

**CALDERDALE COLLEGE
AUDIT COMMITTEE MEETING**
**Minutes of the Meeting held on 26 March 2020 via Skype Video
Conference**
Present:

Rachel Court	External Governor (Chair)
Richie Dunk	External Governor
Jenny Grainger	External Governor
Adrian Furness	External Governor

In Attendance:

Denise Cheng-Carter	Deputy Principal (Finance and Resources)
Jonathan Creed	ICCA
Joanne Platt	Interim Clerk

Agenda: There were no changes to the agenda.

Min. No	Minutes	Action
1	<p>AC/20/101 - Apologies for absence</p> <p>Apologies were received from Chris Reeve, Co-opted Governor</p>	
2	<p>AC/20/102 – Confirmation of eligibility, quorum and declarations of interest</p>	
3	<p>No notice had been received of any member becoming ineligible to hold office. The meeting was quorate. There were no declarations of interest in agenda items.</p>	

Min. No	Minutes	Action
4	<p>AC/20/103 – Minutes of previous meetings</p>	
5	<p>Resolved – The minutes of the meeting held on 26 September 2019 were approved as a true and accurate record.</p>	
6	<p>Resolved – The minutes of the meeting held on 19 November 2019 were approved as a true and accurate record.</p>	
7	<p>AC/20/104 – Matters Arising</p>	<p>Mrs. J. Platt</p>
8	<p>In relation to the action arising from item AC/19/108 of the meeting of 21 March 2019, it was agreed that the Interim Clerk would pick this up for the June meeting of the Committee.</p>	
9	<p>In relation to the action arising from item AC/19/138 of the meeting of 26 September 2019, it was agreed that this will be undertaken at the next meeting of the Finance and Resources Committee that meets face to face (as opposed to Skype).</p>	
10	<p>In relation to the action arising from item AC/19/139, it was noted that this is to be addressed as part of the Governor Training and Development Plan that had been discussed at the Search and Governance Committee earlier today.</p>	
11	<p>All further matters arising from previous meetings were complete.</p>	
12	<p>AC/20/105 – Audit Recommendations and Actions</p>	
13	<p>Denise Cheng-Carter provided an overview of progress towards the agreed actions arising from Internal Audit reports, noting that out of a total of nine actions, four had been partially completed with a further five actions on-going. Only one on-going action was a high priority.</p>	
14	<p>It was noted that any new recommendations arising from new Internal Audit Reports will be consolidated into a single report for the Committee.</p>	

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15	The Committee noted that some delays had occurred in relation to action requiring IT input, as IT resources had been diverted to the response to dealing with the COVID-19 pandemic.	
16	Rachel Court updated the Committee with regard to the recommendation to appoint another external Governor with an accountancy qualification and confirmed that the Search and Governance Committee had agreed an approach to address this at its meeting this morning.	
17	It was noted that the action to deliver more face to face Prevent Training would be impacted by the College closedown due to the COVID-19 pandemic, but the Search and Governance Committee have noted this and will consider this further when normal business is resumed. In the meantime, the College is pursuing on-line training on Prevent.	
18	The Committee noted the progress in relation to Internal Audit recommendations.	
19	AC/20/106– Internal Audit Reports	
20	Mock Funding Assurance Review	
21	Jonathan Creed confirmed that the Internal Audit plan has been updated to reflect the removal of this piece of work, in light of the Funding Audit work undertaken by RSM.	
22	It was noted that the preparation the College had done in readiness for the Internal Audit review together with the summary of findings that Internal Audit had identified was helpful in preparation for the audit by RSM.	
23	It was confirmed that the findings from the RSM review are very similar to other colleges i.e. the highest risk area is apprenticeships across the sector arising from changes to the funding methodology in-year which leaves a number of issues open to interpretation.	

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24	It was noted that this is a very complex funding methodology and areas of non-compliance were not unusual. The Committee noted that there will be data errors such as postcode errors and more fundamental funding errors. However, all errors are reported irrespective of whether they impact on funding.	
25	Most issues in relation to apprenticeships occurred post 2017, after the introduction of the Apprenticeship Levy made the funding regime significantly more complex.	
26	Corporate Governance	
27	Jonathan Creed informed the Committee that this review had resulted in the highest level of assurance with no recommendations.	
28	It was confirmed that the College's model of governance was robust but the Committee noted that all Colleges were now struggling to attract governors of the right calibre, and that recruitment and retention of governors was impacted by the insolvency regime. The Committee noted that some colleges were considering remunerating governors to try to address this.	
29	Rachel Court said she was very pleased with the level of assurance given and that there were no recommendations, but noted that the gap left by the absence of the Clerk had impacted on the ability to follow up actions. Jonathan Creed confirmed that there was an increased focus on the role of the Clerk with many colleges now expanding the role and appointing Directors of Governance.	
30	Student attendance, retention and intervention strategies	
31	Jonathan Creed informed the Committee that this review had resulted in the highest level of assurance but with one low priority recommendation in relation to attendance, triggers and the intervention strategies to address this.	
32	The Committee noted that the 90% attendance target was common across the sector.	

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33	In response to questions from Governors in relation to the one recommendation, Jonathan Creed confirmed that auditors had undertaken substantive testing – sampling 20 learners with less than 90% attendance and it was noted that four of the sample didn't have SMART targets for intervention.	
34	In one case, the register wasn't up to date, so it showed a learner was absent when in fact they had moved onto another course, confirming that the maintenance of accurate data and registers is crucial to managing attendance.	
35	Sub-contracting Certificate (External Assurance Review)	
36	Jonathon Creed advised the Committee that as a result of the work carried out and based on the evidence provided, ICCA concluded that the College has fully met the specific requirements laid out by the ESFA with regard to sub-contracting in the 2019/20 Funding Rules and Funding Agreement and that there were no recommendations. The work will result in the issuing of a certificate to the ESFA confirming compliance.	
37	Denise Cheng-Carter asked when the certificate has to be uploaded and in response Jonathan Creed said that the timescale changed from year to year. In the current climate however, it was expected to be the end of July, but he agreed to confirm this when this was known.	
38	Safeguarding and Prevent Duty	
39	As a result of the work carried out, ICCA was able to provide management and the Audit Committee with Reasonable Assurance that the areas of the control environment tested during the audit are designed and operating effectively with no significant weakness. However, it was noted that there was one high priority and one medium priority recommendation.	
40	The high priority recommendation related to ensuring that designated safeguarding leads (DSLs) and governor Safeguarding and Prevent training was kept up to date.	

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41	The medium priority recommendation related to risk assessments for external visits and work placements not always being fully completed before authorisation for the visit or placement was given.	
42	It was noted that some lapses in training arose as a result of DSLs being absent due to sickness. The Committee noted that during absence, the role of DSL was undertaken by a member of the Senior Leadership Team whose training was up to date. However, it was not clear if this had been properly recorded. The Committee noted that the management response to the recommendation in relation to training confirmed that training compliance had increased to 85.2% since the audit was completed and that plans were in place to commission on-line Prevent training.	
43	Committee members noted the content of the Internal Audit reports and the management responses to recommendations made, progress towards which will be reviewed by the Committee at each of its meetings.	
44	AC/20/107 – ESFA Funding Audit	
45	The Committee noted the outcome of the ESFA Funding Audit which took place in October 2019.	
46	The Committee noted that the ESFA’s appointed auditors (RSM Risk Assurance Services LLP) reviewed the underlying data and evidence supporting the funding claimed relating to the period from August 2018 to July 2019.	
47	The Committee noted the outcome of the investigation.	
48	The Committee noted that the College’s final funding claims as outlined in the Reconciliation Statement is in line with the income reported in its management accounts and subsequently confirmed in the Financial Statements 2018/19.	
49	The Committee discussed in detail the project briefs identified within the report.	

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50	The Committee noted that the action plans for the projects referred to were regularly reviewed by SLT and will be reported to the Committee to provide additional assurance.	
51	The Committee noted the report and the actions being taken by management to address the recommendations.	
52	Richie Dunk left the meeting but the meeting was still quorate.	
53	AC/20/108 – ESF Article 125 Audit	
54	The Committee was advised that the College’s ESF Skills Support for the Workforce for Cheshire & Warrington has been selected by the ESF Managing Authority for an Article 125 – Audit. It was noted that there were no issues, action points or irregularities identified. The Committee noted that the full report is available online only.	
55	The Committee noted the outcome of the audit.	
56	AC/20/109 – External Audit Performance	
57	Review of performance against key indicators 2018/19	
58	The Committee noted that the Financial Statements Auditors had done a good job and that all performance indicators had been achieved.	
59	The Committee also noted an increase in fees due to additional work and the delay in closure of the 2018/19 accounts.	
60	The Committee noted the report.	
61	Determination of KPIs for 2019/20	
62	The Committee considered a report in which it is proposed to retain the 2018/19 KPIs for the Financial Statements Auditors for the 2019/20 contract.	

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63	Resolved: That the Committee approve the Key Performance Indicators for the Financial Statements Auditors for the year-ended 31 July 2020.	
64	Tender for External Audit Service	
65	In light of the impact of the COVID-19 pandemic, the Committee agreed that it would difficult to tender the external audit contract for 2020/21.	
66	Resolved: to re-appoint the external auditors for a further year and to tender the contract in 2021/22.	
67	AC/20/110 – Health and Safety Deep Dive and Update	Mrs Carter Cheng-
68	The Committee agreed to defer the planned Health and Safety Deep Dive to a time when it can hold a face to face meeting.	
69	However the Committee was assured that all work experience learners have had their risk assessment and have ELI insurance in place, that the February work-based learning audit confirms that the College is compliant in relation to its documentation and noted that there is no new Health and Safety legislation to report.	
70	The Committee also noted that the College had once again been awarded the RoSPA award for the 22 nd year running and the Committee asked that the team be thanked for their hard work.	
71	Resolved: to defer the planned Health and Safety Deep Dive to a time when it can be done in a face to face meeting.	
72	The Committee noted the Health and Safety update.	
73	AC/20/111 Risk Management	
74	Risk Register	
75	Denise Cheng-Carter presented the College’s Risk Register which has been updated to reflect the impact of the COVID-19 Pandemic.	

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76	One new risk has been added (Risk 1) – Failure to control Coronavirus-COVID 19, which has a current risk score (after mitigation) of 25.	
77	Four existing risks have been reviewed and re-scored as follows as a result of the pandemic:	
78	Risk 3 (External Funding): Score increased to 20 (likelihood 5 and impact 4), turning this risk from green to red.	
79	Risk 5 (Income): Score increased to 20 (likelihood 5 and impact 4), turning this risk from green to red.	
80	Risk 6 (Expenditure): Score increased to 16 (likelihood 4 and impact 4), turning this risk from green to amber. The Committee acknowledged that whilst some costs could still be controlled during the Pandemic, the costs of implementing the College’s Business Continuity Plan was outside of the College’s control.	
81	Risk 9 (Staff retention and recruitment): Score increased to 16 (likelihood 4 and impact 4), turning this risk from green to amber. The Committee acknowledged the impact on staff motivation of the current situation and the uncertainty over funding and the ability to recover additional costs which may impact on staff retention and recruitment in the future. However, it was also acknowledged that the College is in no worse a position than other Colleges in this regard and therefore did not feel the necessity to increase the risk score further at this time.	
82	The Committee noted that external funding and apprentices are the College’s biggest risks along with uncertainty over assessments due to the cancellation of exams.	
83	Rachel Court queried if the College was eligible to claim for 80% of wages for furloughed staff. Denise Cheng-Carter confirmed that the majority of staff are still working but some such as catering and commercial staff are not and that the College is still collating the data in relation to this. The Committee noted that two risks were owned by the	

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84	Committee (Risk 10 and 11) and the Committee agreed to change Risk 10 to amber pending the remediation work on the ESFA Audit.	
85	With regard to Risk 11, the Committee agreed to increase the risk to amber due to the increase in staff working at home which will give rise to potential non-compliance with health and safety legislation and in light of gaps in Safeguarding training.	
86	The Committee noted that the Risk register was currently unhealthy but that others will also be in the same position.	
87	RESOLVED: that subject to the re-scoring of Risks 10 and 11, that the Committee approve the revised Risk Register for submission to the Board at its April meeting.	
88	AC/20/112 – Items to be recommended to the Board	
89	➤ Re-appointment of the External Auditors – for approval	
90	It was agreed that the following would be reported to the Board for information:	
91	➤ ESFA Audit Report	
92	➤ The outcome of the Internal Audit Reports in relation to Mock Funding, Corporate Governance, Student Attendance, Retention & Intervention Strategies, Sub-Contracting Certificate (External Assurance Review) and Safeguarding & Prevent Duty	
93	➤ Updated Risk Register	
94	AC/20/113 – Date of Future Meeting Audit Committee 25 June 2020 at 17.00	

Signed as a true and accurate record

Rachel Court

Chair

Date 26 June 2020