

- b. *ESF match funding* – “no non-compliance identified” with £0 funding errors. The report noted that ‘no instances where you have not complied with these specific ESF match funding requirements.’

2. Apprenticeships (2019/20 funding year)

- a. Carry-in Apprenticeships and Adult Education Budget Provision – ‘areas non-compliance identified’.
- b. We have no issues to report from our substantive testing.
- c. Apprenticeships [from 1 May 2017] – ‘areas non-compliance identified’
- d. 16-19 Provision study programmes – ‘areas non-compliance identified’
- e. Advanced Learner Loans and Loans Bursary fund – ‘no non-compliance identified’
- f. Subcontracting – ‘no non-compliance identified’
- g. ESF match funding – ‘areas non-compliance identified’

SJones noted that as a result of these audits, the Executive teams are now meeting regularly to discuss PDSATs to ensure all areas of non-compliance are addressed.

6. Internal Audit Tracking Report

1 of the 11 recommendations are complete with 10 are in progress; of these 6 relate to HR, 1 relates to Marketing, and 3 relate to IT Infrastructure.

HR 2 - SGraham noted that the implementation of iTrent has been delayed due to technical difficulties and difficulties in establishing the accurate data for uploading. These issues are currently being resolved in readiness for the new academic year.

HR 5 – Governors queried how the HR team plan to create a succession planning policy. SGraham answered that the HR team are working with managers to create a management development programme, so that staff are developed with a view to creating staff able to transition with awareness of the structure and processes. The Committee agreed, given the importance and complexities of this work, to extend the due date of this item.

SGraham

7. Internal Audit

7.i. Internal Audit Reports

Scrutton Bland completed two internal audits since February 2021: Key Financial Controls – cash, income and debtors (assurance level rated as ‘significant’) and Follow up of previous recommendations inc. apprenticeships and health and safety (assurance level rated as ‘reasonable progress’).

Key Findings from Report:

- Key Financial Controls – **Significant assurance**

The audit considered the handling and banking of cash and income received by the College and to confirm that debts owed to the College are recovered in a timely manner; and considered 3 key risks:

1. The risk that cash income received is not accurately accounted for, recorded and banked in full as a result the income is misappropriated or lost.
2. The risk that income due is not identified and a debt raised as a result the income due is not received.
3. The risk that debts owed to the College are not recovered; as a result the income due is not received, affecting the breakeven position.

The significant findings show that the framework relating to income and debtors is robust, with fit for purpose procedures in place to recognise, record and reconcile income. The report noted that there have been some delays regarding debt recovery in recent months, due to the Covid-19 pandemic, and that cash handling has been minimal in recent months, due to the lack of footfall within the College and the increase of card payments; however recognised that the processes in place regarding the storing, collecting, and transporting of cash are appropriate*. *Note: Scrutton Bland did not physically observe this process due to the need to complete this audit remotely, however, were satisfied that all other aspects of the audit brief have been covered in full and we have been able to complete sufficient work to support the assurance opinion provided.

The audit made **2 recommendations** – both **low risks** (relating to the evidencing of all requests/reasons for credit notes and the timely chasing of debtors) which are due for

completion in July 2021. Governors queried if there has been any progress on chasing debtors. PEwan noted that in some instances this was due to the pandemic, many apprenticeships were furloughed so we were unable to chase employers; and other issues were due to staffing issues within the team. The Committee asked for a further update on progress at the next meeting.

PEwan

7.ii. Progress Report

Scrutton Bland intend to complete an additional seven audits this year: IT Infrastructure, High Needs Learner Support (additional work), EdTech Demonstrator Annex G Annual Certification of Expenditure (additional work), Business Continuity inc. response to Covid-19, Subcontracting (additional work), Strategic Planning, and HR inc. recruitment, retention and performance management. These will be reported back to the Committee for the first meeting in 2021/22.

Governors queried with the Auditors if they were concerned about the amount of audits left outstanding for completion this year. PGoddard answered that approximately 25% of their clients have pushed back audit work due to the pandemic, so it is not a concern. PGoddard agreed to share the final reports ahead of the next Committee meeting.

PGoddard

7.iii. Proposed plan of works for 2021/22

PGoddard outlined the scope of internal audit work which Scrutton Bland intend to complete in 2021/22:

1. Cyber Security - a one day health check review to confirm that the controls in place to protect the College's data and to prevent and detect cyber-attacks, including the effective use of software, monitoring and staff awareness, are fit for purpose. It is currently proposed that IT security will become an annual feature of future audit plans.
2. Office for Students Compliance - to review how the College is complying with the Office for Students requirements with a particular focus on CMA compliance.
3. Apprenticeship Enrolments and Workplace Health and Safety - to review the processes followed for signing-up and enrolling apprentices to ensure these are being completed in a timely and accurate manner; and to review the health and safety checks undertaken of employers premise to ensure that workplace assessments are being completed in a timely manner and any areas for concern are being identified and addressed prior to work placements or apprenticeships commencing.
4. Governance and Risk Management - to confirm that the College's governance and risk management frameworks are robust and represent good practice.
5. Safeguarding - to confirm that appropriate and compliant processes are in place to identify learners who may be at risk of harm, to support these learners, to ensure that an appropriate framework is in place to enable staff and learners to report concerns and that all reports are being appropriately responded to in a timely manner.
6. Student Support and Progress Monitoring - to confirm that the progress of learners is being appropriately monitored throughout the year and actions are taken to support learners where poor progress or attendance is identified.
7. Anti-Fraud Framework and Whistleblowing - to confirm that the College's anti-fraud and whistleblowing frameworks are robust and are well understood throughout the College.
8. Project Funding - to confirm that the College's processes regarding the consideration, approval, monitoring and match funding are appropriate and supported by adequate evidence.
9. Key Financial Controls - to provide assurance that the Payroll is being effectively and accurately administered following the change of HR systems and that the links between the two systems allow for the accurate transfer of data; and to review the procurement processes followed throughout the College to ensure value for money is achieved and that efficiencies are being realised and managed where appropriate between the College and the wider Group.
10. Follow-up of Previous Recommendations - to review the progress made in implementing the high and medium risk recommendations raised within previous Internal Audit reports.

HNydam joined the meeting at 4.10pm

Governors queried if, given the College's governance arrangements are likely to change in the coming months, the internal audit of Governance and Risk Management could be delayed to the summer term or whether to split the Governance audit from the Risk Management audit. The Committee agreed to confirm their preference at the first meeting in 2021/22.

A+RM
Committee

The Committee discussed the proposed safeguarding audit and how best to work with the other Committees in order to ensure they have full engagement in how risks in their remit are monitored and reported back.

The Committee **approved and agreed to recommend to Corporation** the proposal internal audit schedule for 2021/22.

SJones

8. **External Audit**

8.i. **Proposed plan of works for 2021/22**

RSM intend to complete the following audits in 2021/22:

1. Income recognition – to review the accounting treatment adopted in respect of each material grant funding stream, to ensure that income is recognised appropriately based on the underlying financial agreement/contract. CSutherland noted that this will also pick up on the findings of the funding audits *discussed in agenda item 5*.
2. Management override – to test the appropriateness of a sample of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statements, tracing selected entries back to source documentation; to review significant accounting estimates and policies which could involve bias resulting in a material misstatement; and to discuss the basis and business rationale for any significant non-routine or contentious transactions which come to our attention during the course of audit and fully report the outcomes.
3. Pension scheme liabilities – to review the key data and underlying assumptions used by the actuary to calculate the balance to ensure that these appear reasonable.
4. Going concern – to review and challenge the Governor's and management's going concern assessment, inc. consideration of the financial plans, budgets and forecasts prepared on behalf of the Governors; the forecast position and management's sensitivity analysis inc. the key underlying assumptions; related disclosure in the financial statements; bank covenants and breaches/forecast breaches to understand what discussions and actions have/are being put in place.
5. Accommodation strategy – to document the current status of any capital works planned through review of minutes, correspondence and discussion with management and review in line with the disclosures made in the financial statements. The review will consider the costs incurred with respect of any capital work in progress and check the accounting treatment; review cut off of expenditure in line with timings of works carried out to ensure expenditure is correctly accounted for; review the T&Cs of any capital grant funding to confirm income recognition is in line with the FE and HE SORP; and will review management cash flow forecasts and budgets and discuss with management any external financing of any projects and consider in line with disclosures in the financial statements.

CSutherland apologised for a typo on page 4 of the report (incorrect amount stated for 2021 materiality) and agreed to recirculate the report for our records. CSutherland noted that within the Post-16 Audit Code of Practice for 2020-21 there is a new requirement for external auditors to present their findings annually to the Corporation and noted this means colleges need to consider the scheduling of meetings in the autumn term to ensure there is timely feedback and that duplication of costs and effort are avoided where possible. SJones and JGazzard to raise this with Corporation to agree how this requirement will be fulfilled.

CSutherland

SJones
JGazzard

The Committee **approved and agreed to recommend to Corporation** the proposal external audit schedule for 2021/22.

SJones

8.ii. **Emerging issues**

RSM shared a document summarising what they consider to be 'emerging issues' in the sector over the last 6 months.

9. **Risk Management Update**

There are currently **1 red**, **4 amber**, **22 yellow** and **13 green** risks on the register; including 2 new risks: R110 relating to the growth limited by resources and rooming capabilities with the college (green rated) and R111 relating to loss of access to key systems due to malicious cyber-attacks or illegal activity (red rated). The Committee asked that the formatting of the risk column is amended to increase the size of the other columns.

10. **GDPR Update**

Since March 2021, there have been 7 GDPR breaches and training has been given to the employees involved and all employees have been reminded of the importance of checking addresses before sending and the consequence to both the individual and to the College.

There has been 1 Freedom of Information request sent from UCU asking for ethnicity of employees, salary information and employee relations data. There has also been 1 Subject-Access Request and 1 phishing incident, where an imposter emailed asking to change a colleague's bank details to their own.

SGraham summarised the work undertaken this term and the works planned for the remainder of the academic year, by the Executive, in relation to GDPR compliance.

11. **Any Other Business**

None.

Date of next meeting:

- TBC

The meeting closed at 4.55pm