



## CAPITAL CITY COLLEGE GROUP AUDIT COMMITTEE: 25<sup>th</sup> JANUARY 2021

### MINUTES

<b>PRESENT</b>	Chris Hyams (Chair). Lisa Weaver-Lambert, Paul McLoughlin, Cosette Reczek, Sharon Saxton, Anthony Smith
<b>IN ATTENDANCE</b>	Roy O'Shaughnessy, Simon Evans, Stewart Cross, Graham Drummond,
<b>APOLOGIES</b>	Rachael White

As agreed at the committee's meeting on 17<sup>th</sup> November, this meeting had been scheduled to consider progress with respect to the resolution and sign off of all audit recommendations.

The Chair welcomed members and reminded them of the KPI that at least 70% of all audit recommendations should be addressed within six months of the recommendation being made. At the meeting in November the Group was substantially below this target. Members were also reminded that the internal audit service would be providing a full assurance opinion for this financial year and therefore a key focus of the committee is to oversee the timely resolution of these recommendations.

Since the committee's last meeting, members of the Group Leadership Team (GLT) have prioritised the resolution of a number of the recommendations and a series of internal meeting have taken place to update progress and assess timelines for achievement; and to decide whether recommendations have been superseded or not. An updated report had been circulated to the committee the week prior to this meeting. The Director of Financial Services was asked to present the summary section of the report. The following was noted:

- At the committee's meeting in November 60 recommendations were reported. Since then, a further 7 external audit recommendations have been added to the report;
- Of these recommendations, 21 are incomplete, none of which are overdue. Of the 21 incomplete recommendations 5 are high priority, 12 are medium priority and 3 are of low priority. It was further noted that 4 of the incomplete recommendations are overdue (3 from Mazars and 1 from EY);
- Of the 46 recommendations which are complete, 38 have been confirmed as complete by management and are awaiting sign off by the internal audit service, 5 have been superseded and 3 have been signed off by the external audit service.

It was noted that in the internal audit plan a follow up visit to sign off recommendations is scheduled for 2<sup>nd</sup> and 3<sup>rd</sup> weeks of May. It was agreed that a meeting with the internal audit service should take place with a view to schedule this visit earlier and preferably so that a follow up report could be considered at the committee's next meeting on 22<sup>nd</sup> March. It was further agreed that the resolution of the incomplete resolutions should be a management focus so that as many of them can be signed off as possible prior to the follow up visit. **Action GLT/SE;**

Processes surrounding the agreement of internal audit actions and the reporting of internal audit recommendations were discussed and the following principles were agreed:

- Once the fieldwork has been carried out by the internal audit service a meeting should take place to agree the recommendations which are to be included within the report. It was further noted that RSM adopt an approach that their reports are draft at all times, so that amendments can be agreed at any point; the Group's approach in agreeing recommendations has been inconsistent and needs to tighten;
- Whereas draft internal audit reports are considered by GLT, more time needs to be allocated with the GLT's schedule to agree the recommendations;
- The dates for completion within the reports are to be realistic.

The committee then considered the five unresolved, high priority recommendations as provided within the detailed section of the report. The following was noted:

- The Group moved to the use of a management information system called EBS in preparation for the start of this academic year. The EBS solution includes some native functionality to record fees and payments for enrolled learners. During the implementation project enhancements to this native functionality was

discussed and developed, however this functionality has yet to be made available for use by the Group. The release and use of this functionality is key to resolving the Group's poor performance with respect to collecting debt. Fortnightly meetings between Finance and MI are taking place to resolve this. Currently the Group uses two legacy systems from the colleges for the recording and collection of debt. Once the use of the software is released it is anticipated that the Group will improve its debt collection performance;

- It is anticipated that the resolution of a recommendation in relation to ensuring the accuracy of a supplier on boarding list will be achieved by the end of February. It was further noted with respect to this recommendation that the primary recommendation was around recording evidence of checks that the team have always been undertaking. These checks are now being recorded;
- An associated recommendation (to the one above) is in relation to the accuracy of Group's contracts list. It is anticipated that this will be achieved by the end of the year;
- With respect to an unresolved EY recommendation in relation to finance controls and budgeting it is anticipated that if the debtor solution issue is resolved the Group will have resolved this recommendation.

It was noted that the EBS project has had a significant impact on the achievement of some financial, high priority recommendations. It was agreed that a report on the completion of the EBS integration project should be brought to the committee's next meeting. **Action – SC/GD**

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

Chris Hyams, Chair