



Minutes of the Audit Committee meeting held at the Watford Campus on 25 February 2020 at 1700 hrs.

<b>Present</b>	Guy Ainsley	Chris Nicholls	Irina Kendix
	Ben Stapleton (Chair)		
<b>In Attendance</b>	Ralph Devereux (Clerk)	Cath Gunn (Principal BC)	Leisyaen Keane (Scrutton Bland) (31)
	Eamonn McCarroll (DoF)	Lisa Smith (RSM)(Item 23/19 only)	Gill Worgan (Principal)
	Phil Thompson (Corporation Chair)		

## STANDING ITEMS

### 22/19 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS

The meeting was quorate, no notice had been received of any Member becoming ineligible to hold office and there had been no interests declared.

### 23/19 FUNDING AUDIT

The Education and Skills Funding Agency (ESFA) had commissioned RSM to complete a funding assurance review, which was conducted during September to November 2019 and the attached Report was issued on 9 December 2019. These reviews were a long and meticulous process and RSM recorded appreciation to the DoF and all concerned for the willing and helpful approach that had been evident throughout. The Agency had recently changed their approach, which was becoming increasingly robust, for example, less notice was given of an intended review and issues identified in the current review could, in some cases, be applied retrospectively. The six identified areas of non-compliance were individually detailed in the comprehensive Report, which was fully discussed. The reassurance that the issues raised in these areas were common across the sector, and the associated funding adjustments were insignificant and the report was cleaner than many, gave comfort to Members. RSM confirmed that the college's proposed actions in relation to points raised were considered sufficient and appropriate. Consideration of the issues then led into a lively general discussion on associated matters, including best practice ideas for precisely tracking "on the job" training and documenting the assessment and implications of prior year learning at the outset of apprenticeships. After this discussion, the Chair thanked Lisa Smith, the RSM representative and she left the meeting.

**The information was received.**

### 24/19 MINUTES OF THE LAST MEETING

- a. The Minutes of the last meeting held on 27 November 2019 were confirmed for electronic signature; action delegated to the Clerk. **(Action 1)**
- b. There was no requirement for a closed meeting.
  - a. **The information was received.**
  - b. **Actions had been identified (Register at 32/19)**

## 25/19 MATTERS ARISING FROM AND ACTIONS REQUIRED FROM THE MINUTES

- a. Outstanding Actions. Outstanding actions from the previous meeting had been completed or were in progress.

	Refer to reference minute for full detail	Status
<b>Action 1</b>	11/19. Last minutes (30.09.19) confirmed for signature.	<b>Completed</b>
<b>Action 2</b>	14/19. All AFS related documents recommended for signature.	
<b>Action 3</b>	15/19a. RM Policy recommended for approval.	
<b>Action 4</b>	15/19b. "Safeguarding" risk profile to be re-evaluated.	
<b>Action 5</b>	15/19b. Both RM Policy and Register to Corp re Action 3.	
<b>Action 6</b>	16/19a. ToRs recommended to the Corporation.	
<b>Action 7</b>	16/19b. ACAR recommended to the Corporation.	
<b>Action 8</b>	18/19. IAS confirmed for 2019/20.	

It was noted that the committee had previously reviewed the "Bourneville" related letter from the ESFA in 2019, and this had not led to any immediate actions at that time. However, in response to a query around the sector response to the "Bourneville" focus areas, the IAS explained that sensitive areas were being strengthened and they were often requested for audit validation. Areas included:

- (i) letting and administration of high value contracts;
- (ii) additional checks on integrity assurances passed to the Corporation generally, such as the robustness of policies around conflicts of interest and anti-bribery;
- (iii) anti-fraud frameworks and arrangements; and
- (iv) key financial controls particularly re expenses/credit card procedures; and
- (v) Human Resources (HR) processes particularly Senior Post Holders.

It was agreed that these audit areas would be added into the Audit Plan universe maintained by the IAS, and would be shared with members to help inform the Audit Plan for 2020-21 which was due to be considered at the next meeting in June (**Action 2**).

- b. Matters Arising from the Minutes. There were no matters arising from the minutes.
- c. Urgent Business. There was no urgent business requested.

## BUSINESS ITEMS

### 26/19 RISK AND ASSURANCE (R&A)

- a. Health and Safety (HAS). The scope, approach, risk and objectives of the fieldwork assignment were fully explained in the Report and informed detailed consideration of the Report, Green "**significant**" assurance had been given regarding HAS processes at WHC, accordingly, the Corporation could take assurance that "governance, risk management and control arrangements provide significant assurance, that the material risks reviewed are managed effectively and there are some areas where the adequacy or operation of controls in practice should be improved further" There had been; one "medium" (staff refresher training) and three "low" risk recommendations. All had been accepted and confirmed as having been fully implemented. In particular, refresher training records had been brought up to date and reflected full compliance, and the listing of higher hazard areas which receive extra regular scrutiny was now more readily accessible. It was clarified that Corporation would receive a detailed report on HAS KPI's later in the year. Members took comfort from the positive report on this critical area, and from the IAS's feedback that HAS was well embedded across all campus sites.
- b. Barnfield College (BC) Follow Ups. Follow ups on previous recommendations from BC (made by pre-merger IAS) had been tabulated, showed "good progress" had been made in implementing the recommendations, and indicated that of the original 63 points:
- (i) 60 had been fully implemented. It was noted that this was excellent progress.;

- (ii) 2 had been superseded; and
- (iii) One had not been implemented (management have confirmed that implementation is now underway).

One new “low” risk recommendation had been made, the issue related to general password integrity. Management have accepted and are implementing this new recommendation. After some discussion, the committee concurred with the “low” rating of this recommendation as it related to one niche area of password integrity, and in all other areas the existing functionality was considered robust.

- c. Progress Report. Two field reports (as well as the BC follow up report) had been completed and considered by the AC, dates for the remaining 7 elements of the R&A Plan had been identified. Since the plan would be largely implemented before the next Committee meeting on 30 June, it was agreed that Members would be advised of any Reports with “limited” assurance and the associated Report would be circulated to all. **(Action 3)**.
- d. Sector Update. A useful discussion regarding current sector issues was welcomed, apprenticeship related procedures, and additional responses to the “Hadlow/Bourneville” affair, particularly with regard to Governance culture and processes were considered. Considerations led into consideration of “Whistleblowing” processes and whether staff were generally aware of how to initiate a disclosure. It was agreed as good practice to recommend inclusion of that issue in the next staff survey **(Action 4)** In response to a query the BC Principal confirmed that GA would be welcome to complete an informal survey at Barnfield, similar to the exercise at WHC in the recent past. **(Action 5)**
  - a. The information was received.
  - b. Actions had been identified (Register at 32/19)

## 27/19 REPORTS

- a. Risk Register (RR). The RM Policy had been updated at the last meeting, accordingly the RR had been updated and the revised version was scrutinised and discussed. The document comprised:
  - (i) a “High Level” WHC RR together with a separate RR (Appx 5.1.1); and
  - (ii) two special project RR (HH and BC Redevelopments); respectively at Appxs 5.1.2 and 5.1.3; these had been scrutinised by the Capital Project Steering Group (CPSG 03.02.20) and the Corporation (03.02.20) respectively.

It had been agreed that the risk information (both the High Level Summary and the Full Register) would continue to be regularly scrutinised by the Committee each term. Three new risks had been added to the “High Level” summary:

- (i) 3.8. learner achievement rates for apprenticeship provision;
- (ii) 3.9. learner achievement rates for English and Maths (EAM); and
- (iii) 5.2. Nursery Safeguarding processes are insufficiently developed or embedded in the nursery.

A full summary of the RR had been tabulated, the information compared the detail reported at the last AC meeting with that in today’s report; the Register was discussed, welcomed and confirmed. **(Action 6)** The Committee welcomed the continuous updating of the RR and the red highlighted actions since the last consideration. It was suggested that references to any other relevant documentation and a confidence check on the continuing relevance of each entry would be useful. **(Action 7)** The Coronavirus situation had prompted an increase in hygiene information around the campuses and, as a contingency, individual departments were preparing electronic packages of “14-days work” for those who might ever be required to “self-isolate”. Further and more detailed measures would be implemented on advice from the NHS and DfE. Wider discussions included (i) continued challenge on the strategy around growing HE provision, and (ii) the need to stay alert to EU

nationals who might need permission to work in the UK in future periods. College management indicated that previous enquiries suggested that this was only expected to impact a small minority of staff. In the longer term, it was discussed that reduced immigration might lead to wage inflation in areas where demand for staff exceeds supply.

- b. Previous Recommendations. The updated BC Recommendation Tracker, established in July 2019, detailed progress with recommendations from six RSM IAS Reports. The exception report showed that all recommendations had been completed, the IAS had confirmed that was so and it was therefore agreed that the presentation of the Tracker should be discontinued. **(Action 8)** The completion, at the time of publication, such a daunting action list was impressive and thanks were recorded to the DoF and all concerned. **(Action 9)**
  - c. Public Interest Disclosure (PID). There had been no reported “whistleblowing” incidents.
  - d. GDPR. There had been 2 “non-reportable” genuine inadvertent breaches of the GDPR, which had been promptly reported internally and treated properly according to due process. The process was discussed and both post-incident actions agreed as appropriate. The first “Access Request” had now been received and related to detail regarding a withdrawn student – the college had responded within prescribed time limits.
  - e. Fraud. There had been no incidents of attempted or actual fraud, members were reassured that staff awareness of possible attempts was high and was regularly checked and updated. The DoF had personally briefed a new joiner to the finance team on these risks, given the need to remain alert and sceptical. Details of incidents in the sector were widely shared.
- a. **The information was received.**
  - b. **Actions had been identified.** (Register 32/19 below)

#### **28/19 COMMITTEE BUSINESS**

The Committee Self-Assessment Report (SAR) had been based on the AC TORs and Members took comfort from the largely “green” profile; the document would re-assure the Corporation on the integrity of assurances.

**The information was received.**

**The Audit firm representative left the meeting.**

#### **29/19 EXTERNAL AUDIT PERFORMANCE**

Assessment of audit performance had been rationalised in the committee business schedule. An assessment template (Attached) had informed the provisional assessment, arrived at jointly by the Committee Chair and the DoF and presented to the Committee for comment. The External Auditors (Buzzacott) had provided a good, thorough and relevant service throughout the preparation of the Annual Financial Statements (AFS). They had however been providing the service for an extended period and good practice required market testing. It was agreed that following the recent merger and some changes in the finance team, the continuity Buzzacott's provided outweighed the benefits from a fresh perspective at the current time. In addition, informal benchmarking of published audit fee data suggested that the service currently provided reasonable value for money. The matter was discussed at length and it was agreed to recommend to the Corporation that they be re-appointed for one further year, following which the position would be re-assessed **(Action 10)**

- a. **The information was received.**
- b. **Actions had been identified.** (Register 32/19 below)

#### **30/19 URGENT BUSINESS**

There had been no urgent business agreed.

#### **31/19 DATES OF NEXT MEETINGS**

- a. Board meeting to receive committee recommendations (11 March 2020); and

b. Committee meeting to conduct business (30 June 2020).

**32/19 ACTION TABLE**

Refer to reference minute for full detail		Resp	Date
<b>Action 1</b>	24/19a. Last minutes (27.11.19) confirmed for signature.	<b>Clerk</b>	<b>wie</b>
<b>Action 2</b>	25/19a New possible audit areas to be added into the Audit Plan universe	<b>IAS</b>	<b>30.6.20</b>
<b>Action 3</b>	26/19c. Members advised asap after Limited Assurance Reports.	<b>DOF</b>	<b>asap</b>
<b>Action 4</b>	26/19d. Whistleblowing question in next staff survey.	<b>GW</b>	
<b>Action 5</b>	26/19d. Informal Whistleblowing awareness survey at BC.	<b>GA/CG</b>	
<b>Action 6</b>	27/19a. RR confirmed.	<b>Chair</b>	<b>wie</b>
<b>Action 7</b>	27/19a. Relevance check on RR entries.	<b>DOF</b>	<b>asap</b>
<b>Action 8</b>	27/19b. BC rec tracker no longer necessary.		<b>wie</b>
<b>Action 9</b>	27/19b. Thanks recorded re clearance of BC recommendations	<b>Chair</b>	<b>wie</b>
<b>Action 10</b>	29/19. Re-appointment of Buzzacott for one year recommended.		<b>11.03.20</b>

*Ralph Deveraux (Clerk) for Ben Scapleton (Chair)*

# AuditMinutes25.02.20RDEMcBS

Final Audit Report

2020-07-01

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