

**CALDERDALE COLLEGE
AUDIT COMMITTEE MEETING**

Minutes of the Meeting held on 25 June 2020 via Video Conference

Present:

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

In Attendance:

Denise Cheng-Carter	Deputy Principal (Finance and Resources)
Sharon Bowker	Executive Director (Finance and Funding)
Rob Rawlinson (for Item AC/20/120)	Director of Operations
Jonathan Creed	ICCA
Mike Redfern	Grant Thornton
Callum Flanagan	Grant Thornton
Joanne Platt	Interim Clerk

Agenda: There was one item of other business.

Min. No	Minutes	Action
1	AC/20/116 - Apologies for absence There were no apologies for absence.	
2 3	AC/20/117 – 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.	

Min. No	Minutes	Action
4	AC/20/118 – Minutes of previous meetings	
5	Resolved – The minutes of the meeting held on 26 March 2020 were approved as a true and accurate record save for an amendment to Minute No. 63 to reflect the importance that Governors put on addressing recommendations irrespective of when the next audit takes place.	
6	AC/20/119 – Matters Arising	
7	In relation to the action arising from item AC/20/107-57, it was agreed that the Whistleblowing Policy should be amended to ensure that the Audit Committee as well as the Clerk is notified of any Whistleblowing events as they arise, and also to add in reference to how whistleblowing events received via third parties are dealt with.	Action: Mrs. J. Taylor Holmes
8	All further matters arising from previous meetings were completed or on the agenda for discussion.	
9	AC/20/120 – Health and Safety	
10	Health, Safety and Wellbeing Policy 2020/21	
11	Governors considered the revised Health and Safety Policy for 2020, which reflected changes to the senior management structure.	
12	Resolved: to recommend approval of the Health and Safety Policy for 2020 to the Board.	
13	Health and Safety Annual Report and Development Plan 2020/21	
14	Governors considered the Health and Safety Annual Report and Development Plan and noted that the level of staff satisfaction with health and safety remains high.	
15	A key part of the monthly health and safety audits throughout the year has been on apprenticeship placements and this has been going well.	
16	During the pandemic, risk assessments have been done	

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17	<p>jointly with partners including the local authority, the Association of Colleges and a health and safety specialist and the reassurances given have been very positive.</p> <p>Governors noted that there had been one RIDDOR incident relating to an accident to a student, which had resulted in no failings by the College being identified and no further action.</p>	
18	<p>Governors also noted that the College had been awarded its 24th Gold RoSPA award.</p>	
19	<p>In response to questions from Governors in relation to DSE assessments during the pandemic when most staff are working at home, it was confirmed that staff had been encouraged to complete self-assessments and some equipment has been provided to staff where needed, but that this was a risk area that would need to be kept under review by the Working Group. It was agreed that a mechanism for management sign off of self-assessments needed to be put in place to mitigate risk.</p>	
20	<p>Resolved: to note and approve the Health and Safety Annual Report for 2019/20 and the Development Plan for the year ahead</p>	
21	<p>AC/20/121 – Risk Management</p>	
22	<p>Risk Management Policy 2020</p>	
23	<p>Governors considered the Risk Management Policy for 2020 which reflected changes to roles and job titles arising from the Senior Management re-structure alongside a new section on risk appetite, which acknowledges that in general, risk appetite is low.</p>	
24	<p>Governors queried who should set the College’s risk appetite and it was agreed that this should be a function of the Board which may then delegate oversight to the Audit Committee.</p>	
25	<p>It was also agreed that the section on risk appetite may be expanded to reflect different levels of risk appetite for different projects, and that the potential development of quantified key risk indicators to allow measurement against the risk appetite should be explored; but that this would need to be tied in with the presentation of the Risk</p>	

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	Register, and was a piece of work for the future to be incorporated into future Risk Management Policies.	
26	In relation to Section 3.1.1, Governors asked for the Policy to be amended to reflect the role of the Audit Committee in overseeing all risks via the Risk Register.	
27	Resolved: subject to the changes referred to above, the Committee approved the Risk Management Policy for 2020.	
28	Resolved: to seek Board approval to the level of risk appetite.	
29	Risk Register	
30	Governors considered the Risk Register and in response to questions in relation to the scoring of Risks 5 and 6, noted that these risks were owned by the Finance and Resources Committee and hadn't yet been reviewed due to the re-scheduling of its meeting. It was confirmed that these risks and others owned by that Committee will be reviewed at the meeting on 2 July and any changes will be reported to the Board at its meeting on 9 July.	
31	Key points noted by Governors included the high residual risk scores for Risk 1 (failure to control Coronavirus-COVID) and Risk 2 (Impact of reduction in public expenditure), both of which remain at 25, although it was noted that the likelihood score in relation to Risk 2 has reduced from a 5 to a 4 due to confirmation in relation to income streams for 16-18s and 19+. Governors also noted that Risk 10 (failure to comply with funding body arrangements) has a reduced likelihood score due to the significant amount of work undertaken to improve data quality.	
32	Governors welcomed the directional arrows that had been added to the Risk Register which provided an overview of direction of travel. However, they were not in agreement with the arrow in relation to Risk 10 being in a downward direction as the activities to reduce the risk score were still ongoing and asked that the likelihood score remain at 4 and the residual risk score remain at 16 for this risk for the time being.	Action: Mrs. S. Bowker

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33	In relation to Risk 11 (non-compliance with legislation), which was owned by the Audit Committee, it was agreed that as a result of the management response to the pandemic in successfully managing health and safety and IT security risks in working from home environments, that the likelihood score could be reduced from a 4 to a 3.	Action: Mrs. S. Bowker
34	It was also agreed to allocate Risk 1 (failure to control Coronavirus-COVID) to the Governing Body as a whole.	
35	Resolved: that subject to the changes set out above, the Committee approve the Risk Register for submission to the Board at its July meeting.	
36	Anti-Bribery Policy 2020	
37	Governors considered the revised Anti-Bribery Policy for 2020. Changes reflected changes to roles and job titles arising from the Senior Management re-structure and minor changes to definitions for clarity.	
38	Resolved: to approve the Anti-Bribery Policy 2020.	
39	AC/20/122 – Audit Recommendations and Actions	Action: Mrs. S. Bowker
40	Denise Cheng-Carter provided an overview of progress towards the agreed actions arising from Internal and other Audit reports, noting that out of a total of 43 actions, 14 had been completed, four had been partially completed with a further 25 actions on-going. Of the on-going actions, 22 were high priority, the majority of which arose from the ESFA Funding Review undertaken by RSM and Governors noted that some actions being undertaken by the three projects to address these recommendations had been suspended due to the closure of the College during the pandemic. It was agreed that an update on the three projects would be brought to the September meeting of the Committee.	
41	Governors expressed concern over the presentation of the report which was not entirely clear whether the actions which were partly complete were overdue or not.. It was	

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42	<p>agreed to review the way in which the report is presented in future to provide clarity between actions that are in progress but not yet due and those that are in fact incomplete by the due date, with RAG ratings to be applied to aid clarity</p> <p>Resolved: The Committee noted the progress in relation to Audit recommendations.</p>	
43	<p>AC/20/123– Internal Audit Reports</p> <p>44 Financial Planning and Budgetary Control</p> <p>45 Jonathan Creed presented a report which showed that as a result of the audit work carried out, ICCA was able to provide management and the Audit Committee with Substantial Assurance that the areas of the control environment tested during the audit are designed and operating effectively with no significant weakness.</p> <p>46 Governors noted that there was one medium priority recommendation which had been agreed by management in relation to the Bank covenants, where there was no routine reporting of compliance and, going forward, it had been agreed that there should be an on-going review and reporting of this within the regular management accounts forecast report.</p> <p>47 Governors also noted that although Period 7 financial forecast was significantly different to the actual position as a result of ESFA funded activity, apprentices and the impact of the pandemic, Jonathan Creed confirmed that the College’s budgetary processes stand up well to scrutiny.</p> <p>48 Follow up of Previous Recommendations</p> <p>49 Jonathan Creed presented a report which showed that as a result of the work carried out, ICCA was able to provide management and the Audit Committee with Reasonable Assurance with implementing previously agreed internal audit recommendations.</p> <p>50 Governors noted that out of a total of 19 recommendations followed-up during the review, 11 have now been fully implemented and eight have been partially implemented. Of these, two are low priority, four are</p>	

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51	<p>medium priority and two are high priority. The difference in presentation between the internal tracking report and the ICCA Report was discussed, with the difference in time frame being acknowledged.</p> <p>Governors recognised that management does its own comprehensive monitoring of audit recommendations and in response to questions from Governors, it was confirmed that monitoring takes place by the Senior Leadership Team on an on-going basis as well as via reports to the Audit Committee.</p>	<p>Action: Mrs. S. Bowker</p>
52	<p>Mrs. Bowker had developed a process map of how actions are managed and followed up which she agreed to share with Governors.</p>	
53	<p>In response to questions from Governors, Jonathan Creed confirmed that only 'reasonable assurance' had been given due to only eight out of 19 recommendations being completed. A 'substantial' assurance rating would be given if all recommendations had been completed. However, there was recognition that although the number of recommendations not implemented was higher than would normally be expected, this was largely due to the current climate.</p>	
54	<p>Governors agreed that in future it would be helpful to show which of the partially implemented actions were past their due date.</p>	
55	<p>Resolved: 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.</p>	
56	<p>AC/20/124 – Internal Audit Strategy and Annual Plan 2020/21</p>	
57	<p>Jonathan Creed presented the Internal Audit Service's Audit Strategy and Annual Plan for 2020/21 which had been developed on a risk- based approach aligned to the College's risk register. Governors noted that high priority risks had been covered either through the direct reviews or through the follow-up of reviews undertaken in 2019/20.</p>	

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58	<p>Based upon the Annual Organisation Assessment for 2020/21, discussions with the College and consideration of emerging risks in the sector, a total of 30 days covering the following audit areas were proposed:</p> <ul style="list-style-type: none"> ➤ Additional Learning Support and High Needs Support (5 days) ➤ 16-19 Bursary Fund & Advanced learner loans (5 days) ➤ Sub-Contracting Certificate (External Assurance Review) (3 days) ➤ ESFA Mock Funding Audit (7 days) ➤ Risk Management (5 days) ➤ Follow-up of Previous Internal Recommendations (1 day) ➤ Management, Planning and Attendance at Audit Committee (4 days) 	
59	<p>Resolved: the Committee approved the Internal Audit Strategy and Annual Plan for 2020/21.</p>	
60	<p>Richie Dunk left the meeting.</p>	
61	<p>AC/20/125 – Financial Statements Audit Plan for 2019/20 Financial Statements</p>	
62	<p>Mike Redfern from Grant Thornton presented the draft Audit Plan and proposed fee for the year ended 31 July 2020 and confirmed that the audit approach is a risk-based approach, focusing on areas that are deemed to be of highest risk of material misstatement.</p>	
63	<p>In response to questions from Governors in relation the fee increase, it was confirmed that this was as a result of significant under recovery in previous years across the sector generally due to increased auditing requirements arising from regulatory demands and that the fee increase was consistent with increases in similar organisations to</p>	

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64	<p>address this under recovery.</p> <p>Resolved: the Committee approved the Financial Statements Audit Plan for the 2019/20 Financial Statements.</p>	
65	<p>AC/20/126 – Committee Terms of Reference</p>	<p>Action: Mrs. J. Platt</p>
66	<p>Governors considered the Committee’s draft Terms of Reference for 2020/21, which were largely the same as the previous year.</p>	
67	<p>Governors noted that the Terms of Reference as drafted didn’t reflect what the Committee did in relation to Risk Management, and asked for an additional bullet point to be added to reflect this.</p>	
68	<p>Subject to this, the Terms of Reference were agreed.</p>	
69	<p>Resolved: subject to the changes agreed above, the Committee approved the Terms of Reference and agreed to recommend them to the Board for approval.</p>	
70	<p>AC/20/127 – Schedule of Policies considered by Board and its Committees</p>	
71	<p>Governors considered a report, setting out the policies which fall within the remit of the Board and its Committees for approval.</p>	
72	<p>Resolved: the Committee noted the report</p>	
73	<p>AC/20/128 – Items to be recommended to the Board for approval</p> <ul style="list-style-type: none"> ➤ Health and Safety Policy 2020/21 ➤ To seek Board approval to the level of risk appetite ➤ The Audit Committee Terms of Reference 	
74	<p>It was agreed that the following would be reported to the Board for information:</p>	

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	<ul style="list-style-type: none"> ➤ The Committee had approved the Health and Safety Annual Report 2019/20 and Development Plan for 2020/21 ➤ The Committee had approved the Risk Management Policy for 2020/21 ➤ The Committee had approved the Financial Statements Audit Plan for the 2019/20 Financial Statements ➤ The Committee had approved the Internal Audit Strategy and Annual Plan for 2020/21 ➤ The Committee had approved the Anti-Bribery Policy for 2020/21 ➤ The Committee had reviewed progress against audit recommendations and expressed some concern over the number of incomplete actions, although recognised the difficulty in completing some actions during the pandemic ➤ The Committee had reviewed the Risk Register 	
75	AC/20/129 – Dates of Future Meetings	
76	Indicative dates for future meetings were 24 September 2020, 19 November 2020, 18 March 2021 and 10 June 2021 subject to the Board approval of the timetable on 9 July.	
77	Any other business	
78	The Committee noted that this was Denise Cheng-Carter’s last meeting and expressed its thanks and appreciation to Denise for all the work and support she has given the Committee and in particular in developing the Committee into a very effective forum.	
79	The Committee confirmed to Denise the very positive feedback it had received from Grant Thornton and ICCA about Denise and their expressed views that she will be a loss to the College when she retires in the summer.	
80	In response, Denise thanked Governors for the support she has had from them.	

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81	AC/20/130 – Meeting in the absence of Management	
82	NB: this item was taken out of order at the start of the meeting and as such, Richie Dunk was present for this item.	
83	Mike Redfern and Callum Flanagan from Grant Thornton and Jonathan Creed from ICCA praised the senior leadership team for its response to the Whistleblowing investigation and its response generally during the current pandemic.	
84	Management had been open and honest and was fully engaged in the investigation, giving a level of confidence and had also been very responsive during the pandemic.	
85	Jonathan Creed confirmed that ICCA had managed to conclude the Internal Audit Plan during the pandemic, albeit remotely and, from conversations he had had with the Principal during this time, had no concerns.	
86	Jonathan Creed reiterated the concerns he had expressed at the last meeting about the loss of organisational memory when Denise Cheng Carter leaves the College in the summer. However, it was agreed that having a long handover with Sharon Bowker and Sharon's skills and previous experience in the sector were a bonus that has mitigated the risk.	

Signed as a true and accurate record

Chair : Malcolm Rogers

Date : 24 September 2020