



**CALDERDALE COLLEGE
AUDIT COMMITTEE MEETING**

Draft Minutes of the Meeting held on 18 March 2021 at 17.00 via MS Teams

Present:

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

In Attendance:

Sharon Bowker	Executive Director (Finance and Funding)
Rob Rawlinson	Director of Operations (for Item AC/21/104)
Jonathan Creed	ICCA
Jane Taylor-Holmes	Clerk

Agenda: There were no items of other business.

Min. No	Minutes	Action
1	AC/21/101 - Apologies for absence No apologies were received, all Committee members were present. Representatives from Grant Thornton were not present at the meeting.	
2	AC/21/102 – 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.	
3	AC/21/103 – Minutes of previous meetings Resolved: The minutes of the meeting held on 19 November 2020 were approved as a true and accurate record, subject to the inclusion of the time of the meeting.	

Audit Committee Minutes – 18 March 2021

Audit Committee – 10 June 2021
AC/21/115

Min. No	Minutes	Action
4	Resolved – The minutes of the joint meeting of the Audit Committee and Finance and Resources Committee meeting held on 19 November 2020 were approved as a true and accurate record.	
5	AC/21/104 – Matters Arising In relation to the actions arising from items AC/20/131, it was agreed that both items would remain on the agenda until the assurance framework had been developed.	
6	In relation to the Board Assurance framework, Mrs S Bowker, Executive Director (Finance and Funding) provided an update. Mrs Bowker explained that a number templates had been shared. These would be reviewed and consideration given as to whether the Board Assurance Framework would be a separate document or an addition to the existing risk register. For clarity, the Board Assurance framework will support the inclusion of where assurance is received and the level of that assurance (internal / external).	
7	All further matters arising from previous meetings were completed, for completion at a later date or on the agenda for discussion.	
8	AC/21/104 – Health and Safety Committee members welcomed Mr R Rawlinson, Director of Operations to the meeting.	
9	Mr Rawlinson provided an update on work being done in relation to the assessment of work experience and apprenticeships workplaces. The work had been reduced in this area to reflect the reduction in work places offering work experience and apprentices and the impact of the COVID pandemic.	
10	Committee members noted the comments in the report in relation to the fire alarm activation.	
11	Mr Rawlinson referred to the lateral flow testing which had been introduced at the College and the support received from volunteers and nurses which had been gratefully accepted.	
12	Mr Rawlinson also commented on two further amendments	

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	since the return on 8 March, one in relation to wearing face masks in College and in relation to ventilation and the requirements to have windows open. It was noted that students and staff were being encouraged to attend college with additional clothing due to the temperature.	
13	In response to asking the DfE about face masks, 40,000 had been delivered that morning with no charge to the College. It was noted that if there were any excess masks, these would be donated to the NHS.	
14	In relation to numbers of positive COVID cases, Mr Rawlinson explained that lateral flow testing was in place, positive figures have been very low; in single figures. This reflects the position locally and Nationally.	
15	Mr C Reeve, Co-opted Governor asked about first aid and fire marshal presence on site during the pandemic. Mr Rawlinson commented that all the facilities team, who were on site are fire marshals, along with a number of the IT Team who were on site. The College remained compliant with requirements throughout lockdown.	
16	Mr Reeve further asked about risk assessments whilst staff were home working in relation to DSE and mental health support. Mr Rawlinson explained that at the start of the first lockdown, best practice had been documented and circulated to staff working from home. The College wellbeing group had been in place throughout and a series of activities ranging from physical activity sessions to an online radio evening event had been held to support staff.	
17	Mr Rawlinson further explained that some staff had reported a need for equipment to help them work from home such as office chairs. The College van had been used drop equipment off with staff at their home if this was needed.	
18	In relation to Mental Health first aiders, Committee members asked if any data is collected about the support provided. It was agreed that the HR team would be asked about this. It was agreed that it would be interesting to know if there were any trends of increase in need or any common themes, if this could be provided in a confidential manner.	Action: Mr Rawlinson June 2021
19	Committee members noted that the College had an Occupational Health support service in place.	

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20	Resolved: Committee members noted the Health and Safety update.	
	AC/21/106 – Internal Audit Reports	
21	Committee members welcomed Mr J Creed, ICCA to the meeting. Mr Creed provided a summary of the Internal Audit reports. It was noted that reasonable assurance had been received.	
22	Mr Creed described the complexities in relation to the funding arrangements for Learning Support and High Needs. Committee members noted that there were different elements and additional support, and that some funding is provided from the ESFA and some from the Local Authority. The College receives funding from a number of different Local Authorities who apply different formulae.	
23	Mr Creed explained that learners' needs range from a need to work in smaller groups to students who need one to one support and almost health and social care support. It was noted that the area was extremely complex.	
24	Mr Creed shared the recommendations, and these were discussed.	
25	Recommendation 3.1 was high priority and related to the underlying principle that the provision should be cost neutral and shouldn't be making profit or. It was noted that it had been some time since the College had reviewed the costs, and the employees who provide support and the hourly rate of the services provided. It was agreed that the hourly rate required review to allow the College to provide this information if needed or challenged. Mr Creed explained that whilst this was not felt to be an immediate risk, there was the general feeling around the sector that this area would become more a focus due to recent pilot work.	
26	Recommendation at 3.2 was in relation to management reporting and improving the strength of management reporting. More clarity and other recommendations in relation to data validation checks were recommended to ensure that the claim is being made appropriately. It was accepted that the College should be conducting a global reconciliation against of the services provided to ensure that the provision is cost neutral.	

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27	There was a further recommendation around audit evidence. Substantive testing had been done as part of the audit and identified a number of issues in relation to the records being kept allowing the claim to be substantiated.	
28	It was noted that the purpose of the report was to inform the College in advance to support any audit work undertaken by the ESFA.	
29	Committee members asked about the value of the provision to the College. It was confirmed that the College had 130 element two learners, which equated to around £780,000, a further £400-£500,000 could also be claimed, around £2million was claimed for provision in this area. This was not significantly different from others in the sector.	
30	Committee members were reassured that the College has recently appointed a new head of service in this area who had worked for the local authority. There were a number of new processes in place which could not be reviewed due to the timing of the R04 return, therefore the College was not able to demonstrate the changes. This would be considered in the follow up audit.	
31	Committee members commented that there were a number of matters to be completed by the end of May and asked whether this was achievable. Mrs S Bowker, Executive Director (Finance and Funding) explained that negotiations had already resulted in an agreement with the LA for provision in 2021/22. All reconciliations will be completed.	
32	In relation to the Bursary Fund and Advanced Learning Loans (ALS) report, it was noted that reasonable assurance had been received.	
33	In relation to training, Tracy Bird, Head of Area, had met with ACMs regarding ALS. There was confidence that all recommendations had been addressed.	
34	Committee members expressed some concern around the similarities in the recommendations with the challenges faced following the external funding audit in terms of the inability to provide evidence and not following processes.	
35	Mrs Bowker explained that COVID had an impact, for example in relation to the bursary, the priority had been to	

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	<p>ensure that students were in College and not out of pocket so bus receipts, for example had not been provided.</p> <p>36 It was noted that in relation to Bursary funds, the primary focus was to remove barriers to entry, so available funds are used to get students into College and concern about record keeping afterwards, this had been more challenging with COVID.</p> <p>37 Committee members asked if there were any other areas where the College should direct some focus to ensure similar issues are addressed. Mrs Bowker suggested one area may be staff expenses.</p> <p>38 Mr Creed provided additional information in relation to the Sub-Contracting Certificate internal audit report. Mr Creed explained that whenever a provider subcontracts more than £100,000, they are required to undertake this review.</p> <p>39 The review considered the contracting arrangements in place; to ensure that there is a significantly robust contract in place to recover public funds if needed protecting the ESFA and College position in the event that one of subcontractors goes into liquidation.</p> <p>40 Committee members noted Section 2 of the report and the very complex sub-contracting arrangements in place. Table at 2.1 reviewed and considered the Skills Bank Project and the number of sub-contractors. The funding is within the adult education budget and shouldn't form part of the declaration however it doesn't meet the criteria for any other type of adult education funding. A number of tests are required for each of the funding streams, the response can be that the College is either fully or partially compliant or not applicable.</p> <p>42 The action plan and summary of recommendations were reviewed; it was noted that the recommendations were of an administrative nature. A small number of changes were suggested to most recent return / declaration and a further clause to the standard sub-contracting arrangements was recommended.</p> <p>43 It was noted that the certificate would be submitted by the end of July to the ESFA.</p> <p>44 Mrs Bowker thanked the internal audit team who conducted the review, this involved a large amount of paperwork to review.</p>	

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45	In response to comments from Committee members, Mrs Bowker confirmed that the College is only required to submit a subcontractor return twice per year, however, the College submits monthly, and the actions referred to had been completed by the time the first official return was submitted. ICCA have to audit on the criteria at the time.	Action: Mrs Bowker / Audit Committee Autumn 2021
46	In relation to the Risk Management review, Mr Creed confirmed that substantial assurance had been received. The report reflected where the College had been in relation to discussions around risk management. There was one recommendation in relation to the development of a Board Assurance Framework and recognising other sources of assurance.	
47	It was noted that whilst there was no requirement in FE to have a Board Assurance Framework, the recommendation was in relation to the enhancement of risk register rather than separate framework.	
48	Mr Creed commented that there had been a lot of positive work in this area by the Committee to improve the risk register and risk management more generally.	
49	Committee members discussed the development of risk appetite and how this is used in practice within the College. It was agreed that this would be further considered in relation to defining and quantifying the levels of risk against different activities.	
50	It was noted that the risk register was now a far more dynamic document with the Board requesting a risk be added to the register in relation to the Engineering project.	
51	Resolved: Committee members received the Internal Audit Reports.	
AC/21/107 – Audit Recommendations and Actions		
52	Mrs Bowker provided an overview of progress towards the agreed actions arising from Internal and other Audit reports.	
53	Only one item was overdue which had not been implemented and was past the due date, this was reviewed on page 101/102 of the papers.	

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54	Mrs Bowker explained that progress had been good and would be complete by June. Committee members discussed the approach to actions and agreed that actions would not be removed even when listed as complete until the Internal Audit follow up work had been undertaken.	
55	It was agreed that the wording would be reviewed throughout the ensure that this is consistent throughout.	Action: Mrs Bowker June 2021
56	In relation to comments within the report, it was agreed that just the most recent update would be recorded in the report.	Action: Mrs Bowker June 2021
57	Resolved: The Committee noted the progress in relation to Audit recommendations.	
AC/21/108 - External Audit Appointment Progress / Timeline		
58	Mrs Bowker explained that there had been some progression in this area due to recent events. There had been some updates from firms on the framework due to a change in approach to the work of FE. For example, KPMG had explained that they would not be submitting a bid and would be removing themselves from the framework.	
59	Mrs Bowker explained that there had also been a change to the circumstances of Grant Thornton and they had also explained that they would not be submitting a bid.	
60	Committee members discussed the options in relation to the appointment process. It was noted that Grant Thornton had been the College External Auditor for over ten years, and that the contract had been rolled forward the previous year. It was also noted that there would be challenges in the current financial year due to the impact of COVID. Committee members also considered the fact that the largest companies were withdrawing from the framework, leaving only a few providers on the framework.	
61	It was noted that the bigger audit firms appear to be pricing themselves out of the market.	
62	It was also noted that there was no requirement that the College had to re-tender audit services. The recommendation was in relation to independence.	

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63	Resolved: Committee members agreed to appoint Grant Thornton for a period of one year with the intention to adopt a direct invitation to tender next year.	Action: Mrs Bowker June / September 2021
64	It was further agreed that the College would look to go out to tender in October / November 2021 and recommendations would be provided to the June / September meeting about the firms to be approached to invite directly.	
65	Mr Creed offered to share the names of firms who operate in the area.	
AC/21/109 Risk Management <ul style="list-style-type: none">Risk Register		Action: Mrs Bowker June 2021
66	Committee members considered the risk register, it was noted that there had been a number of changes in the risk register since this was last reviewed by the Committee in November.	
67	Risk 1 – Committee members considered whether this should 25, it was felt that this could now be reduced on the basis of the likelihood of not managing a COVID outbreak to 60-80%; testing centres are working and have good controls are in place. Allocated ownership of the risk to the whole Board therefore will ask the Board for approval of the change.	
68	Risk 3 –updated commentary – it was noted that this hadn’t changed in relation to scoring but referred to audits undertaken and the assurance received.	
69	Risk 11 – compliance with health and safety, fire safety and cyber security. There had been an increase in the number of people completing training, due to online courses, satisfied 40-60% risk, reducing likelihood from 4 to 3.	
70	It was agreed that consideration would be given to setting a risk tolerance for each risk, and whether the College was happy that no further action could or would be taken to reduce the risk further. It was agreed that this may impact on the RAG rating and consideration would be given to how this is presented if risk appetite / tolerance is overlayed against the risks.	
71	Committee members approved the change of score of Risk	

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72	11. Committee members noted the new risk related to the Finance and Resources Committee and the failure to manage subcontractors and in relation to the engineering project. Mrs Bowker provided a brief background to the engineering provision and the new project.	
73	It was noted that the risk register had been reviewed by SLT prior to coming to the Committee and that the new paper front cover sheet refers to the risk register.	
74	Resolved: Committee members noted the content of the Report.	
75	AC/21/110 – Items to be reported to the Board It was agreed that the following would be reported to the Board for information: <ul style="list-style-type: none"> ➤ Health and Safety update had been received including an update on re-opening and COVID from Rob Rawlinson. ➤ Update on audit reports received in the period. ➤ Update on audit recommendations and progress in reporting in this area. ➤ Update to the approach being taken in relation to the appointment of the External Auditors. ➤ The Committee had reviewed the Risk Register and proposed some changes – particularly for the Board to approve in relation to risk 1. 	
76	AC/21/111 – Dates of Future Meetings Audit Committee – 10 June 2021 at 5.00pm	
77	AC/21/112 – Meeting in absence of Management Mr Creed commented on the positive engagement by Mrs Bowker in the internal audit process, in particular in relation to the discussion of recommendations and management ownership of the audit process.	

Signed as a true and accurate record

Rachel Court

10 June 2021

Chair

Date