



CAPITAL CITY COLLEGE GROUP AUDIT COMMITTEE: 22nd MARCH 2021

MINUTES

PRESENT	Chris Hyams (Chair). Lisa Weaver-Lambert, Paul McLoughlin, Cosette Reczek, Sharon Saxton, Anthony Smith
IN ATTENDANCE	Roy O'Shaughnessy, Rachael White, Simon Evans, Stewart Cross, Graham Drummond, Rakesh Shaunak (MHA MacIntyre Hudson), Lorna Raynes (RSM), Malcolm Plummer (items 1-3)
APOLOGIES	None

1. **MINUTES OF THE PREVIOUS MEETING** **Action**
The minutes of the meetings held on the 17th November 2020 and 25th January 2021 were accepted as an accurate record and will be signed by the Chair.

2. **MATTERS ARISING**
The following matters arising were noted:
 - The Group's business continuity plan will come to the committee's next meeting; GD
 - A health and safety report will come to the committee's next meeting which will include an update on the number of trained first aiders, and risks will be rag rated; GD
 - The additional meeting to review the resolution of outstanding audit recommendations took place on 25th January;
 - The review of apprenticeships compliance with funding regulations has been included within the scope of the next internal audit on funding assurance, the findings of which will be reported to the next meeting of this committee.

3. **FURLOUGH GRANTS**
As part of the audit of the Group's 2019/20 financial statements a recommendation was made by MacIntyre Hudson that assurance should be provided to the Board that the correct procedures are in place to prevent a double funding receipt of compensation with respect to any staff placed on the government furlough scheme. A report containing confirmation of the procedures used by the Group to claim furlough funds was received. It was noted that:
 - Only 16 members of staff have been placed on the furlough scheme (3 at the CONEL sports centre and 13 at CCCT; the latter having been place on the scheme on a flexible basis). In both areas the number of staff on the scheme is closely monitored by the CONEL Vice Principal and CCCT Managing Director respectively;
 - The Group follows the procedures issued by the DfE, the details for which were provided within the report.

The audit committee were content that sufficient controls are in place to minimise the risk of receiving double funding. It was confirmed by the audit partner that the audit recommendation had been met and there was no need to report to the full board.

4. **INTERNAL AUDITS**
A progress report was presented by the internal audit service. The following was noted:
 - Three reports detailed within the internal audit plan for 20/21 have been finalised and are included within the agenda for this meeting;
 - An internal audit report on risk management is in draft and has been submitted to the management team for comment. The field work for the internal audit report on staff utilisation has been completed and the report will be in draft next week;
 - There have been two changes to the internal audit plan as follows:

- The Sales to Cash review will be deferred to 2021/22 as the application of a tuition fee module onto the new student records system has been delayed;
- The review of the general ledger will take place in July and not March, due to staffing changes.

Due to the deferral of the Sales to Cash audit an additional review will need to be chosen in order to give the internal audit service sufficient scope to provide a full assurance opinion at the time of seeking approval to sign the 2020/21 financial statements. The committee considered a number of options including a review of the implementation of the EBS management system, assurance that the student voice has been listened to during the pandemic, the effectiveness of online learning or the effectiveness of budgeting. It was agreed that members of the executive would meet to discuss this issue and a recommendation will be made via email in the next two weeks.

RW/GD

The internal audit service have carried out a follow up review of all audit recommendations which were awaiting sign off. A report on this review was received and the following was noted:

- The overall conclusion of the report was that management has made good progress with respect to implementing the recommendations;
- 6 learner number recommendations have not been followed up due to the extent of sampling required to demonstrate implementation. The follow up of this area will be included within the forthcoming learner number systems audit.

The management tracking sheet was considered in conjunction with the follow up audit report. Committee members asked how the number stated within both reports corresponded and the follow summary was noted:

a	Total number of actions reported to the last meeting	67
b	Number of actions superseded/ completed or duplicate (as agreed with MH/RSM in January)	4
c	Total number of actions reported to this meeting (22/03/21)	<u>63</u>
d	Number of actions not yet due for completion	17
e	Number of actions not completed in time for audit (purchase to payments)	2
f	External audit actions (to be signed off by MH)	4
g	Number of actions within scope of RSM follow up review	<u>40</u> (6 high, 20 medium, 14 low)
h	Number of actions signed off by RSM (including 1 that has been superseded)	33
i	Number of actions audited and not signed off by RSM (but priority downgraded to medium)	1
j	Number of actions not audited (to be included within learner number audit)	6
k	Number of actions to be reported to the next meeting	<u>30</u> (c minus h) (of these 13 have been signed off by management and 17 are in progress)

The committee noted that there remained two high priority recommendations with respect to purchase to payments and sales to cash. It is anticipated that both of these recommendations will be resolved by the end of July.

It was further noted that it had been agreed at a previous meeting that one of the committee's KPIs is that all actions are to be resolved within 6 months. It was agreed that the tracking sheet is to include an up-to-date calculation of this KPI, so that performance against it can be monitored.

SE/RW

The executive team were commended on the progress made in implementing the recommendations.

An internal audit report on Governance was received. The following was noted:

- The overall opinion provided within the report was one of substantial assurance;
- Three recommendations were included within the report, two of which were of low priority and one medium.

An internal audit report on IT controls was received. The following was noted:

- The overall opinion provided within the report was one of substantial assurance;
- One recommendation of medium priority was included within the report which made reference to the need for the implementation of an IT Disaster Recovery testing procedure to be put in place. Due to the priority of ensuring a smooth transition back to face to face teaching it has been agreed with management that this will be carried out by July of this year. It was further noted that the Group runs regular back-ups of its data and in the event of a cyber-attack minimal data would be lost.

5. RISK MANAGEMENT AND REGISTER

At the committee's meeting in November a request had been made to review the risk register with the aim of ensuring that it was more focussed on key strategic risks. In consultation with the Group Leadership Team the Director of Integration and Information has carried out a review and the revised register was presented to the committee. The following was noted:

- Where possible, risks have been concertinaed and as a result this register is shorter than previous versions presented to the committee.

Whilst the committee welcomed the outcome of the review of the register, the following issues were raised:

- The number of high risks is around 50% of the total number on the register. This was questioned.
- The strategic nature of the register was challenged and whether it had been sufficiently linked to the strategic plan. It was confirmed that the Director of Integration and Information has discussed the contents of the revised register with individual directors. The GLT as a whole has considered the register and are content that its contents reflect the strategic risks facing the Group, however it was agreed that the register will need to be monitored regularly.

The internal audit service was asked how the register compared to those used by other colleges or college groups and confirmed that the Group's approach was broadly in line with others used within the sector.

The issue of whether the committee and the GLT have considered whether the risks and the mitigations put in place are acceptable was also raised. For example, there might be risks for which it is agreed that the level of controls are insufficient. A determination of the Group's risk appetite would also assist in this regard. Further to this, the issue of whether the register reflects the potential impact of control measures, for example for some risks the impact of actions may be negligible whilst for others the impact may be considerable. Whilst it was noted that the register does record the level of control, this is still an issue to be monitored. It was agreed that the GLT would report back to the committee and advise on a recommended approach to evaluating the Group's risk appetite.

SC

Lastly it was also noted that the Board had recently agreed to invest into a project to develop a coding school with Founders Ed. The committee were of the view that the risk associated with investments such as this should be included within the register.

SC

It was agreed the above issue would need to be considered on an ongoing basis in order to fine tune the structure and contents of the register. It was further agreed that the register is to be taken to Board's meeting in May.

GD/SC

6. UPDATE ON MANAGEMENT INFORMATION SYSTEM (EBS)

An update report on the continued development and implementation of a group wide management information system (EBS) was considered and received. It was noted that:

- The continued focus of this project to improve the learner experience, particularly with respect to the enrolment process;

- There had been some operational issues with phase 1 of the roll out of EBS; these issues have mostly been resolved, however a phase 2 process is being implemented which will deliver further improvements.

7. COMMITTEE SCHEDULE

The committee schedule was noted and received.

At the end of the meeting, a confidential discussion took place between auditors and members of the committee the executive being present. It was noted that Simon Evans would be leaving the organisation at the end of April. A note of thanks would be sent to Simon to acknowledge the contribution he has made to this committee. It was further agreed that at the next meeting an update on the structure of the finance team would be provided. **Action RW.**

The date of the next meeting is Monday 21st June at 6pm

Signed as a correct record: _____

Chris Hyams, Chair