be maximised to cover staff sickness.</p> <p><b><u>Follow-up on previous recommendations: Good Progress assurance</u></b></p> <p>7.17. Scrutton Bland considered that Good Progress has been made in implementing the recommendations that were in scope for this review, raised during 2020-21, and for the reports from the prior year.</p> <p>7.18. A recommendation to produce an IT Disaster Recovery Plan had been part-implemented, with scenario testing to be completed by November 2022.</p>	<p><b>Finance / HR (14 Nov 2022)</b></p> <p><b>* AC to receive audit report at next meeting.</b></p>
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<p>7.19. A recommendation to follow up on evacuation procedure flaws had been implemented. A standardised feedback and action form, for use across all campuses, was expected to be in place by September 2022.</p> <p>7.20. The only outstanding audit for 2021-22 was Funding, due to evidence still to be completed. This would be circulated to the Committee by email, formally presented at the November 2022 Committee meeting and forwarded to the Finance and Resources Committee.</p> <p><b>Resolved to</b></p> <p>7.21. <b>Receive and agree the above Internal Audit reports.</b></p>	<p><b>Clerk / Finance (July 2022)</b></p>
<p><b>8. Review of Audit Recommendations (Decision)</b></p> <p>8.1. Audit recommendations from both internal and external audits are now collated into a single report and will be a standing agenda item for each Audit Committee meeting. This is a live document that is being monitored in monthly senior leadership team meetings.</p> <p>8.2. As at the end of May 2022, there were 34 audit recommendations in total, 15 completed, 15 partially completed, 3 overdue and 1 Not Yet Due.</p> <p>8.3. Overdue recommendations:</p> <ul style="list-style-type: none"> <li>a) The recommendation that the Staff Code of Conduct audit should align with the College's Financial Regulations, was a previous management decision that the new senior leadership team deemed as no longer required. The Committee agreed that this recommendation should be removed.</li> <li>b) Smartwater, to protect fixed assets, has now been ordered for all campuses.</li> <li>c) New College guidance on the use of ProMonitor will be established by the new Vice Principal, who will be in place by August 2022.</li> </ul> <p>8.4. It was agreed to add this table of Audit Recommendations to the Decision Time Resource Library.</p> <p><b>Resolved to</b></p> <p>8.5. <b>Agree the Audit Recommendations report and agree to the removal of the Staff Code of Conduct recommendation.</b></p>	<p><b>Clerk (Completed)</b></p>
<p><b>9. 8 Month Report on Compliance and Regulation 2021-22 (Decision)</b></p> <p><b><u>Data Quality</u></b></p> <p>9.1. In the updated AoC Code of Good Governance for English Colleges, on which the College is guided by on an accept or explain basis, its states that:</p> <p><i>The board must ensure that effective arrangements are in place for the management and quality assurance of data. This assurance should include a statement on data quality from the audit committee.</i></p>	

<p>9.2. In the Annual Report of the Audit Committee, the Audit Committee's current opinion is that:</p> <p><i>Based on the work reviewed and carried out by the Audit Committee during the 2020-21 year the Committee concludes that in its opinion the College has an adequate and effective system of assurance arrangements, framework of governance, risk management and internal control processes to secure the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.</i></p> <p>9.3. The Internal Auditors confirmed that many colleges assess that data quality sits within 'internal control'.</p> <p>9.4. For transparency, the Committee agreed to amend the opinion, as follows:</p> <p><i>... risk management and internal control processes, <b>including data quality</b>, to secure the effective and efficient use of resources ....</i></p> <p>9.5. For further clarity, Scrutton Bland agreed to specify in their audit reports, when they related to data quality.</p> <p><b>Resolved to</b></p> <p>9.6. <b>That the Audit Committee's opinion, within the autumn Annual Report, is revised to include the adequacy and effectiveness of data quality.</b></p> <p><b><u>Personal Data Breach</u></b></p> <p>9.7. Since the previous report, there had been 4 Personal Data Breaches.</p> <p>9.8. All of the breaches were due to a failure to blind copy (bcc) email recipients. No serious impact was reported in all instances and, as the breach was immediately reported by the employee having realised their error, these are viewed as momentary mistakes rather than from a lack of knowledge. However, to avoid further instances, the staff members were advised to retake the GDPR course.</p> <p>9.9. The Internal Auditors have further recommended that the College adopts a broader Cyber Security Awareness programme for staff, following their IT Infrastructure audit in March 2022.</p> <p><b><u>Freedom of Information (FOI) and Data Subject Access Requests (DSAR)</u></b></p> <p>9.10. Since the previous report, there had been 1 Freedom of Information Request. This was an annual request from the Labour Research Department regarding the staff pay award.</p> <p>9.11. Since the previous report, the College had not received any further Data Subject Access Requests.</p> <p>9.12. As at 31 March 2022, 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><u>Fraud</u></p>	<p style="text-align: center;"><b>Clerk (14 Nov 2022)</b></p>
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<p>9.13. No instances of fraud had been reported from 1 December 2021 to 31 March 2022.</p> <p><u>Theft</u></p> <p>9.14. There had been a further report of a catalytic converter being stolen from a vehicle whilst parked on-site at the Enfield campus. This time the car was owned by a garden visitor.</p> <p>9.15. The following measures were being put in place:</p> <ul style="list-style-type: none"> <li>a) An improved barrier and CCTV system are being considered and costed, along with the option of employing security officers.</li> <li>b) Caretakers are being deployed to monitor the car park.</li> <li>c) Dummy cameras and additional “park at your own risk” signage are being purchased.</li> </ul> <p><u>Irregularity</u></p> <p>9.16. There continued to be no instances of irregularity.</p>	
<p><b>10. Review of Risk Management (Decision)</b></p> <p>10.1. It was proposed that a more detailed presentation and evaluation of the Principal Risks was adopted to inform Governors’ review of risk.</p> <p>10.2. The Principal Risks remain unchanged but a further layer of analysis, in the form of a rag-rated inherent and resident risk, has been added to clarify which are the currently elevated risks.</p> <p>10.3. All Committee reports will continue to have the Principal Risks embedded into them.</p> <p>10.4. Governors and the Internal Auditors felt that this was a very helpful and powerful revision, to provide clarity on the elevated risks.</p> <p>10.5. The Internal Auditors suggested that further tweaks could include success measures, such as external assurance from external audits, to inform on particular risks. SLT to consider this further addition before the next presentation of Principal Risks.</p> <p><b>Resolved to</b></p> <p>10.6. <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>10.7. <b>Accept the new approach to the presentation of principal risks within the Principal Risk Register and recommends its use to the Governing Body</b></p> <p><b>Katharine Patel left the meeting.</b></p>	<p style="text-align: center;"><b>Principal (28 Sept 2022)</b></p> <p style="text-align: center;"><b>B: Governing Body (Appendix II)</b></p>
<p><b>11. AOB</b></p> <p>11.1. None.</p>	

<p><b>12. Date of next meeting</b></p> <p>12.1. The next Audit Committee meeting will take place on Monday 14 November 2022 at 0830.</p>	
<p><b>13. FE Sector Update</b></p> <p>13.1. Scrutton Bland provide the Committee with a sector update.</p> <p>13.2. To ensure that the Audit Committee is meeting its need for members to have recent, relevant experience in risk management, finance and assurance, Paul Goddard to provide recommended training options to the Clerk and Chair of the Committee.</p> <p>13.3. It was noted that the FE sector are all under similarly, high pressure at the current time.</p> <p>13.4. To align with the ESFA's requirement for Apprentices to have 20% 'off the job' training hours, which many colleges were currently struggling to meet, a specific set of hours (e.g. 6 hours per week) was expected to be communicated in the near future, and guidance would be provided.</p> <p>13.5. The College was made aware of a recent trend to commit fraud, which involved people pretending to be parents of students in order to attempt to extract personal information.</p> <p>13.6. Many colleges were now assessing their board assurance frameworks, to broaden the information that they receive, in order to make more considered assurances. This may also involve changing their risk registers to meet those terms.</p>	<p><b>Clerk (14 Nov 2022)</b></p>
<p><b>14. Farewell to Robert Howard</b></p> <p>14.1. Robert Howard will be retiring from the Governing Body on 13 July 2022 and this was Robert's last Audit Committee meeting.</p> <p>14.2. Robert has been a Governor at Capel since 2010 and Chair of the Audit Committee since 2014.</p> <p>14.3. The Committee gave thanks to Robert for his hard work and dedication over those years.</p>	

APPROVED MINUTES			
<b>CHAIR:</b>	Guy Jones-Owen	<b>DATE:</b>	11 November 2022
<b>APPROVAL:</b>	Remote confirmation: <b>Approved</b>		
	Or signed:		