



## CAPITAL CITY COLLEGE GROUP AUDIT COMMITTEE: 25<sup>th</sup> MARCH 2020

### MINUTES OF A TELEPHONE CONFERENCE

<b>PRESENT</b>	Chris Hyams (Chair), Anthony Smith, Cosette Reczek, Paul McLoughlin, Mel Brookstone
<b>IN ATTENDANCE</b>	Rachael White, Simon Evans, Stewart Cross, Roy O'Shaughnessy, Mike Cheetham (RSM), Graham Drummond (Clerk), Derek Wilkinson (items 1-4), Neill Scott (items 1-4)
<b>APOLOGIES</b>	None

1. **MINUTES OF MEETING HELD ON 18<sup>th</sup> NOVEMBER 2019** **Action**  
 With the exception of a minor amendment which the Chair agreed to forward to the Clerk after the meeting, the minutes were accepted as a true record. CH/GD

2. **MATTERS ARISING**

The action tracker was received. It was noted that:

- The risk of an AEB funding clawback has been reduced following a recent announcement by the GLA that colleges will be paid in line with their anticipated profile (prior to the Coronavirus pandemic). A fuller funding update would be provided as part of the funding assurance paper (item 8);
- The IT department has been working on improvements to the Group's cyber security arrangements. The aim is to report the outcome of a Jisc review of these arrangements to the committee's meeting in June; however this may need to be reviewed, now that staff are working from home.

3. **COVID-19 UPDATE**

The Chief Executive gave an update on how the Group was dealing with the implications of Coronavirus and the shutdown of all sites. It was noted that:

- Since Thursday of the previous week all lessons have been delivered online. Initial indications are that participation by staff and students has been good (student attendance has been c. 80%);
- Mainstream funding for this financial year is assured, however income streams such as commercial and apprenticeships are less certain. The extent of the potential financial impact is currently being worked on by the Chief Financial Officer and a more accurate forecast will be known in time for the Board meeting on 3<sup>rd</sup> April.

Members of the committee commended the actions that have been put in place to ensure that teaching and learning continue to take place, particularly the move to the use of online platforms such as Microsoft Teams.

Lastly, it was noted that prior to the onset of the pandemic the Group had been reviewing its business continuity plan and within its critical incident plan there is a section on what actions need to be put in place in the event of a pandemic. The committee was content that the senior leadership team had managed the process of dealing with the pandemic in an effective manner, but that once impact of the pandemic had ceased it would be useful to review the documentation and take account of lessons learnt. NS/GD

4. **HEALTH AND SAFETY REPORT**

The chair asked the Group's Health and Safety manager to highlight what the key priorities and risks were within a report. The following was noted:

- Despite an increase in the volume of training delivered in 2018/19 the number of 1<sup>st</sup> aiders across the group has decreased by 31; this has mainly been due to the level re-structuring that has

taken place across the organisation. Although it was recognised that this was not an issue at the moment, it will need to be addressed once college life has returned to normal;

DW

- There continues to be inconsistency with respect to the way in which risk assessments are carried out across curriculum areas. Continued support is being provided to address this as a group approach is developed;
- A second group wide health and safety audit took place across the group in November and December 2019 and was carried out by an external consultant. There has been some progress since the last audit; for example the overall health and safety risk management score has improved from 75% to 80%, however there have been some issues associated with the provision of Kier's facilities management services, and 62 additional priority actions have been identified.

In order to address the shortfall in the number of trained first aiders a suggestion was made to explore the possibility of using students to carry out the responsibility. In the view of the Head of Health and Safety it was unlikely that for insurance purposes this would be permitted, but he agreed to confirm this back to the committee.

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## 5. INTERNAL AUDIT: LETTER OF ENGAGEMENT

Following an interview process that had taken place on 3<sup>rd</sup> March RSM have been appointed as the Group's internal audit service. RSM's letter of engagement was considered. The following was noted:

- Within the first 12 months of their appointment, RSM will review the Group's key control systems and those areas for which an annual internal audit is mandatory e.g. subcontracting. Due to the limited nature of the scope of their internal audits RSM will not be providing a full assurance statement within their annual report to the Board.

It was agreed that:

- A meeting with RSM is to be organised to discuss the schedule for their internal audits. As part of this meeting, consideration is to be given to the Group's options with respect to receiving a full assurance service or a higher level of assurance than will currently be received, either for this financial year or for the 2020/21 financial year;
- Once the schedule has been agreed, it is to be recommended to the Board for approval.
- The letter of engagement is to be signed and returned to RSM.

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## 6. AUDIT OUTSTANDING ACTIONS

A summary tracking spreadsheet providing details of all audit recommendations, along with details of outstanding recommendations was considered and received. The following was noted:

- At the last meeting, the committee received a report showing there were 78 outstanding audit recommendations. Included within these recommendations were 4 external audit recommendations from 2018 which have either been confirmed as being resolved or have been superseded. As a result of the 2019 external audit and the Ernst Young (EY) review a further 19 recommendations have been made, bringing the total number of outstanding audit recommendations to 93.

As a result of an internal exercise to assess the status of outstanding recommendations, carried out by group directors, 65 of these recommendations have been assessed as completed or superseded, 6 are overdue but in progress and 22 have not yet reached their target date. Considering the volume of recommendations which in normal circumstances the completion of which would be checked by the internal audit service the committee was asked whether to accept completion of the 65 recommendations which have been confirmed as being resolved internally.

The committee agreed to accept the recommendation to close off the 65 recommendations following a review by the Group Leadership Team, who will carry out a final sign off.

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Lastly, it was noted that the recommendations made by EY had been classified as housekeeping. The status of these recommendations would be checked, but it was likely to be due to the fact that EY had not allocated a risk category.

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## 7. EXTERNAL AUDIT

A report which included a recommendation to carry out a re-tendering exercise with respect to the Group's external audit service was considered and received. Included within the report was a summary of three possible frameworks which could be used to carry out the re-tender.

The committee agreed that the Crescent Purchasing Consortium should be used to carry out the re-tender. It was noted that prior to the issuing of the tender, Buzzacotts would be written to, informing them of the decision to carry out a re-tender.

SE/GD

## **8. FUNDING ASSURANCE UPDATE**

The Director of Integration and Information gave a summary of the funding situation facing the Group following the closure of sites in response to the Coronavirus pandemic. The following was noted:

- Confirmation has been received by the Education and Skills Funding Agency (ESFA) with respect to 16-19 provision and the Greater London Authority (GLA) with respect to adult provision that its funding will continue to be assured for this financial year and with respect to 2020/21 as long as it continues to deliver to its anticipated profile;
- There is risk associated with respect to 19+ and HE loans e.g. if students stop attending, their loan agreement stops. Also, apprenticeship funding is at risk because payment is made on outcome and the majority of apprenticeship delivery has been halted due to the pandemic.

An update report was received with respect to the work to improve the Group's compliance with funding regulations. The following was noted:

- There has been substantial progress with respect to the improvement the Group's funding assurance, however the following areas continue to present risk and are the focus of an internal oversight group:
  - For 16-19 students, the number of planned hours associated with Employability, Enrichment and Pastoral (EEP) hours continues to be inconsistently recorded;
  - For adult learners, initial assessments are not sufficiently robust to indicate that learners are on the correct level (c. 30% of those sampled). This is mostly in relation to ESOL;
  - Collection of invoice payments from employers with respect to non-levy apprenticeship provision has been problematic and there is a risk of ESFA clawback. The finance team are allocating more staff to the chasing and prompt invoicing of this co-funded provision;
- RSM will be conducting an internal audit of the Group's funding assurance control environment and a report will be provided to this committee.

## **9. RISK REGISTER**

The Group's risk register, along with a summary cover report was considered and received. It was noted that:

- Following a review by the Group Leadership Team, the following new risks have been added to the register as follows:
  - Insufficient progress being made to address the Group's Ofsted requires improvement status;
  - Finance system controls not being fit for purpose;
  - Changes to immigration rules on EU citizens from January 2021 having an impact on the Group's income;
  - The COVID-19 pandemic;
- It was further noted that the scores associated with a number of risks have been changed as detailed within the report, but that the two highest risk were as follows:
  - Control costs and balance budget in 2019-20;
  - Accuracy of management accounts forecasts;

The committee accepted the risks as detailed within the register, but were of the view that Brexit continues to present a risk dependent on the outcome of the UK's transition period as it exits the EU. Also, the impact of the COVID-19 pandemic will need to be closely monitored as the precise nature of the implications for funding in the longer term are not known at this stage, but may be significant as the economy recovers, and the Government manages the volume of public debt.

## **10. ANNUAL INSURANCE REPORT**

An annual insurance report was considered and received.

A competitive tender process to establish whether the Group's existing insurer (UMAL) continues to offer best value for money. The tender is being managed by Risk2Value who is a partner of the Group's procurement service provider (Tenet Education). The tender is being run under the Crescent Purchasing Consortium insurance framework.

The committee will be informed of the outcome of this tender process in due course.

**11. OFS LETTER**

A letter from the OfS (dated 16<sup>th</sup> January 2020) was noted.

It was noted that a more up to date letter from the OfS has been received and would be circulated to members.

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**12. COMMITTEE SCHEDULE**

The committee's schedule was noted and received.

**13. BOARD MINUTES**

The following board minutes were received:

- 12<sup>th</sup> December 2019;
- 13<sup>th</sup> February 2020
- 13<sup>th</sup> March 2020.

*Date next meeting: Tuesday 23<sup>rd</sup> June 2020 at 6pm*

Signed as a correct record: \_\_\_\_\_

Chris Hyams, Chair