**DRAFT**

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**Minutes of the meeting of the**

**Audit Committee held on**

**Monday 1 June 2020, at 10.30am via Microsoft Teams**

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| **Present:** | Mark Bass - Chair  Sarkis Mazmanian – Vice Chair  Balbinder Panesar |  |
| **In attendance** | Wijay Pitumpe - Chief Finance & Enterprise Officer (CFEO)  Maxine Deslandes – Director of Finance & Estates  Mike Cheetham – RSM (MC)  Mark Eagle (MacIntyre Hudson) (ME)  Victoria Eastwood – Chief Governance Officer |  |

1. **Welcome and apologies for absence**

There were no apologies for absence.

1. **Declarations of Interest**

Members were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. None were anticipated.

1. **Minutes of the Previous Meeting – Monday 2 December 2019**

Mike Cheetham (RSM) noted that item 12 on page 4 of the Minutes referred to RSM joining the Baker Tilly Group when it was MacIntyre Hudson who had merged with Baker Tilly. It was agreed that this would be amended. Further to the required amendment, the Minutes of the previous meeting held on Monday 2 December 2019 were agreed as a true and accurate record.

1. **Matters Arising**

An update on outstanding actions from the December 2019 Committee meeting was provided:

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| **Ref.** | **Action** | **Responsibility** | **By (Deadline)** | **Update** |
| Matters arising | Progress against Internal Audit Recommendation report to be emailed to the Committee as soon as possible. | DOFE/Clerk | ASAP | Included on Agenda |
| 6. | Question 4.2 to be removed from the Self-assessment questionnaire. | Clerk | ASAP | Complete |
| 7. | Point 2.7 to be amended to include reference to the CFEO. | Clerk | ASAP | Complete |
| 9. | Learner Number Systems report to be included with the Audit Committee report at the December Corporation Meeting. | Clerk | 9 December 2019 | Complete |
| 14. | Paragraph 1.2 to be amended to reflect the specific wording within the Audit Code of Practice which would also be reflected in paragraph 7.2. | Clerk | ASAP | Complete |
| 15. | HE Provision Risk to be added to the Register.  All risks to be allocated as the responsibility of a named individual | CFEO | ASAP | Complete |

The Chair reported that the risk management internal audit had highlighted that the Minutes of the June 2019 meeting of the Audit Committee had noted that the Risk Management Strategy had been discussed by the Committee but not approved. It was agreed that the Strategy was presented for approval and this had been an oversight. The Committee confirmed that the Risk Management Strategy was approved at the June meeting and this should be duly recorded in the Minutes of this meeting.

**Approved: The Committee agreed that the Risk Management Strategy was approved at the meeting of the Audit Committee held on 11June 2019.**

1. **Matters requiring College staff to withdraw**

There were no matters requiring college staff to withdraw.

1. **Internal Audit Progress Report**

Mike Cheetham reported that the Board Effectiveness review had been deferred to 2020/21 given the current circumstances. The records required to complete the Learner Number internal audit had to be accessed electronically and it was not possible to access these records off site. Consideration would take place on how to undertake the audit remotely and it was noted that if the audit was completed after July 2020 it would still be counted within the 2019/20 audit.

The Director of Finance & Estates (DOFE) stated that the learner number audit would require members of the College CIS team to access the College site to be able to collect the required records. Usual practice was for the required files to be selected from a list of all relevant files and this was still able to be completed. Arrangements could then be put in place to retrieve that information. It was noted that the assessment and grading process was a priority for the CIS team at present. Mike Cheetham added that RSM would be as flexible with dates as possible.

*Post meeting note: (confirming arrangements for learner numbers audit)*

**Internal Audit Reports:**

The DOFE advised that a number of the internal audits had been conducted as far back as January 2020. These assignments had been incorporated due to the March meeting being postponed.

**(a) Risk Management**

Mike Cheetham reported that the Risk Management report provided substantial assurance (a green RAG rating) and there were only two low level recommendations.

The Chief Finance & Enterprise Officer (CFEO) advised that, in light of the current situation, risk management (including the strategy) was being reviewed and this would be brought to the committee for approval once a draft had been completed. The DOFE added that the way risk management was presented needed to change. The current format was adequate but recommendations alongside evidence needed to be presented differently.

**(b) IT & Business Continuity Planning**

The Committee were informed that the report had been rated amber overall with a few red rated issues. Partial assurance had been provided with two high and three medium recommendations having been accepted by management. One of the issues had been the Business Continuity Plan only being available online and therefore not accessible if the system was not working. This recommendation had now been completed.

Mike Cheetham reported that the key issue was the content of the Business Continuity Plan. Greater clarity was required around ILCT and it needed to be made clear exactly what was required and prioritisation of systems. It was noted that some of this was already being explored given the current situation.

The CFEO noted that the College would implement the management actions identified. He put into context some of the recommendations and advised that when the lockdown came into force, all classes had been set up in google classroom by the following Monday. The IT infrastructure had served very well and run smoothly.

The Chair asked if the College ever ran a full test on the server. The CFEO replied that there were two Janet links - one to the Rush Green campus and the other to the TSA. Information was backed up in different spaces. The IT Team would turn off one server to test that part but would not undertake a whole college shut down. If one system went down the other server would step in.

In response to a query from the Chair, the CFEO confirmed that there was a backup generator at the Rush Green campus which would automatically be in use if the power went down.

The CFEO confirmed that the College’s Head of IT was Andrew Keegan. New members of the Executive Team had joined the College and the Head of IT alongside the Chief Technology and Innovation Officer would be in attendance at the next meeting if required to discuss incomplete actions.

The Chief Governance Officer (CGO) noted that the updated Disaster Recovery plan would be provided to the full Corporation at the July meeting.

**(c) Key Financial Controls – General Ledger**

Mike Cheetham confirmed substantial assurance for the key financial controls – general ledger report with no recommendations. He advised that RSM had tested as far as they could electronically but some of the final sign offs could not be accessed in the current circumstances. However, all fundamentals were in place.

**(d) Financial Planning & Budgetary Control**

Mike Cheetham advised that the report had been rated ‘green’ overall – substantial assurance with two low level recommendations. It was noted that the audit had taken place pre lockdown and confirmed that the processes were robust.

**(e) Follow Up**

The Committee were informed that, overall, reasonable process had been made but it was noted in the conclusion on page two of the report that some of the recommendations carried forward had missed the original deadlines. One of the revised deadline relating to the exams booking system was September 2021 and it was questioned whether this could be completed earlier. The revised deadline for the recommendation pertaining to DBS checks was October 2020 and this was not something that could be lost sight of. The recommendation had been upgraded to high because it had not been completed.

Bal Panesar questioned whether the exams recommendation was dependant on systems. The DOFE replied that the Head of CIS was responsible for the recommendation and she was unsure why the date of September 2021 had been specified. At present the process was manual which resulted in things slipping through the net. The Chair stated that a post-meeting note was required to provide an update and explanation for the September 2021 recommendation date.

The Chair stated that the Committee highlighted concerns a year ago regarding revised recommendation dates and the position was the same a year on. The DOFE advised that the DBS recommendation had been picked up by the new CTO. There had been an interim HR person previously in place who had advised that the recommendation had been implemented, however, the new CTO was not content to accept the position without undertaking the necessary checks. The deadline had been extended as access to the college site was required to confirm completion of the recommendation and therefore the CTO could not presently sign this off.

Mike Cheetham stated that 29% of individuals recorded did not have a record of a DBS certificate being obtained and there were therefore some missing gaps.

Bal Panesar advised that he was very concerned with the position as the DBS issues were not complicated and should have been solved very quickly.

The Chair stated that little could be done remotely. The implementation date was far away but the interim actions needed to be addressed quicker as these were safeguarding issues. If a final check was required then an interim statement needed to be made by the CTO as a post meeting response. It was agreed that the DOFE would liaise with the CTO to action.

Mike Cheetham stated that the rest of the actions in the report had been positive. Bal Panesar added that 11/22 completed recommendations (50%) was a poor result.

**Agreed: That the current position be noted.**

**Action: Post meeting notes required for learner numbers audit and exams booking system recommendation date;**

**DOFE to liaise with CTO to obtain post meeting note re DBS recommendation.**

*Post meeting note: DBS Checks*

*A letter has been issued to staff stating that the DBS is part of their employment requirement and that if it is not received by the College by a certain date, they will face disciplinary action. 40 staff have been identified of which 13 are new members of staff.*

*The College is automating the process and integrating it into the recruitment and onboarding system, so that from September all DBS certificates will be processed with ease, thus reducing the administration time and making the process quicker. The system has been reviewed and IT are checking to ensure it meets all technical requirements so we can then proceed to implementation.*

*It is anticipated all will be completed in advance of the October deadline. In addition, staff will not be allowed on site next week (w/c 15 June 2020) if proof of their DBS check has not been received.*

1. **Progress on previous Internal Audit recommendations**

The DOFE reported progress on internal audit recommendations were updated for SLT and Audit Committee on an ongoing basis. An evidence column had now been included to provide additional assurance for Governors.

The Committee were informed that a lot of the actions had also been looked at through the internal audit process and some of the actions had merged or superseded. These would be removed from the next report as appropriate.

The DOFE referred to the appeals policy advising that the policy was scheduled to be approved this year – one year later than the initial implementation date. This previous Director of Quality had left the College last year and the post had not been replaced. Several restructures had since taken place and there was now a Chief Operating Officer and Assistant Director of Quality in place who was actioning this.

The Chair stated that it was good to see the positives but personnel changes within the College should not have prevented recommendations being completed. The recommendations had fallen through the cracks in the process and should have been picked up much sooner. Bal Panesar added that changes in personnel may be one of the reasons why delays occurred but the completion of recommendations were a year plus on average and this was not acceptable.

The Chair advised that the new revised audit process should prevent these issues reoccurring. The accountable person will attend the meetings when their actions were discussed from next year which would increase personal accountability.

The DOFE stated that this report was presented to SLT and all members were aware of the position. There was a need to close the loops to ensure actions were closed and the message would continue to be reiterated.

**Agreed: That the current position be noted.**

1. **Progress on previous Financial Statement auditor recommendations**

The DOFE reported that an evidence column had been introduced to the report. A lot of recommendations had been completed and evidence had been provided where possible, however, some recommendations could not yet be evidenced until the accounts were closed etc. With regard to the HR contracts recommendation, this had been completed but testing would require presence on site.

The Chair stated that the proof would be when the report was next presented to the committee at the beginning of the academic year.

Mark Eagle advised that the major unknown was what was going to happen in the future and whether auditors would be able to attend on site. The view was to undertake audits the normal way if possible. Remote audits had been undertaken and the position was currently open with regard to going concern etc. The DOFE replied that it was possible to provide all the evidence on line. Some staff could access the site and obtain the relevant evidence once it was agreed which evidence was needed. Traditionally a two week period had been set for the audit and it would need to be considered how much time would be needed if the audit was undertaken online.

Bal Panesar noted that there was a small typo on page 176 referring to December 2019 instead of December 2020. Mark Eagle agreed this would be amended.

**Agreed: That the current position be noted.**

1. **Financial Statements Audit Strategy 2019/20**

The Committee considered the Financial Statements Audit Strategy 2019/20 and the proposed plan to be undertaken during the 2019-20 final accounts audit.

**Agreed: The Financial Statements Audit Strategy 2019/20 was noted and agreed.**

1. **COVID 19 – Draft Risk Assessment**

The CFEO reported that the transition plan was key and the risk assessment would form part of this. The transition plan was a working document consultation would take place with different stakeholders including the unions. The Coronavirus Governance & Leadership group would monitor the plan alongside the Corporation.

Bal Panesar questioned the difference between this risk assessment and the normal college risk assessment. The CFEO replied that this was based on specific FE related advice from the DfE. Although it was not possible to eliminate the risk, the College was looking to mitigate risk as much as possible.

**Agreed: That the current position be noted.**

1. **Anti-Fraud Policy and Anti-Bribery Policy Review**

The CFEO reported that the policy was presented for approval. There had been no changes based on legislation, the only changes had been to personnel title.

The Chair stated that the dates of review and version needed to be amended. Bal Panesar stated that the font of the document needed to be considered. This was agreed.

In response to a query from Bal Panesar, the CFEO confirmed that the £10K significant limit was based on advice from the ESFA.

**Approved: Subject to amendment to the dates of review and version, the Anti-Fraud and Anti-Bribery Policy were approved.**

1. **Sub-contracting controls assurance audit 2019**

The CFEO stated that it was a requirement by the ESFA for colleges to undertake an assessment of internal control in relation to subcontracted provision.

Bal Panesar stated that the report looked satisfactory.

The Chair queried why the report had not been presented at an earlier committee. The CFEO responded that the report was scheduled to be presented at the March Committee but it was recognised that it should have been presented earlier.

Mike Cheetham asked if the 2019/20 assessment had been completed. The CFEO replied that the ESFA had changed the date of the audit several times but the deadline was July 2020. Mark Eagle added that he would have more information on the current position after a meeting he was attending on this the following day.

The Chair requested a post meeting note to advise when the 2019/20 audit would take place.

**Agreed: That the current position be noted.**

**Action: Post meeting note to be included to advise when the 2019/20 audit would take place.**

1. **Any Other Business**

The Chair noted that RSM – COVID-19 briefing had been provided for information.

**Date and Time of Next Meeting**

The Auditors advised there would be no further updates or reports for the next scheduled meeting on 22nd June 2020. It was therefore agreed that this meeting would be cancelled and replaced by a brief meeting to allow the Committee to follow up on the position considering the post meeting notes.

**Action: CGO to arrange next meeting at the end of July/beginning of August 2020.**

The Chair thanked all present for their contributions.

The meeting concluded at 11.30am.



**ACTIONS FROM MEETINGS OF THE AUDIT COMMITTEE**

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| **Ref.** | **Action** | **Responsibility** | **By (Deadline)** | **Update** |
| 6. | Post meeting note to confirm arrangements for learner numbers audit. | DOFE/CFEO | ASAP |  |
| 6. | DOFE to liaise with CTO to obtain post meeting note re DBS recommendation. | DOFE | ASAP | **Complete** |
| 6**.** | Post-meeting note required for exams booking system recommendation to provide an update and explanation for the September 2021 implementation date. | DOFE/CFEO | ASAP |  |
| 11. | Dates of review and version of Anti-Bribery and Anti-Fraud Policies to be reviewed. Font of the policies to be considered. | CFEO | ASAP |  |
| 12. | The Chair requested a post meeting note to advise when the 2019/20 audit would take place. | CFEO | ASAP |  |
| 13. | CGO to arrange next meeting at the end of July/beginning of August 2020. | CGO | ASAP |  |

Signed…………………………………….. Date……………………………….

Mark Bass (Chairman)