Minutes of Audit Committee held on Monday 5ᵗʰ October 2020 starting at 5.00pm via Microsoft Teams

Members Present:	Charlie Harvey
	Liam Butler
	Ester Gopoza
	Helen Lawley
In Attendance:	Andy Comyn (Chief Operating Officer)
	Gill Darwood (Senior Officer - Corporate Governance) (SOCG)
	Tony Felthouse (KPMG)
	Asam Hussain (RSM)
	Neil Thomas (Chief Executive & Principal)

1   Confirmation of quorum and apologies for absence
1.1   Apologies for absence were received from Sharon Birdi.

1.2   The SOCG confirmed that the meeting was quorate.

2   Declarations of Interest
2.1   There were no declarations of interest.

3   Appointment of Chair and Vice Chair for 2020/21
3.1   **It was resolved** To appoint Charlie Harvey as Chair and Liam Butler as Vice Chair of the committee for 2020/21.

4   Minutes of Meeting on 15ᵗʰ June 2020
4.1   The minutes were accepted as an accurate record for signature by the Chair.

4.2   Matters Arising
4.2.1   There were no matters arising.

5   Committee Terms of Reference 2020/21
5.1   The SOCG advised that it was considered good practice for the audit committee to undertake a periodic review of its terms of reference. The terms of reference for the committee were unchanged from the previous year, with the exception to the change of designation of the Chief Executive Officer to 'Chief Executive & Principal'.

5.2   Members were invited to consider whether these terms of reference required any amendment and to recommend them to the Corporation for approval.

5.3   **It was resolved** To recommend the terms of reference to Corporation for approval.

6   Audit Committee's Self-Assessment of its Own Performance in 2019/2020
6.1   The SOCG advised that it was considered good practice for the Audit Committee to undertake a self-evaluation of its performance each year. The questionnaire had

been completed on behalf of the Committee and members were invited to consider whether the answers drafted reflect their own views of the Committee's performance in 2019/2020.

6.2   The Chair confirmed that in her view the assessment accurately reflected the performance of the committee in 2019/20 which was endorsed by members.

6.3   **It was resolved** To approve the audit committee's self assessment of its performance in 2019/20.

7   Internal Audit

7.1   Internal Audit Progress Report including internal audit report on Data Analytics

7.1.1   The COO explained that in line with the internal audit planning, no scheduled internal audit review had been carried out since the last meeting, so there were no new reports or recommendations to present to the committee. However, due to the lock down and staff doing more work remotely the College had instructed RSM to conduct an additional piece of work, a data analytics review, to interrogate data and transactions that had occurred since lock down began, and to compare this to pre-lock down work. The College wanted this review to assess the level of any heightened risk of fraud or irregularity arising from remote working practices and whether the control environment remained robust. The report set out the findings, which were summarised in the accompanying detailed financial and payroll sheets, along with management responses to each finding.

7.1.2   The COO reported that the work had provided assurance that the controls and procedures in place were robust and there was little difference between work carried out in College and that carried out remotely, although the College would make some changes to further strengthen some procedures as noted in the relevant management responses to the findings.

7.1.3   As this report had proved to be a useful and informative tool, RSM had been asked to work with the College to either carry out a similar review each year, or show how they interrogated the data so that the College could do this independently in future.

7.1.4   A Hussain provided further detail on the conduct of the report and confirmed that any issues which had been highlighted had been fully investigated and explanations provided by management.

7.1.5   The Chair felt that the process of manual journal postings may benefit from adding journal coding categories and the COO agreed that he would explore the possibility of introducing this additional coding.

7.1.6   L Butler noted that there was currently a heightened risk of attempted fraud and asked if the College had experienced any actual or attempted fraud, either captured by the report or not. The COO noted that the College had not experienced any instances of fraud or attempted fraud and one of the reasons for conducting this report had been to see if there were any instances which had been undetected, and none had been found.

7.1.7   In response to a question from L Butler the COO explained that there were controls over new suppliers where two independent checks were carried out by different finance staff.

7.1.8   A Hussain explained that the audit had also checked on any activity of furloughed staff and this had been positive as no instances had been identified of staff logging into College systems during furlough leave.

7.1.9   E Gopoza asked if all furloughed staff were support staff, the CE&P confirmed that some had been delivery staff who were engaged in commercial business.

7.1.10   Members concurred that the report had been a useful exercise.

7.1.11   The internal audit update from RSM was noted which contained a briefing on:

- Independent review of college financial oversight – the Ney Review
- Audit and Risk Committees: Navigating Covid-19
- Post 16 Audit Code of Practice 2019-20

7.1.12   A Hussain noted the data analytics review had already addressed some of the points made in the report for Audit and Risk Committees.

7.1.13   **It was resolved**   To note the internal audit progress report and data analytics review.

7.2   Rolling Schedule of Audit Recommendations

7.2.1   The COO presented the report which summarised the progress made in implementing the recommendations contained in the Audit Reports submitted by RSM in 2019/20 and by ICCA previously. The report identified those recommendations that remained in progress and highlighted those that had been completed since the last review.

7.2.2   There were 18 recommendations still outstanding at the last meeting, 13 of which had now been completed, 5 recommendations were outstanding and would be carried forward to the next meeting comprising 1 advisory, 3 medium and 1 high priority recommendation. The high priority recommendation related to IT security, the work for which had been deferred until November 2020 to enable staff to continue to work flexibly away from College during the enforced Covid related lockdown.

7.2.3   No new internal audit reviews had taken place since the last audit committee meeting, other than the Data Analytics review reported at this meeting. This report had no recommendations.

7.2.4   **It was resolved**   To note the rolling schedule of audit recommendations.

7.3   Annual Internal Audit Report

7.3.1   The COO presented the Annual Internal Audit Report which set out the work carried out by RSM Risk Assurance Services LLP in the 2019/20 academic year, including the recommendations made in each category, and RSM's performance against plan.

7.3.2   The internal audits were intended to assist College management and Audit Committee in obtaining an overall view of adequacy and effectiveness of the internal control

systems and on risk management. The summary of internal audit work completed in 2019/20 was:

- – Framework for Compliance with Legal and Regulatory Requirements - Prevent & Safeguarding
- – IT Health Check
- – Governance Arrangements - Institute of Technology
- – Key Financial Controls
- – Learner Number Systems
- – Employer Engagement - Apprenticeships Pipeline
- – Follow up
- – Quality Assurance Systems

7.3.3   RSM reported that the College had an adequate and effective framework for risk management, governance and internal control in place, with the recommendations made throughout the year helping to identify further enhancements to the framework of risk management, governance and internal control. The committee recognised that the reports carried out had generated an increased number of recommendations which had been anticipated due to the developmental approach of the RSM reviews.

7.3.4   The follow up on outstanding actions showed good progress against completing the agreed actions.

7.3.5   The COO noted that the review of Governance of IoT which had provided 'reasonable assurance' had been undertaken at an early stage in the development of the IoT and the recommendations raised in the report had been of assistance in developing the governance framework, which had now been fully completed to a high standard and approved by the IoT Board. The Chair noted that it was reassuring to note the positive approach to recommendations which had been taken.

7.3.6   **It was resolved** To note the Annual Internal Audit report.

8	**External Audit**

8.1   Regularity self assessment questionnaire

8.1.1   The COO explained that the Post-16 Audit Code of Practice 2019 to 2020 set out a common standard for the provision of assurance and accountability in relation to funding of post-16 providers. The format of the statement was set out in the College Accounts Direction (which would be followed through the accounts template provided by the Association of Colleges and would be shown in the College annual accounts when drafted).

8.1.2   To support college corporations in drafting the statement of regularity, propriety and compliance, the ESFA published an annual self-assessment questionnaire to provide clarity over the framework, including the interpretation of the key requirements and the type of evidence that should be considered.

8.1.3   The external auditors, KPMG, had advised that the regularity self-assessment questionnaire should be presented and discussed by audit committee prior to KPMG commencing the full audit work on site, and as that was in mid-October, they advised it was considered best practice for the questionnaire to be presented at this audit committee meeting.

8.1.4   The questionnaire and a new Annexe A reflecting additional Covid issues that Corporation should consider this year had been completed (with red highlighted sections showing changes to, or new, questions being asked this year, with the corresponding responses) and were provided for the consideration of committee members. Members concurred with the responses included within the questionnaire.

8.1.5   **It was resolved** To recommend the regularity self assessment questionnaire to Corporation for approval.

9   Risk Management
9.1   Risk Management – Autumn Term 2020
9.1.1   The COO reported that members of the Executive Leadership Group had updated the high level risk register since the last meeting. The risk register showed the College's current level of risk, along with historical risk levels and dates, with a note briefly explaining the factors affecting the latest risk score.

9.1.2   The changes were summarised as:
- CCR.58 - Likelihood increased from 3 to 4 - Increased risk of cyber-attacks due to greater use of technology during and following the Covid.19 pandemic.
- CCR.07 - Likelihood increased to 4 and Impact increased to 3. Identifying new customers and working with existing employers was on-going, especially with the impact of Covid-19 on business opportunities. Risk re-assigned to Georgina Barnard, Managing Director of Black Country & Marches Institute of Technology.
- CCR.11 - Impact increased from 2 to 3 - Particular focus this year would be on increasing income through AEB, using new WMCA flexibilities.
- CCR.32 - Likelihood increased from 2 to 3 - Coronavirus was seriously impacting on employer's ability to support us with work placements.
- CCR.04 - Likelihood reduced from 3 to 2 - In August 2020, WMCA announced levy transfer support for all SMEs in the region, meaning that apprenticeships were fully funded at present. Risk re-assigned to Georgina Barnard, Managing Director of Black Country & Marches Institute of Technology.
- CCR.53 - Likelihood reduced from 2 to 1 - Due to Covid.19, income expected in 2019/20 had been moved to 2020/21.
- CCR.43 and CCR.46 – Risks removed.

9.1.3   **It was resolved** To note the risk management autumn term report.

9.2   Business Continuity Plan 2020/2021
9.2.1   The COO presented the Business Continuity & Disaster Recovery Plan 2020/21 which provided a framework and a set of checklists detailing the steps required to be taken to ensure that in the event of a disaster or critical incident, the operational functions of the College continued.

9.2.2   The document had been recently reviewed by the Senior Leadership Group and updated to reflect changes for 2020/21, which had been highlighted for ease of reference. These predominantly related to staffing changes and some changes to the appendices. Aspects which related to a specific team having to work remotely due to the need for self isolation of that team have been incorporated due to Covid.

9.2.3   L Butler asked if the College had considered conducting a 'lessons learned' exercise to learn from experiences during Covid. The COO advised that no specific test had been carried out although tests relating to fire and evacuation were routinely carried out on a regular basis. The CE&P noted that testing of IT systems was also carried out on a regular basis. It was felt that the College had responded very well to the lockdown and remote working which had been implemented very smoothly.

9.2.4   The Chair noted that the report stated that safeguarding appointments were by prior arrangement and asked if this had resulted in a reduction in safeguarding reports. The CE&P explained that although appointments were bookable, the duty head system was still proactively dealing with any issue as it arose. He explained that the Standards Committee would receive a report at its next meeting which showed that safeguarding referrals had continued at a similar rate as previously.

9.2.5   In response to a question from A Hussain, the COO advised that there were no permanent overseas onsite delivery locations. The CE&P noted that individual risk assessment for overseas delivery was undertaken via a tripartite agreement with the host and any delivery partner such as British Council.

9.2.6   **It was resolved** To recommend the Business Continuity Plan for 2020/21 to the Corporation for approval.

10   Date of Next Meeting
10.1   The date of the next meeting was noted as Monday 30th November 2020 at 5.00pm (apologies noted from Liam Butler). The SOCG confirmed this would be a virtual meeting.

11   Any Other Business
11.1   No further matters were raised.

L Butler, Acting Chair   30th November 2020