

Item 3

EALING, HAMMERSMITH, AND WEST LONDON COLLEGE FE CORPORATION			
Meeting	AUDIT COMMITTEE		
Date	Thursday 25 February 2021	Time	18.00
Venue	Virtual meeting via Zoom		
Chair	Maria Vetrone		
Present: Maria Vetrone (Chair); Callum Anderson; Shawez Mir; David Paine; Saad Siddiqui (co-opted member)			
In attendance: David Hoose – Mazars; Lucy Jarrett – Mazars; Anil Nagpal – Chief Operating Officer (COO); Karen Redhead - Chief Executive (CEO); Ra Hamilton-Burns – Interim Governance Advisor (IGA)			

ITEM				
1.	<p>APOLOGIES FOR ABSENCE There were none.</p> <p>Maria Vetrone welcomed Saad Siddiqui as the new co-opted member on the Audit Committee and thanked him for agreeing to support West London College. Members of the Committee, Mazars and Anil Nagpal introduced themselves to Saad.</p>			
2.	<p>DECLARATIONS OF INTEREST There were no declarations of interest.</p>			
3.	<p>MINUTES</p> <p>AGREED: THE MINUTES OF THE PREVIOUS MEETING HELD ON 10 DECEMBER 2020 WERE APPROVED AS AN ACCURATE RECORD</p>			
4.	<p>MATTERS ARISING</p> <p>Anil Nagpal and Ra Hamilton-Burns will present the following update to the Committee:</p> <table border="1"> <tr> <td>1.</td> <td> <p>Report and Financial statements ACTION: AN to amend page 22 to state that the College complies with the SPH Remuneration Code as evidenced by the Remuneration and Search and Governance Committee minutes. ACTION: AN to update Page 25 to state that 'based</p> </td> <td> <p>These were completed and a final version of the report and financial statements was included in the papers for the Board meeting on 25 January 2021.</p> </td> </tr> </table>	1.	<p>Report and Financial statements ACTION: AN to amend page 22 to state that the College complies with the SPH Remuneration Code as evidenced by the Remuneration and Search and Governance Committee minutes. ACTION: AN to update Page 25 to state that 'based</p>	<p>These were completed and a final version of the report and financial statements was included in the papers for the Board meeting on 25 January 2021.</p>
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	on the assurance from Mazars there are no significant issues to report.’ Action: AN will make the changes to the Going Concern paragraphs.	
2.	Action: AN will investigate the reasons that Evolve Learning Group’s unaudited accounts were submitted to Companies House and report back.	AN said that he had investigated and there had been a mistake in uploading the accounts This will be done correctly this year.
3.	Anil Nagpal to pursue Fusion for the schedule of dilapidations.	This was sent to RSM on 14/12/20
4.	Annual Report of the Audit Committee Action: RHB to circulate a final, corrected version to members prior to MV signing the report and circulation to the Board.	This was done.
5.	Action: RSM to forward Word versions of the letter of representation to AN prior to 15 December 2020.	This was done

5 RISK MANAGEMENT REPORTS

5.1 **Strategic risk register including Covid - 19**

Anil Nagpal presented his papers which show how the College is tracking against the risks. The risks have not diminished since the last meeting. There is an improvement in the direction of travel, and there has been a reduction in significant risks.

Risk	Core College July 2020	Core College Sept 2020	Core College* Dec 2020	Core College* Jan 2021
Significant	7	6	7	4
High	5	7	13	12
Acceptable	9	9	7	11
Low	0	0	1	1
Total	21	22	28	28

Anil Nagpal reminded the Committee that the College and Covid-19 risks have been merged with the risk assurance framework within one document in order to make it more navigable for governors. The senior leadership team reviews this risk register on a regular basis.

Saad Saddiqui commented that this was a good framework to present this as a consolidated view. He suggested that a quick summary of which of the significant risks had been downgraded would be useful.

Action: AN to update the risk register to indicate movement of risks in the summary sheet.

Governors asked to what extent the staff and students had been made aware of the increased risks of cyber-attacks. Anil Nagpal said that the College is working with staff but there is more work to do.

There is ongoing work to embed cyber essentials¹ which will be built-on going forward. Karen Redhead assured the Committee that the student support team is working with learners to ensure that they are kept safe online. Governors asked what had caused the increase in net scores and the main cause is the work involved in cyber essentials.

Risk 7 – governors asked two questions:

- Do we have a sense on how the pandemic is affecting the learner population in general?
- Do we know what other colleges are doing to address this?

Karen Redhead said that there is a general increase in learners across the sector and there are an additional 22k of learners attending colleges this year as their other options such as apprenticeships and youth employment have been reduced. Unfortunately, EHWLC has not benefitted from this growth as it has been impacted by the 'inflation' due to calculated grades. This has resulted in learners gaining qualifications which enabled them access colleges with significant level 3 provision rather than EHWLC. The profile of many of the learners attending the College means that they tend to 'walk in' rather than have planned attendance and this resulted in lower enrolment from this group.

Governors asked why there are no assurances reported in the second and third line of defence. Maria Vetrone commented that she would have expected to see FGP Committee scrutiny on applications in this area as this is the case at Nescot. Karen Redhead said that the future applications are not reported to the Committee but recognised that something needs to be put in place going forward. Anil Nagpal added that applications is a non-empirical measure that needs to be covered in the management accounts.

Governors suggested that, now that the risk register is mature and well defined, it is possible to add more quantification to the financial risks to give governors a sense of materiality. Anil Nagpal said that the College undertakes a lot of modelling which is included in the monthly management accounts and these can be fed through to the risk register. Governors asked that broad categories such as high, medium, and low also be added.

Action: AN to add more quantification to financial risks and apportion risk scores such as high, medium, and low to them.

Risk 17 - 'quality of education'. Karen Redhead said that the College has not made the progress hoped in several areas such as lesson observations. The policy states that all teachers should have received a lesson observation by December 2020 but only 20% have been completed. The College has engaged an external agency to undertake these and this will offer the CQP Committee a good baseline of information. This has yet to be timetabled but it is expected to be a four-day project after Easter conducted by Ofsted and Associates².

There was a discussion about the College's ability to meet its obligations and if there was a chance it would breach its covenants next year. Governors asked if the College would sell assets to meet its financial obligations going forward. Anil Nagpal explained that the College is still reporting deficits on the bottom line, but once non-cash items are removed the situation is more positive and they are moving to a positive EBITDA next year. Anil Nagpal is confident that the College will not breach its covenants going forward but he recognised that the cash position is always critical.

Maria Vetrone commented that the progress on assurance mapping is impressive and that for many of the risks there is a lot of information in all three lines of defence. She felt that the College has judged itself harshly and might reconsider its RAG rating with a view to upgrading. The Audit Committee gains a great deal of assurance and the position is much more positive from 18 months ago.

Action: AN to review the RAG rating for assurance.

¹ <https://www.ncsc.gov.uk/cyberessentials/overview>

² <https://ofsteadinsights.com/>

	<p>Governors asked David Hoose how the College compares to others in the sector. David Hoose responded that he doesn't have the history of the College, as he is new, but having the three-line defence model is very positive and the College is well positioned.</p> <p>Governors suggested that the changes to risk management and reporting and the reasons, might be listed in the coversheet.</p> <p>Action: AN to highlight any changes to the risk register and the reasons in future coversheets on risk</p> <p>Risk appetite.</p> <p>Anil Nagpal explained that the risk appetite item outlined a scoring matrix and offers consistency across the College. It details the College's approach to assessing risk and is RAG rated. Each case can be evaluated on a case-by-case basis. He advised that the most appropriate approach would be to stick to the 'pink' area as a cautious, publicly funded body.</p> <p>Governors said it would be useful to get headline numbers on how many items at the College fall into each area. Anil Nagpal said that this is a work in progress, and this would be the ideal approach in the future when the data is available. Maria Vetrone thanked Anil Nagpal for the report which offers the Committee and Board assurance that risk management is embedded throughout the College and is not just a tick-box exercise.</p> <p>AGREED: THE AUDIT COMMITTEE AGREED TO RECOMMEND THE COLLEGE RISK REGISTER INCLUDING RISKS AROUND COVID 19 AND ASSESSMENT OF RISK APPETITE TO THE BOARD.</p>
6	<p>Update on audit visits</p>
6.1	<p>Update on recent audit visits</p> <p>Lucy Jarrett outlined the progress since the last meeting. She drew the attention of the Committee to the sector themes and noted that the safeguarding audit was timely as it is of particular focus currently.</p> <p>The audit of subcontracting will now take place at the end of April and will be reported to the Audit Committee in June 2021.</p> <p>There is an update of outstanding follow up items which have been reviewed and have now all been implemented.</p> <p>Saad Saddiqui asked if the four follow-up items had been tested and Lucy confirmed that they had created a tracker and that all actions were in place.</p> <p>Governors asked if the sector themes in the report resonate with the College and if they are taking action to mitigate these risks. Karen Redhead that to-date the College had not met the criteria for offering T levels, but the restriction has now been lifted so David Warnes and James Taylor are putting together a bid for provision of T levels that the College would wish to offer. Cyber-security is also a topic of discussion by the Senior Team.</p> <p>Governors asked Anil Nagpal about the planned review of business continuity for later in the year and if there is anything substantive to audit. Anil Nagpal said that the business continuity is due to be complete by the end of the year which may not meet the next Audit Committee meeting. He suggested that the days allocated for auditing this area might be used as more of a consultancy rather than an audit which could take place next year. David Hoose said this is a sensible approach, but he would flag a concern about Mazars helping to create a plan and then auditing it. He questioned if Mazars are the best providers for this, and it was agreed that he will discuss this with Anil Nagpal.</p>

	<p>Safeguarding audit – January 2021</p> <p>The key findings offered substantial assurance with a clear framework in place with appropriate controls across all College campuses.</p> <p>There were several recommendations all of which were priority 3 or 2</p> <ul style="list-style-type: none"> • Out of Hours contact schedule should be devised by the Designated Safeguarding Leads and Deputies. The timescale for this is 12 March 2021. • Lessons learned – reflective sessions should be timetabled. This is now included in the College’s half-termly safeguarding and prevent panel. • External links – the College should strengthen external links. This is ongoing and the team is liaising with a number of external partners. • Progress mentors- the number of these should be increased. The College is currently recruiting to a vacancy and it is hoped that this will be filled by 31 March. • Escalation of safeguarding cases should be managed with a flowchart which includes timeline thresholds. The College’s document has been updated to make clear the expected timescales for escalation. <p>Governors commented that it was pleasing to note that such an important area had received substantial assurance and recognised that Sara Woodward has been doing an excellent job in this area.</p> <p>Governors asked how an overall ‘substantial assurance’ grade had been achieved if progress mentors had received priority 2. Lucy Jarrett responded that the grading of 2 was driven by the immediate need to address this matter but they are now satisfied that there has been progress made to mitigate the risk which enabled them to offer a response of substantial assurance.</p>
7	<p>Update on implementation of outstanding internal and external audit recommendations</p>
7.1	<p>Internal audit recommendations</p> <p>Anil Nagpal offered an update:</p> <ul style="list-style-type: none"> • There was a large number of recommendations, identified in the reports to previous Audit Committee meetings • The last four recommendations have been completed and these have been thoroughly tested by Mazars • The reports relating to learner numbers and subcontracting are reviewed annually and will be followed up as part of this year’s Internal Audit • The College is to ensure that all recommendations identified are implemented as appropriate <p>Governors asked if Anil Nagpal is sure that there are no remaining issues arising from the risks that have been closed off. He responded that he is confident but caveated that some are linked to subcontracting which is yet to be audited and that learner numbers need to be validated on site in the next learner numbers assignment.</p>
7.2	<p>External audit recommendations</p> <p>Anil Nagpal assured the Committee that the College is focusing on the five items highlighted and this report is to keep them on the radar.</p> <ul style="list-style-type: none"> • The final Audit Findings Report, along with the Financial Statements were reviewed and signed off in January 2021. • The items identified are summarised in Item 10.1 • The actions will be followed up during the year 2020/21 • A template tracking is completed and is attached in the appendices <p>The Committee thanked the team for a very clear report.</p>

7.3	<p>Fraud report (si) Anil Nagpal reported that there were no incidents to report.</p> <p>Saad Siddiqui asked if the College has undertaken risk assessment on fraud. Anil Nagpal explained that this is done through testing processes through the internal audit service and updating the financial regulations. He invited suggestions for any other areas to look at. Saad Siddiqui said that he agreed and that it is important to remain alert. Governors said that it is important to keep alert to fraud and that the accounts direction incorporates a fraud checklist.</p> <p>Action: AN to bring the fraud checklist to the Committee when the next accounts direction is released.</p>
8	<p>Policies Disaster recovery policy and procedure Anil Nagpal explained that this report will be one strand of the business continuity plan, discussed in Item 6.1, and therefore will come to a future meeting of the Committee.</p>
9	<p>Item for information External Audit Findings Report This final copy of the report is lodged with the papers and was included so that Governors had a record.</p>
10	<p>Committee evaluation Governors commented that:</p> <ul style="list-style-type: none"> • The meeting was focused, a clear agenda and to the point • There was sufficient time to discuss the matters • Good meeting – getting well prepared with questions and more efficient • The Committee has some board experience • The timing is balanced, and no item was rushed • The challenge had been good with enhancements suggested going forward • The papers are so much better than they had been a couple of years ago and there is no trepidation in opening them which makes the Committee more efficient <p>Maria Vetrone said that this Committee is a delight, and she is pleased to see the immense progress and she thanked the senior team and auditors for all that they are doing during these challenging times. David Hoose added that he welcomed the addition of Saad Siddiqui to the skills mix of the Committee to share his expertise. Lucy Jarrett said that it was pleasing to see that the tone of the Committee is good with positive support and challenge in evidence.</p>
13	<p>Any other business Shawez Mir asked if there was an update on the IBR timing and points in the ESFA letter. Karen Redhead said she has proposed some dates for the College's completion of their elements and has not yet had a response. Anil Nagpal and she had clarified some elements with BDO to see if they would accept the fixed asset register accepted by the external audit and this has been agreed. The College has also agreed that there will be an update to the IFMC using the best income forecasts available, aiming at the end of March for the first draft, with a further two weeks for BDO queries. BDO has also requested an updated contributions analysis and, taking into account the Easter Holidays, the expected date for finalisation will be the end of April 2021.</p> <p>The meeting ended at 19.05</p>
14	<p>Date of Next Meeting Thursday 17 June 2021 at 18.00</p>