

EALING, HAMMERSMITH, AND WEST LONDON COLLEGE FE CORPORATION

Meeting	AUDIT COMMITTEE		
Date	Tuesday 7 July 2020	Time	18.00
Venue	Virtual meeting via Google Meet		
Chair	Maria Vetrone		
Present: Maria Vetrone; Callum Anderson; Shawez Mir; David Paine			
In attendance: Annabel Faulkner – Mazars; Graeme Clarke – Mazars; Hannah Catchpool – RSM; Anil Nagpal – Chief Operating Officer (COO); Karen Redhead - Chief Executive (CEO); David Round – Clerk and Director of Governance; Ra Hamilton-Burns – Governance Advisor			
<i>Attendance at meeting = 10</i>			

	ITEM
1.	<p>APOLOGIES FOR ABSENCE Apologies were received from Michael Prosser. Ra Hamilton-Burns, Governance Advisor took the minutes and David Round, Clerk and Director of Governance confirmed that the meeting was quorate.</p> <p>MV explained that she, DR and AN had met with Mazars prior to the meeting and she would update the Committee in the closed session at the end of the meeting.</p>
2.	<p>DECLARATIONS OF INTEREST There were no declarations of interest</p>
3.	<p>MINUTES Corrections: Page 2 – Risk 2 apprenticeship income targets KR noted that this item might give the impression that the College has an underequipped team. She clarified that the specific item related to DLOCK and was an administrative shortfall.</p> <p>AGREED: The minutes of the previous meeting held on 27 February 2020 approved as a correct record with the amendments outlined above.</p>
4.	<p>MATTERS ARISING Item 4 – AN reported that the regularity audit questionnaire is now ready, and he will send it to MV. (ACTION:AN)</p> <p>Item 5.1 - AN confirmed that the strategic risk register changes suggested by the Committee</p>

	<p>have been made in the action plan commentary.</p> <p>Item 5.2 - Risk assurance – this is on the agenda and has been the subject of extensive review.</p> <p>Item 7.1 - Internal Audit recommendations - these have been incorporated as agreed.</p> <p>The matters arising report tracking actions from the previous minutes and other items carried forward were received and noted.</p>
5.	<p>RISK MANAGEMENT REPORTS</p> <p>STRATEGIC RISK REGISTER INC COVID 19</p> <p>AN confirmed that the strategic risk register incorporates the College-wide strategic risks, and this has been fully updated to reflect risks associated with Covid-19. A risk assurance map was presented for the Committee’s review. The SLT continues to review and develop a comprehensive risk register which adopts a College-wide approach to capturing emerging risks.</p> <p>SM reminded colleagues that in October 2019 he had made suggestions for updates to the format to include the date that a risk had been identified to give an idea of how long it had been a risk. He had also suggested a column to indicate when the risk is likely to be mitigated or closed. He added that when he reads the significant and high-risk score items, he is not able to see when the action plans are expected to result in an outcome. AN will review the suggestion that the College incorporates dates in the commentary but reminded the Committee that most of the risks are ongoing due to the nature of FE. MV concurred with this adding that at her college they do not include a column for dates in recognition that for some items the risk consistently remains high. AN said that the College is risk averse so unless it is certain that a risk no longer exists, it will remain on the register. SM said that a method to indicate a reduction of risks would be ideal. DR reminded the Committee that only one risk has been deleted since the last report which indicates the serious nature of the risks being monitored.</p> <p>Members commented that risk 9 is still a significant net risk. KR commented that the commentary could be expanded and reminded members that the recent student numbers audit had recommendations which had affected the risk profile.</p> <p>MV said that the strategic risk register was well presented, made excellent sense and she was pleased to see that the risk register is a live document which reflects the current risk profile at the College. SM asked if the decision to incorporate risks of Covid-19 into the main register is prudent and common practice rather than having a discrete risk register. MV has a discrete register at her college but did not perceive that the two methods were different and the content in both colleges’ versions was the same. KR said that she had been in the working group that favoured one risk register and had concluded that since Covid-19 impacted on all areas of the College it made more sense to have one register.</p> <p>RESOLVED: The Audit Committee agreed that the strategic risk register report be noted</p>
5.2	<p>Risk assurance report (draft)</p> <p>AN presented the draft report to the Committee for the first time. He explained that it is structured against the three lines of defence¹ and mapped each strategic risk to these to demonstrate the College’s position as high, medium, or low from either a management, governance, or independent</p>

¹ <https://www.iaa.org.uk/resources/audit-committees/governance-of-risk-three-lines-of-defence/#:~:text=the%20first%20line%20of%20defence,assurance%2C%20above%20all%20internal%20audit.>

	<p>assurance perspective.</p> <p>Governors welcomed this assurance report and asked if there is an action plan to address those items with a low assurance. MV said that the challenge is the same at Nescot and traditionally they grade assurance as amber if any of the three lines of defence boxes are blank, however for some areas it is extremely difficult to attain three levels of assurance. She commented that she felt that there are some areas on the report which are awarded overly harshly as amber.</p> <p>GC commented that this report is a positive step forward but agreed that a commentary explaining the high, medium, and low assurance levels would be helpful. He observed that there is a lot of detail in mitigated controls in the actual risk register and it would be useful for this to be mapped over into the risk assurance report.</p> <p>MV asked Mazars and RSM if the work of the ESFA offers sufficient third line of external assurance. GC responded that ESFA feedback is useful but there will be other sources of external assurance. HC agreed that the outcome of the intervention of the ESFA is important but the journey which improves the systems and controls at the College offers valuable evidence and the removal of intervention will offer great assurance. An updated version of this risk assurance report will go to each Audit Committee in future ACTION: AN will review the amber ratings.</p>
6	INTERNAL AUDIT
6.1	<p>Internal audit reports AF said that four audits had been completed since the last meeting. Some had been completed during the lockdown.</p>
	<p>Risk management and assurance mapping This report had been graded adequate assurance Three recommendations were made – 2 significant and 1 housekeeping.</p> <p>AF confirmed that the process has been redesigned but noted that the College still has more work to do. Governors asked how the strategic KPI should be mapped to the operational KPIs. KR stated that she was confused by the recommendation that KPIs should be included in the College strategic plan as these have always been included. AF said that this related to a specific KPI and KR asked that this be reviewed as it appeared to be an error. ACTION: Mazars to review this recommendation with AN and revisit.</p> <p>MV asked how WLC compares to other colleges in terms of risk monitoring and reporting. AF said that the College is further ahead than some other colleges but has work to do to embed this throughout college processes.</p> <p>Risk 4.2 – Governors asked Mazars what was missing. AF said that it is important to ensure that risk registers are developed with heads of department and then fed into the overall risk register.</p>
	<p>Subcontracting controls report Mazars had undertaken an internal audit of procedures in subcontracting controls in 2018/19 which had resulted in five recommendations- 2 significant and three housekeeping. This report was a follow up of that audit. As a result, only one housekeeping recommendation remains relating to the timely payment of subcontractors' invoices.</p>
	<p>Cash and banking report This report had been graded – adequate assurance</p>

	<p>Three recommendations were made – 2 significant and 1 housekeeping.</p> <p>This is reviewed annually and identified several areas for improvement:</p> <p>MV expressed the concern that the recommendation about timely reconciliation appears to be ongoing. AN reminded the Committee that reconciliations are taking place and have been for some time now. She acknowledged that the workload is increased as it is recognised that the demands on the College and Finance team are considerable because of the College's status as being in intervention, subject to an IBR, regular reviews by the ESFA, FEC and quarterly IFMC returns but was concerned that there may be too much for the current team. AN said that he has a timetable in place and considers that there is a lot of rigour and detail behind the data that is presented. It is important to ensure that the existence of the timetable is communicated and understood by all. The finance team is aware of the requirements and it is accepted that the College needs to move away from the current system and is working to address this. MV asked if the College is mitigating unauthorised activity given the system issues. AN said other mitigating processes are being put in place, but these are time consuming, manual processes. There will be an upgrade but it is not practical to replace the system at this time and most of the issues are a result of the original implementation.</p>
	<p>Learner numbers systems</p> <p>AR explained that this is typically an annual audit. It had been impacted by the pandemic, but this is common across all colleges.</p> <p>It was noted that in 2018/19 the internal audit of Learner number systems had resulted in 18 recommendations which had been accepted by management at that time. Significant work had been done to complete the actions and Mazars reported that the College has made several administrative and operational changes in response to high-risk recommendations including:</p> <ul style="list-style-type: none"> • The enrolment paperwork has been changed for 2019/20 to ensure the collection of all data is held in one place and can be evidenced as required. The paperwork has also been updated to be compliant with residency requirements. • Training has been provided to all enrolling teams to ensure they are able to clearly identify the residency eligibility requirement. • An enrolment report has been made available to identify attained qualifications to assist the English and Maths teams to ensure correct enrolments. • For online learners, a new weekly report is auto generated to the e- Learning Manager to flag any learners not logging in during the last 7 days. This is then followed up by the customer support administrator who makes contact directly with the learner to confirm attendance • ALS has developed a module in ProSolution² Web through which all ALS activity is recorded, even activities which attract no funding. It is also available for scrutiny for anybody with the relevant permissions. This helps relieve the team from providing additional reports for MIS or SLT. • Regular reviews are now completed for Apprenticeships. A choice review is completed within the first 42 days, to ensure the course is right for the learner, after which every 8-10 weeks a tripartite meeting is held with the skills trainer, employer and the apprentice to confirm everything is on track, and ensure all areas are covered. • There is a new baseline self-assessment introduced for all new apprentices which

² <https://www.oneadvanced.com/solutions/prosuite/>

	<p>records any previous qualifications as well as skills and behaviour ratings.</p> <p>This report had been graded – adequate assurance and one recommendation was made.</p> <p>Mazars noted that many areas of the College that they have audited are operating effectively, for instance, despite the impact of Covid-19 the College’s application process is still ongoing. For instance, the EFL (English as a foreign language) course, has still been enrolling learners as online classes are being provided via zoom, with virtual registers recording learner attendance in place.</p> <p>Mazars had presented a report of FE Sector themes and learnings which included the impacts and risks posed by the Covid-19 pandemic. They referenced the ESFA guidance released on 14 May 2020³ (and updated on 27 May 2020).</p> <p>Governors asked if it is possible for the College to implement their own internal checks and if so, could the Committee have a report that this has been done. AF confirmed that the scope of the audit of controls is detailed in the audit. AN said that given the current environment the College is doing what is possible internally but cannot be complete until all staff are back on site. The recommendations will be kept under review and Mazars will check the evidence before it signs off the audit.</p> <p>They also shared outline advice on curriculum planning which had all been addressed in the wider opening plan presented by Karen Redhead at the extraordinary meeting of June 17, 2020.</p> <p>MV asked AF if Mazars is concerned about the number of the recommendations. AF said there has been considerable progress, but they will be seeking to review this when possible. MV asked if there might be any significant risk of clawback. AF said there is always a risk of clawback but given the College will work with the action plan to mitigate against this it would seem unlikely. GC reminded members that the risk of clawback is where the ILR does not align with supported records and at this time Mazars is not able to look at this as the internal audit is limited.</p> <p>RESOLVED: that the internal audit reports were noted.</p>
6.2	<p>Payroll incident – review of previous audit findings</p> <p>MV reminded the Committee that the College had made a significant overpayment to a single leaver and whilst the funds were recovered, this indicated a serious failure in controls. This had been discussed in detail at the February Audit Committee meeting. At this stage, the College had received an internal audit of payroll systems giving an adequate assurance which had not identified any weaknesses. It had been agreed that Mazars would come back to the Committee with a note assuring them that the internal audit of payroll and the adequate assurance was correct, but this was not yet available.</p> <p>ACTION: GC agreed that he would review the College’s internal investigation report and map it to Mazar’s audit report and send the report to the Committee via the Clerk.</p>
6.3	<p>Internal audit progress report</p> <p>This plan had first been reviewed by the Audit Committee at its meeting in October 2019 and again in January 2020. Since then, and during the Covid-19 pandemic, Mazars has continued to deliver the agreed audits and remains on schedule to complete the plan by 31.7.20.</p>

³ <https://www.gov.uk/government/publications/coronavirus-covid-19-financial-support-for-education-early-years-and-childrens-social-care/coronavirus-covid-19-financial-support-for-education-early-years-and-childrens-social-care>

Three remaining audits are still in progress:

- **Financial planning, forecasting, budgetary control, and reporting.** The fieldwork for this is completed and a debrief meeting was held on 25 June 2020. The report will go to AN imminently.
- **IT controls** – the fieldwork for this is in progress and it is estimated that this will complete on 9 July 2020.
- **Follow-up** - this remains in progress but Mazars has been unable to obtain the necessary updates and information from College staff. This has been discussed and it is forecast that this will complete in July 2020.

MV asked if there are any significant findings from the three audits. GC said that the financial planning, forecasting, budgetary control, and reporting is not expected to be a green but Mazars has seen that a lot of work has been done in this area. He is not aware of any significant recommendations to report to the Committee.

Annual Internal audit strategy and operational plan 2020/2021

Mazars had developed a three-year plan when appointed and this is revisited to ensure that the plan is appropriate each year. He drew the attention of the Committee to the summary in Appendix A1. Learner numbers and subcontracting controls remain an annual feature. Appendix A2 maps to the College Strategic plan and covers the key risks.

Governors asked if it would be better to bring forward the business continuity planning in 2021 considering the pandemic to ensure that the College is prepared rather than reviewing activity retrospectively. KR told the Committee that this date had been brought forward and reminded the Committee that the College needs to spend time in the autumn term revising the BCP policy. She suggested that the audit timing needs to allow time for this to be completed.

MV commented that this audit strategy is well aligned to the strategic register and she had agreed with AN that the significant items have been captured.

RESOLVED: The Committee agreed to recommend the internal audit plan 2020/21 to the Board at its July 2020 meeting.

6.5 Update on implementation of outstanding internal and external audit recommendations

AN reminded the Committee that this is an update of the audit tracker and that the College is working with Mazars to ensure that items can be taken off as they are completed. Governors commented that this is extremely helpful and thanked him.

MV said that she appreciated how hard the team is working but noted that items are slipping such as the financial regulations. She expressed concern about the workload of AN and his team. She asked if the items moved into July are deliverable given the amount of work the team is undertaking. AN said that if the financial regulations can be completed in July this will address 9 of the recommendations and that that this, coupled with the 28 recommendations listed as completed demonstrate significant progress. AN concurred that there is a resource issue as with most other College teams as the team is working extremely hard due to not only intervention, but the extra work generated by Covid 19, the IFMC and the IBR which is ongoing. The preparation for the closure of year-end is additional workload at this time of year. He assured the Committee that discussion about resource of the team is frequently reviewed with KR.

MV asked if all the processes are in place to manage risk. AN confirmed that a great deal of progress in this but there was a reason that the College was in intervention and improving this represents a

	<p>considerable amount of work. Governors urged senior team members to ensure that risk is mitigated by sufficient resource. Governors recognised that the College had also to press down on cost to manage the bottom line and restore the College to surplus budgeting.</p>
	<p>External audit work plan (2019/20 financial statements and report)</p> <p>HC reminded members that RSM had followed up previous recommendations as part of its audit and this will be reported to the Autumn audit committee meeting. She presented a new format report which it is hoped is easier to navigate.</p> <p>HC said that the report is currently in draft but will be updated after detailed planning. RSM team members are depicted in the report and the College's primary contact manager is now Justin Smith.</p> <p>RSM now shows the materiality level in a graphical format. The timetable shows significant dates but a more detailed plan with expectations from both RSM and College teams explicitly stated will be presented in the final version.</p> <p>HC noted the impact of Covid-19 and currently RSM is planning on remote working until the end of 2020. There is a new summary page including a detailed overview of changes of risk.</p> <ul style="list-style-type: none"> • Risk on partnership working has been removed as it is noted elsewhere in the audit plan. • Campus redevelopment is also not listed as a key risk as the numbers were adjusted in last year's accounts. • The impact of Covid-19 both immediate and to the future of the College is added as a discrete risk. • Dilapidations has been added as a recommendation from a prior audit. <p>HC asked if the Committee members felt that the risks were appropriate and if any were missing. DR asked why regularity has been given high risk on Page 6. HC responded that this is because regularity includes an element of subjective judgement which introduces an element of risk. She confirmed that this level of risk would be the same for all colleges.</p> <p>MV asked if sight of the regularity questionnaire would be expected as part of the audit. HC said that this is the case and RSM requires a signed version annually. MV said that it is hoped that the process for regularity audit and production of annual statements will go more smoothly. HC confirmed that these discussions were already happening, and she currently had no concerns. There is a project management approach and RSM recognises that the College has capacity issues due to the exceptional circumstances. AN confirmed that he will be seeking additional support.</p> <p>AC presented the fees broken down into categories and the Committee noted that the fees are considerably reduced this year.</p> <p>MV thanked HC for the clear report. AN said that it is a good plan and confirmed that communication had begun early and welcomed the project management approach.</p>
8	POLICIES
	<p>Risk management policy</p> <p>Page 19 – Governors asked AN to review the statement on net risk and amend or delete it as appropriate. Action: AN</p> <p>Governors thanked AN for the excellent policy.</p>

	RESOLVED: The Audit Committee agreed to recommend the risk management policy to the Board at its meeting on 23 July 2020.
8.2	<p>Anti-fraud, bribery, and corruption policy Members reviewed the policy and agreed that it was appropriate.</p> <p>It was noted that on page 9 Item 1a there is a reference missing. ACTION: AN to correct.</p> <p>RESOLVED: The Audit Committee agreed to recommend the Anti-fraud, bribery and corruption policy to the Board at its meeting on 23 July 2020.</p>
8.3	<p>Disaster Recovery Policy and Procedure – DEFERRED AN confirmed that this will be presented to the Autumn Audit Committee.</p>
8.4	<p>I. GDPR Policy II. Freedom of information complaints Procedure III. Freedom of information form</p> <p>Governors asked if there are controls in place to ensure that data is not retained beyond the agreed date. AN confirmed that the College will ensure that this is done. ACTION: AN to report to future Audit Committee meetings</p> <p>RESOLVED: The Audit Committee agreed to recommend the GDPR policy to the Board at its meeting on 23 July 2019.</p>
9	<p>Health and safety report DR reminded members that this was an in-year report and the annual report will go to the first meeting of the new year.</p> <p>There was a discussion about an incident at the College earlier in the year. Governors sought, and were given, assurance that the individual concerned was fully recovered and had returned to work.</p> <p>Members thanked the team for a clear report.</p>
10	<p>Post-16 Audit Code of Practice AN said that it is awaited and will be applied retrospectively.</p>
11	<p>ANY OTHER BUSINESS</p> <p>Guidance from NAO for audit committees on reporting during Covid-19 MV commended this to colleagues as an excellent read and asked AN to map the College processes against these requirements. ACTION: AN to map the NAO guidance on reporting during Covid-19 to College processes.</p> <p>HC asked if there are any matters of fraud of which the Committee members are aware, during the year. MV reminded HC of the payroll incident but members are not aware of any other incidents.</p> <p>MV thanked colleagues from Mazars and RSM for excellent input. GC, AF and HC left at 19.30</p> <p><i>The meeting closed at 19.40</i></p>
12	<p>DATE OF NEXT MEETING The next meeting will take place on Tuesday 6 October 2020 at 18.00.</p>

13 CONFIDENTIAL MEETING OF GOVERNORS WITHOUT AUDITORS PRESENT

[REDACTED]