

**CALDERDALE COLLEGE
AUDIT COMMITTEE MEETING**

Minutes of the Meeting held on 24 September 2020 via MS Teams

Present:

Rachel Court	External Governor (Chair)
Jenny Grainger	External Governor
Adrian Furness	External Governor
Chris Reeve	Co-Opted Governor

In Attendance:

Sharon Bowker	Executive Director (Finance and Funding)
Rob Rawlinson (for Item AC/20/137)	Director of Operations
Jonathan Creed	ICCA
Jane Taylor-Holmes	Clerk

Agenda: There were no items of other business.

Min. No	Minutes	Action
1	AC/20/132 - Apologies for absence Apologies were received from Richie Dunk, External Governor.	
2	Apologies were also received from Grant Thornton.	
3	AC/20/133 – Confirmation of eligibility, quorum and declarations of interest 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.	
4	AC/20/134 – Appointment of Chair 2020/21 Resolved: Rachel Court was appointed Chair of the Committee for 2020/21.	

Min. No	Minutes	Action
AC/20/135 – Minutes of previous meetings		
5	There had been two queries raised in relation to the minutes;	
6	Minute states residual risk for Covid was '20', Risk Register says it's a 25 and no change. Response; This is a typo in the minutes as Risk 1 shared at Audit in June was a 25 and shown as an increase, therefore no movement from June to now.	
7	Risk 11 score agreed as a 3 but not changed in Risk Register. Response; This was reduced but has been put back to a 4 (i.e. looks the same) as a result of the continued extension of the Covid-19 situation. It can be reconsidered at the meeting.	
8	Committee members agreed that it was pleasing that the risk register was being used regularly to support the Management Team to manage risks.	
9	Resolved – The minutes of the meeting held on 25 June 2020 were approved as a true and accurate record, subject to amendment.	
AC/20/136 – Matters Arising		
10	In relation to the action arising from item AC/20/121-28, it was noted that the risk appetite had been agreed at the Board as part of the Risk Management Policy.	
11	In relation to the action arising from item AC/20/122-40, it was noted that there was an updated report provided to the meeting however, this would be further refined. It was agreed that the target completion date would be revised to November 2020.	
12	In relation to the action arising from AC/19/138, this had been discussed further at the Finance and Resources Committee meeting and it was agreed that the deep dive in IT would be held at the November joint Audit and Finance & Resources Committee meeting. Committee members received assurance that IT risk had been discussed at the Finance and Resources Committee.	
13	In relation to the action arising from item AC/19/139, it was agreed that this would be considered as part of the	

Min. No	Minutes	Action
14	<p>schedule of Board Development days.</p> <p>All further matters arising from previous meetings were completed, due for completion at a later date or on the agenda for discussion.</p>	
	<p>AC/20/120 – Health and Safety</p> <p>15 Committee members welcomed Rob Rawlinson, Director of Operations to the meeting.</p> <p>16 In relation to responding to COVID-19, Rob Rawlinson explained that work was ongoing to keep abreast of current situation. The report contained a headline summary of work being undertaken to prepare for staff and students to attend the College.</p> <p>17 The processes had become part of college life such as hand sanitiser, mask wearing and ad hoc issues were being resolved as they arrive.</p> <p>18 The College had not yet had a positive Covid test from a student or member of staff who had been attending College within 48 hours of the positive test.</p> <p>19 The policy for dealing with a positive test has been developed with local Health Authority and Public Health.</p> <p>20 It was noted that the guidance and regulation in this area was under regular review, the Department for Education had set up a helpline to provide support.</p> <p>21 Calderdale was in a good position, if a single case was reported then the local area public health would support with local track and trace.</p> <p>22 In relation to the local position, there were approximately 8 local schools where there had been some class / year group closures.</p> <p>23 In relation to the auditing of work placements, Rob Rawlinson referred to the fact that auditing had been put on hold since lock down. This was now recommencing as more apprenticeship starts were in place.</p> <p>24 For apprenticeships and work placements there is a separate declaration form, covering off all the business specific points, in addition to the risk assessments before student commences in post.</p>	

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25	In response to questions from Committee members in relation to how students responded to the COVID safety measures in place; Rob Rawlinson confirmed that students had responded positively in relation to wearing face masks and the one-way system. There had also been a staggering of timetables to avoid mixing of groups and reducing numbers on public transport.	
26	Resolved: Committee members noted the Health and Safety update.	
	<p data-bbox="288 707 1161 741">AC/20/131 – Internal Audit Annual Report 2019/20</p> <p data-bbox="288 779 1078 846">27 Mr J Creed, ICCA, provided the Internal Audit Annual Report 2019/20.</p> <p data-bbox="288 884 1169 1025">28 Mr Creed confirmed that the Head of Internal Audit opinion had provided reasonable assurance and that this was the highest level of assurance which could be provided. The opinion provided was as follows;</p> <p data-bbox="288 1064 1161 1346">29 <i>"Based on the work undertaken during the year, and the implementation by management of previous internal audit recommendations, we can provide the Audit Committee and Corporation with Reasonable Assurance that the College's governance, risk management and systems of internal control were operating adequately and effectively and that there were no instances where any breakdown of control resulted in a material discrepancy".</i></p> <p data-bbox="288 1384 1155 1451">30 Mr Creed confirmed that reasonable assurance is awarded due to the review of a small number of processes.</p> <p data-bbox="288 1489 1139 1592">31 Mr Creed referred to section 2.2 of the report. In relation to internal control, there were no limited opinions in the year.</p> <p data-bbox="288 1630 1161 1877">32 Mr Creed also referred Committee members for section 3 of the report and a summary of the Internal Audit reviews undertaken. Mr Creed confirmed that only one high priority recommendation had been identified and of the 12 recommendations in total, action had been implemented to address recommendation in all except one case where the action was superseded and or no longer applicable.</p> <p data-bbox="288 1915 1155 1982">33 Mr Creed confirmed that ICCA will also follow up the ESFA recommendations as part of the 2020/21 audit plan.</p>	

Min. No	Minutes	Action
34	In relation to the plan the 30-day allocation had been delivered in year.	
35	Committee members asked whether the Committee should challenge ourselves given the number of partially completed recommendations; was there something that the Committee should have done differently. Mr Creed explained that the 2018/19 Funding audit was a challenging process and the process was extended due to the ESFA investigation. The Audit work had identified a number of issues in relation to apprenticeships and this was also brought forward in the ESFA report. This had resulted in a review of the processes. The Committee could have chosen to undertake a review in June / July; however, this was delayed through lockdown. Similarly, the implementation of some actions had also been delayed by management due to COVID restrictions. Mr Creed did not feel that there was any lack of oversight or challenge by the committee on the outstanding actions, and was satisfied that the extenuating circumstances he'd outlined meant that as much progress had been made as was possible in the circumstances.	
36	Mr Creed confirmed that the ESFA funding audits that usually occur at this time of year would not take place. The ESFA are now able to conduct in year audits and these would be scheduled from November onwards.	
37	Mr Creed explained that it was felt that appropriate action had been taken due to the COVID restrictions and lockdown.	
38	Mr Creed confirmed that a further mock funding audit was planned later in the year, likely before another ESFA funding audit would occur.	
39	Committee members noted the full audit report on actions within the papers.	
40	Committee members questioned the depth of internal audit review given the relatively limited time allocated and how much weight and assurance members get from what ICCA are able to review.	
41	Mr Creed responded by pointing out that there was no requirement to have an internal audit service, this changed five years ago. The majority of Colleges have retained an Internal audit service, and Mr Creed confirmed that the College is in line with other similar sized Colleges	

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	in terms of days.	
42	The Internal audit service is focused in risk areas.	
43	Committee members asked whether there should be one area each year that internal audit that is able to review in greater depth at the expense of other reports.	
44	Mr Creed responded that if they conduct fewer but deeper audit reports, ICCA may not have a broad enough scope to provide an annual opinion.	
45	If ICCA didn't look into one area, the Committee perhaps need to consider what other sources of assurance could be referred to in that area.	
46	Mr Creed confirmed that the plan is typical of the sector.	
47	Sharon Bowker explained that the consideration was being given to what alternative assurances were in place and what can be provided to the Audit Committee in relation to additional third-party assurance.	Action: Sharon Bowker 2020/21
48	It was agreed that this would be further considered with additional assurance report being scheduled into the agenda, this would also consider the first line assurance work undertaken.	
49	It was agreed that a presentation of the combined assurance picture would be developed including what are the risks, who is giving assurance and where are the first line of defence.	
50	Sharon Bowker provided an example in relation to new legislation on accessible websites, Mrs Bowker confirmed that a third party had been appointed to undertake a review against the legislation and recommendations identified.	
51	It was agreed that the consideration of external / internal assurance would be considered as part of the deep dives and this was something that could be considered throughout the Committee structure to standardise reporting.	Action: Sharon Bowker 2020/21
52	It was agreed that an update on this would be provided to the next Committee meeting.	

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53	Resolved - Committee members noted the content of the Internal Audit Annual Report 2019/20 and that this would form part of the Audit Committee's Annual Report to the Board.	
	<p data-bbox="288 461 1174 495">AC/20/139 – Audit Recommendations and Actions</p> <p data-bbox="288 533 1174 633">54 Sharon Bowker provided an overview of progress towards the agreed actions arising from Internal and other Audit reports.</p> <p data-bbox="288 672 1174 772">55 An updated report had been provided, but further clarity would be provided around partially implemented recommendations.</p> <p data-bbox="288 810 1174 990">56 It was agreed to remove reference to partially completed in future reports, with the report stating whether the recommendation was completed or not. Further information can be provided through the narrative within the report.</p> <p data-bbox="288 1028 1174 1099">57 It was agreed to retain the detailed log but combine this in one single report.</p> <p data-bbox="288 1137 1174 1384">58 In relation to the recommendation beyond its due date; Mrs Bowker explained that this related to bank covenants and how it is reported. Historically this was only done at year end as this is how this was required to be reported by the Bank; but one of the audit recommendations was that this should be considered at the monthly management accounts.</p> <p data-bbox="288 1422 1174 1702">59 The proposal is that this would be reviewed as part of the year end reforecast when these are done. This new process will provide an early sight of any potential problems. This recommendation will therefore continue to be overdue at the next Audit Committee meeting until the first reforecast takes place. It was agreed that the completion date would be amended to January 2021. This was an area of increased focus in the sector.</p> <p data-bbox="288 1740 1174 1883">60 The report was long due to the number of funding audit recommendations, in future this would be colour coded to simplify the report and to highlight key issues more clearly.</p> <p data-bbox="288 1921 1174 2020">61 There was a specific discussion in relation to Funding audit actions. It was noted that these recommendations would be followed up (23 recommendations from ESFA funding</p>	<p data-bbox="1197 837 1417 920">Action: Sharon Bowker November 2020</p> <p data-bbox="1197 1536 1401 1619">Action: Sharon Bowker 2020/2021</p> <p data-bbox="1197 1771 1417 1854">Action: Sharon Bowker November 2020</p>

Min. No	Minutes	Action
	audit on 2018/19 data set, would be reviewed on 2020/21 data set). ICCA will be looking for the same types of data and checking that similar issues have been resolved. All would be overdue but it was noted that the Audit Committee was aware of the action being taken.	
62	Committee members asked whether the recommendations are considered as part of the remit of the Committee structure. It was noted that the SLT lead takes overall responsibility for the actions, however, the Committee structure could be better aligned to follow the completion of recommendations and the follow up of the actions.	
63	It was agreed that this would form part of a recommendation for improvement referenced in the Committee Effectiveness review.	Action: Jane Taylor-Holmes November 2020
64	In relation to the ESFA funding audit recommendations, there had been a large amount of work undertaken and the review had been fundamental in lots of areas within the College.	
65	As with all data, there is the likelihood that this will never be 100% accurate, however, there are a number of recommendations that can easily be resolved. 19 of the recommendations were very similar in relation to regularly checking the ILR data.	
66	Mrs Bowker confirmed that she had attended RSM training on ILR data, there were over 80 reports potentially for each learner that can be checked. Areas that would be reviewed such as hours and those learners on a cusp of a banding were identified as high risk and the training had been a really useful exercise, the recommendations had been passed to colleagues for implementation.	
67	In relation to apprenticeships Mrs Bowker confirmed that the team had carried out audits of the data, the quality team had been conducting monthly audits. 12 apprenticeships have been reviewed, at the start the same issues were being found. Difficulties with consistency, standardised where data held and training has been implemented. There were now processes in place, just need to ensure compliance with processes. Mrs Bowker confirmed that these audits were continuing, in addition, following review by the quality team, these would also be reviewed by the data services through the external funding team.	

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68	Mrs Bowker confirmed that 24 learner records would be reviewed each month going forward. This would be useful to add to the assurance work being undertaken to demonstrate compliance to the Committee by the. first line. It was agreed that there was a need to ensure that there are inter departmental reviews for independence.	
69	In relation to section 1 and additional learning support there had been no ability to review this due to the fact that there was no tuition and no additional learning support in term 3, this would be reviewed this year.	
70	Mrs Bowker confirmed that there was a new member of staff in the ELS team who was working closely with the data services team to ensure there are robust processes in place.	
71	Committee members asked how many apprentices had not recorded learning for 4 weeks. 42 apprentices had not had learning recorded, this was due to a mixture of redundancies and delayed end point assessments due to COVID. There were another 59 apprentices that were currently on a break in learning that would be able to recommence. In normal years, there wouldn't be so many students with their studies impacted together.	
72	Mrs Bowker confirmed that this was being reviewed, with monthly reports to Management team, the last report was provided on 9 September.	
73	In relation to policy reviews, Committee members asked about the progress in relation to IT policies. Mrs Bowker confirmed that all 15 Policies had been drafted, the Policies have been prioritised to ensure that those with the highest risk had been implemented first.	
74	Mrs Bowker explained that there would be penetration testing in relation to a potential cyber incident in the coming weeks.	
75	Committee members asked whether there were any potential risks with those Policies which had not been approved. It was agreed that Mrs Bowker would review this and provide an update to Committee members.	Action: Sharon Bowker November 2020
76	Resolved: The Committee noted the progress in relation to Audit recommendations.	

Min. No	Minutes	Action
<p>AC/20/140 – Internal Audit Performance</p>		
<p>(i) Review of Performance of Key Indicators 2019/20</p>		
77	Mrs Bowker provided a review of the Performance Indicators for the Internal Audit service, the update section of the report provided commentary from Mrs Bowker.	
78	It was noted that the KPI's being used were standard, it was agreed that some of the metrics assessed as 100% did lend themselves to a more qualitative assessment. It was agreed that this would be considered.	<p>Action: Sharon Bowker November 2021</p>
79	Final draft report issued within two weeks; it was agreed that this would be aligned within the Internal Audit Annual Report KPIs. It was noted that the Internal Audit Annual Report sets KPIs and they are the same one's year on year.	
80	It was agreed that the ICCA contribution to the Audit Committee was very useful along with the comparative information and data on other Colleges.	
<p>(ii) Determination of Key Performance Indicators 2020/21</p>		
81	Committee members noted that this would be compared to ensure that this reflects what is stated in the Internal Audit Annual Report.	<p>Action: Sharon Bowker November 2020</p>
82	Resolved: Committee members reviewed and approved the 2020/21 key performance indicators (subject to the alignment mentioned above).	
<p>AC/20/141 - Audit Code of Practice</p>		
<p>Appendix C of the Audit Code of Practice – the Self-Assessment Regularity Questionnaire</p>		
83	Mrs Bowker explained that Regularity Self-Assessment questionnaire is a requirement of the ESFA. The questionnaire is used as part of the financial statements audit and a sample check is conducted on evidence contained within the questionnaire. The Self-Assessment is signed by the Chair of Governors and the Principal (as Accounting Officer).	

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84	It was noted that there was a requirement to disclose that there was a whistleblowing complaint and that is referenced in the commentary that there was no substance to the complaint, the ESFA is already aware of this.	
85	Committee members questioned the pension enhancement to a member of staff, Mrs Bowker agreed to discuss this with the External Auditor. This would be reviewed further.	Action: Sharon Bowker November 2020
86	Resolved – Committee members reviewed the Regularity Self-Assessment and it was agreed that a final draft would be provided to the November Audit Committee meeting.	Action: Sharon Bowker November 2020
AC/20/142 - Whistleblowing Policy		
87	It was agreed that the Policy would refer to the Chief Executive / Principal throughout.	Action: Jane Taylor-Holmes October 2020
88	It was agreed that the Whistleblowing Annual report would be added to the schedule of business and would be considered at the November meeting.	Action: Sharon Bowker / Jane Taylor-Holmes November 2020
89	Committee members discussed the position where there had been a disclosure to an external body. It was agreed that the Policy would be amended to include the fact that the Policy applied to the disclosure made through the external body and that feedback would be provided if possible.	Action: Jane Taylor-Holmes October 2020
90	Resolved – Committee members reviewed the Policy and, subject to the amendments, the Policy was recommended for approval to the Board in October.	
AC/20/143 Risk Management		
<ul style="list-style-type: none"> • Risk Management Annual Report 2019/20 		
91	Mrs Bowker presented the Annual Risk Management Report 2018/19.	
92	The risk register had been significantly impacted by the pandemic. There were four risks which are red at year end.	
93	In terms of 2020/21, the risk register, currently only assesses impact in relation to cost, Mrs Bowker confirmed that it is intended to introduce some other categories and continue to receive feedback to develop this further. Risk	

Min. No	Minutes	Action
94	<p>tolerance will also be developed this year. This will be included within section 5 of the report.</p> <p>The report will also reference the risk appetite. This was discussed with the Board at the July Board meeting, this will be reviewed and agreed for the year (this will also be added to section 5). It was agreed that the wording at 3.7 would be checked and that the reference to appetite would be removed.</p> <p>Committee members noted the content of the Report.</p> <ul style="list-style-type: none"> • Risk Register 	<p>Action: Sharon Bowker November 2020</p>
95	<p>Committee members considered the amended risks.</p>	
96	<p>Risk 1 – Committee members discussed the likelihood (5) against the description of the risk – ‘failure to control outbreak’, although it was agreed that there were a number of controls in place, the likelihood remained high (81-100%). It was agreed that this would be maintained at 5.</p>	
97	<p>Committee members reviewed each of the high-level risks and those rated as red, it was agreed that there were no amendments to be made.</p>	
98	<p>Mrs Bowker confirmed that the Finance and Resources Committee met on 17 September had agreed the scoring of those risks relevant to the Committee.</p>	
99	<ul style="list-style-type: none"> • Failure to comply with funding body requirements. Agreed that this felt correctly scored. • Non-compliance with legislation reduced due to controls in place regarding working from home. Agreed that this was correctly scored. • Risk 3, the Finance and Resources Committee agreed to reduce likelihood of this due to external audits which have come up with no recommendations, therefore likelihood of not complying can be reduced from a 4 to a 3. 	
100	<p>Resolved; Committee members noted the content of the Report.</p>	

Min. No	Minutes	Action
AC/20/144 – Committee Self-Evaluation		
101	Committee members considered the draft Committee Self-Evaluation.	
102	A number of amendments were suggested, in particular in relation to the levels of assurance and how this was presented to the Committee and standardised in Committee deep dive reports.	
103	Committee members reflected on the changes in membership and that the Committee was now much more insightful. The helpful debates were moving effectiveness of the Committee and contributing and supporting the College. The Committee had changed and evolved over recent years.	
104	Committee members thanked Rachel Court for her positive chairmanship of the Committee.	
105	It was agreed that this would be updated and circulated to Committee members.	
106	Resolved; Subject to the amendments, the Committee self-evaluation was approved	
AC/20/145 – Schedule of Business		
107	Subject to the addition of the Whistleblowing annual report to the Schedule the Schedule of Business was approved.	
108	It was agreed that suggestions for deep dives would be identified and any suggestions could be submitted to Mrs Taylor-Holmes to be included within the agenda.	
109	Resolved; Subject to the amendments, the Committee Schedule of Business was approved	
AC/20/146 – Items to be reported to the Board		
110	Items to be recommended to the Board for approval; <ul style="list-style-type: none"> • Whistleblowing Policy 	
111	It was agreed that the following would be reported to the Board for information: <ul style="list-style-type: none"> ➤ Health and Safety and COVID response presentation on the subject had been received from Rob Rawlinson. ➤ Update on audit recommendations in particular Funding audit update. 	

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112	<ul style="list-style-type: none"> ➤ The Committee had received the Internal Audit Annual Review, the content of which would be included within the Annual Committee Annual Report to the Board in December. ➤ The Committee decided that the Audit Code of Practice Self-Assessment Regularity Questionnaire would be considered by the November Audit Committee meeting before going to the Board in December. ➤ The Risk Management Annual Report had been received and discussed. ➤ The Committee had reviewed the Risk Register ➤ The Committee had reviewed the Committee Self-Evaluation ➤ The Committee had reviewed the Committee Schedule of Business 	
113	<p>AC/20/147 – Dates of Future Meetings</p> <p>JOINT Audit and Finance & Resources Committee – 19 November 2020 at 17.30-18.35</p>	
114	<p>Audit Committee – 19 November 2020 at 18.40- 19.40</p>	
115	<p>AC/20/148 – Meeting in the absence of Management</p> <p>Mrs Bowker left the meeting.</p>	
116	<p>ICCA commented on the positive working relationship with Mrs Bowker.</p>	
117	<p>Mr Creed explained that the world was a rapidly changing place, but that ICCA had got dates planned to conduct the Internal Audits where they can assume that ICCA are coming onto site. Some audits can be done remotely whilst others can't. The Committee needs to be aware that there may be a need to flex the timetable and the schedule for reports.</p>	

Signed as a true and accurate record

Chair : Malcolm Rogers

Date : 19 November 2020