



**MINUTES OF A MEETING OF THE CORPORATION'S  
AUDIT & ASSURANCE COMMITTEE  
TUESDAY 30 MARCH 2021**

**Held by Microsoft Teams due to Covid-19 at 4pm**

<b>Members [5]:</b>	*John Bullen; *Henry Cox; *Rebecca King; *Dan Knight (Chair); *Annetta Minard
<b>In attendance:</b>	*Anna Carvisiglia (Finance Director) (FD)); *Vanessa Gifford (Clerk); *Jonathan Creed (ICCA) <b>Invited:</b> *Luke Rake (Principal) and *Nicky Porter (Assistant Principal (Student Experience & Progression))

ITEM NO.	DETAIL	
1.	<p><b>DECLARATIONS OF INTEREST</b></p> <p>This meeting was carried out using Teams due to Covid-19.</p> <p>There were no declarations of interest <b>NOTED</b>.</p>	
2.	<p><b>APOLOGIES</b></p> <p>There were no apologies for absence <b>NOTED</b>.</p> <p>The Finance Director was introduced to all Members.</p>	
3.	<p><b>MINUTES OF THE MEETING HELD ON 13 JANUARY 2021</b></p> <p>The Committee <b>APPROVED</b> these minutes as a true and accurate record, and also <b>APPROVED</b> the open minutes for website publication.</p>	
4.	<p><b>MATTERS ARISING FROM THE MINUTES</b></p> <p>The following matters arising were <b>NOTED</b> from the minutes of 13 January 2021:</p> <ul style="list-style-type: none"> <li>• All actions relating to the end of year accounts had been completed.</li> <li>• 'Going Concern' had been had been considered by the Corporation.</li> </ul>	
5.	<p><b>IT AUDIT RECOMMENDATIONS</b></p> <p>The Principal and the Assistant Principal (Student Experience &amp; Progression) had been invited to the meeting to provide an update on the progress of IT support following the recommendations of the November 2019 TIAA Internal Audit Review. The following points were <b>NOTED</b> during the discussions:</p>	

	<ul style="list-style-type: none"> <li>• The Principal advised that papers had been presented for information and to provide context for the conversation.</li> <li>• The completed activity was noted and good progress was being made.</li> <li>• It was noted that the current focus was Cyber Essentials compliance which was a funding condition, therefore mission critical.</li> <li>• It was agreed that the Progress Report presented by Prodigy IT Solutions was comprehensive, with financial savings being made.</li> <li>• The Assistant Principal (Student Experience &amp; Progression) advised that the recommendations from the 2019 Audit Review were progressing and the presented documentation evidenced this.</li> <li>• Members agreed that there was a lot of information and questioned whether they could be assured that the issues identified by the internal Auditors at that time were being addressed. The Principal advised that the documentation only gave an indication of the amount of work being carried out and the expenditure was due to the lack of investment in the IT infrastructure over many years. He considered the contract was value for money and the Committee could be assured that there was progress. The following additional points were <b>NOTED</b> on progress of the recommendations: <ul style="list-style-type: none"> <li>➤ <b>Disaster Recovery Plan:</b> it was noted that there had been a recent ransomware attack on a college. This usually occurred from opening inappropriate links from emails, therefore increased training would be introduced for all staff. This recommendation was not fully complete due to hardware restrictions. Back-ups were being carried out and stored on the estate away from the Main House. Members agreed that progress was positive and actions were moving in the right direction. It was agreed that an updated would be provided in 6 months with annual updates thereafter.</li> <li>➤ <b>Physical Security:</b> It was noted that this recommendation was complete.</li> <li>➤ <b>IT Policies:</b> This recommendation was nearing completion. An independent Data Protection Officer had been appointed and he was currently reviewing the Data Protection policies.</li> <li>➤ <b>Change Control:</b> the Support Team were awaiting a few more personal email permissions to complete this action.</li> <li>➤ <b>Anti-Virus:</b> This recommendation was nearing completion, other quotations were being reviewed before a decision was made.</li> <li>➤ <b>System Access Review:</b> This had been completed with a full review.</li> <li>➤ <b>User permission levels:</b> it was noted that there was a lot of data sharing whilst Microsoft Teams was being utilised which was now expected to have regular use.</li> <li>➤ <b>Server Monitoring/Firewall Services:</b> Once completed this action would provide greater resilience. It was questioned whether this was linked to Cyber Essentials and it was noted that it was not, it was around the safeguarding of data.</li> </ul> </li> <li>• The Principal suggested that in the longer term the College had to be mindful of affordability with the CBIL's loan having to be repaid after the first year. The College also had major capital builds in the pipeline and working capital would be required.</li> <li>• It was agreed that an Annual IT update would be presented for assurance and would be added to the Work Programme. This would also cover value for money.</li> </ul>	<b>VG</b>
6.	<b>ESFA FUNDING AUDIT</b>	

	<p>The Principal advised that he was yet to receive the final report on the Funding Audit but all issues had been agreed and the following points were <b>NOTED</b> during the update:</p> <ul style="list-style-type: none"> <li>• It was anticipated that the clawback would be around £428k which related to apprenticeship income.</li> <li>• All issues had been discussed with the ESFA and there was a good working relationship.</li> <li>• This had been the first audit for 9 years amid turbulence within the Apprenticeship area.</li> <li>• The Principal acknowledged that the College systems required updating, and had appointed the Director of Systems Integration to progress.</li> <li>• The current system was very paper based, however there had been no 'warning lights' that there were any issues.</li> <li>• The Principal advised that there had been some staffing issues and the new Apprenticeship Manager was now reporting to the SMT. Also, the pandemic and fundamental changes in delivery had exacerbated the issues. He acknowledged that the College did not manage change well.</li> <li>• It was noted that if the College failed in one particular component of delivery, it failed the whole process.</li> <li>• The Principal added that the programmes had been delivered, assessments completed and students had passed. The issue was that the College could not evidence the off the job training as stipulated. The Principal advised that KMC was not alone, other colleges were having similar issues.</li> <li>• The Principal advised that staff performance had been recognised and dealt with, and the appropriate mechanisms were not in place. New Managers had now been appointed and processes had been reviewed with new procedures put in place which conformed to the guidance.</li> <li>• The Committee considered that Board assurance had been in place and the Corporation had acted on the performance of the previous internal auditors. There were also changes to the Adult Education threshold, four months from year end, and colleges had difficulties keeping up to date with the changes.</li> <li>• The Committee acknowledged the frustration of the Principal, however reflected on any lessons that could be learnt, and what further actions could be undertaken. It was agreed that future audit reviews should be built into the Work Programme of the Internal Auditors, where there were known changes in staffing or regulations.</li> <li>• It was also suggested that because there had not been a full Audit for nine years, processes had become blasé, and rules had changed without the necessary review.</li> <li>• It was noted that the results of the current Funding Audit would almost certainly trigger a further one the following year.</li> <li>• The Internal Auditor suggested there should be a Funding Audit of some sort every year. He advised that the area that caused the most issues resulting in clawbacks was Apprenticeships, as it was the most complex process which was continually being changed. It was noted that the Internal Auditor reviewed all three funding streams at every review.</li> <li>• It was agreed that there should be a discipline that there would be an audit of some kind to ensure robust assurance, so that when another ESFA Funding Audit occurred the College could be confident.</li> <li>• It was agreed that compliance with processes and paperwork in Apprenticeships would be reviewed for 2021/22, with further monitoring on an annual basis.</li> </ul>	<p><b>ICCA</b></p>
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7.	<p><b>DATA PROTECTION OFFICER (DPO) REPORT</b></p> <p>It was noted that an independent Data Protection Officer had been appointed who was reviewing the GDPR audit that had been completed the previous year. A report had been produced and noted by the Committee, which was pleased to see progress being made.</p>	
8.	<p><b>INTERNAL AUDIT REPORTS</b></p> <p><b>2020/21</b></p> <p>It was acknowledged that the Internal Auditor had been appointed half through the previous year, and there was now a 'catch-up' for audit reviews. The Clerk advised that reviews for 2020/21 had been scheduled for the second half of the year to allow the Finance Director to be in post, and assured the Committee that the programme had all been diarised. The Internal Auditor advised that there was one funding audit scheduled for Learning Support, and this may be picked up on 2021/22.</p> <p>It was noted that more time may be required for the next meeting to allow the necessary review of the audit reports, with an additional meeting being considered if necessary.</p> <p><b>2021/22</b></p> <p>Possible areas for review were considered and the following points noted:</p> <ul style="list-style-type: none"> <li>• Commercial and IT data were covered with the current plan</li> <li>• Apprenticeship processes would be added.</li> <li>• Updates on areas of key staff changes; processes; or key regulation review would be considered.</li> <li>• Value for money would be considered for IT support to ensure that the contract with Prodigy Ltd was progressing the issues.</li> <li>• It was agreed that the plan had to address the key risks of the College over the period of the Audit Plan.</li> <li>• Ensuring that the right processes were in place to manage out-sourcing (contract management) should be considered.</li> <li>• Furlough – it was noted that the External Auditors had advised that the College was under claiming at year end. The Committee agreed that a review should be within either the Internal or External Auditors plan.</li> <li>• It was agreed that the Finance Director would identify the key risks and meet with the Internal Auditor prior to the next meeting.</li> </ul>	<b>VG</b>
9.	<p><b>AUDIT RECOMMENDATIONS TRACKING REGISTER</b></p> <p>The Outstanding Audit Recommendations Report was scrutinised and with the Data Protection Officer and Finance Director now in place it was noted that progress on the outstanding recommendations was well advanced.</p>	
10.	<p><b>DEBTORS UPDATE REPORT</b></p> <p>The Debtors Update Report was scrutinised and the following points <b>NOTED</b>:</p> <ul style="list-style-type: none"> <li>• It was questioned why there was a large increase in outstanding debtors for the 1-30 days and the Finance director advised that all student transport invoices were now included.</li> <li>• The £120K outstanding for 60-90 days related to High Needs Element 2 funding expected from Dorset Council. The Finance Director was investigating why this had not been paid.</li> </ul>	<b>AC</b>

	<ul style="list-style-type: none"> <li>It was agreed to include a column for those debtors outstanding from the same time the previous year and the Finance Director agreed to include going forward.</li> </ul>	<b>AC</b>
<b>11.</b>	<p><b>RISK MANAGEMENT 2020/21</b></p> <p>The following matters were raised relating to Risk Management:</p> <ul style="list-style-type: none"> <li>It was noted that the Principal had reviewed the presented Risk Register with suggested amendments in red.</li> <li>It was questioned whether there was a risk around processes due to the outcome of the ESFA Audit. There was also considered to be a risk around the scale of this outcome.</li> <li>The Committee questioned whether the Register could be clearer, with less information but with information that was more relative. It was noted that the Risk Management Group (RMG) would continue to review, however it was suggested that the 'Further Measures being Developed' was split into those completed; those being actioned; and a planned 'wish-list', and to include only those that were actively being pursued to manage risk. It was agreed that the RMG should be challenged to produce less risks with two ratings of 'Critical' and 'Significant'. The College should focus on the issues that hold the Corporation back from achieving its objectives, and those that were business as usual.</li> <li>It was agreed that Covid-19 was no longer a key risk.</li> <li>It was suggested that the risk relating to capital investment should be split with investment being high and general maintenance lower on the register.</li> <li>It was agreed that the new risk relating to the Studio School should be split with some aspects on a managed list and others primary.</li> <li>It was agreed that the risk relating to mental health issues should be reviewed and brought up to date with the current issues as the Committee was mindful of the increase in cases during the pandemic.</li> <li>It was agreed that the risk relating to sub-contracting should be split amongst other risks, as it was not a large enough risk on its own, and Apprenticeships should be higher on the Register.</li> </ul>	
<b>12</b>	<p><b>TENDER FOR EXTERNAL AUDITORS</b></p> <p>The Finance Director advised that a formal tender process had not been undertaken due to the value. Invitations had been sent out for quotations from companies that the Finance Director had researched through her land-based college networks. Five companies had been invited to quote and submission was expected by 14 April. It was agreed that the Committee Chair and the Finance Director would evaluate and around 3 companies would be invited to present to the Committee.</p> <p>The Internal Auditor advised that Financial Statements regulations had been significantly changed by the ESFA and many companies were moving away from the FE sector, and the market was in turmoil, so it would be interesting to see what interest there was.</p>	
6pm	<i>Rebecca King left the meeting and it remained quorate.</i>	
<b>13.</b>	<p><b>ANY OTHER BUSINESS</b></p> <p>The following further matters of business were raised:</p>	

	<ul style="list-style-type: none"> <li>The Clerk advised that the Principal had received notification from the 2019/20 External Auditors suggesting that an additional £17K was required for auditing the financial statements for the year ending 31 July 2020, due to additional time required due to the College staff changes.</li> </ul> <p>The Committee considered this request to be excessive but acknowledged that some additional work would have been required, although it was suggested that there some inefficiencies in the way the External Auditors had worked which had put a burden on the College.</p> <p>The Committee was concerned that the matter had been raised after completion and not agreed in advance, although it was suggested that it this would be covered in the Engagement letter.</p> <p>It was agreed that the Principal should negotiate a settlement with the affordability of the College in mind.</p>	
<b>14.</b>	<p><b>2020/21 COMMITTEE DATES</b></p> <p>The following dates were <b>NOTED</b>:</p> <ul style="list-style-type: none"> <li>15 June 2021</li> </ul>	
<b>15.</b>	<p><b>CONFIDENTIAL SESSION</b></p> <p>The Finance Director left the meeting.</p> <p>The Confidential Minutes of the meeting held on 13 January 2021 were <b>APPROVED</b>, and the Internal Auditor advised that it had been an unusual year with the pandemic and changes in Finance Lead but he hoped for more stability for 2021/22 with audits being completed in a timely manner.</p>	
	The meeting closed at 6.25pm with no further business	

Chair .....Dated.....