

Approved by the Chair

THE CORPORATION OF EALING, HAMMERSMITH & WEST LONDON COLLEGE

Meeting	Audit Committee		
Date	Thursday 8 February 2024	Time	5.30 pm
Venue	Virtual meeting		
Members	Rachael Fisher (Chair); Shawez Mir; Kunal Parkash		
In attendance: Anil Nagpal (Chief Operating Officer); Maxine Deslandes (Director of Finance); Matt Fawcett (Deputy Principal (Planning, Partnerships & Projects)); Richard Ward (Director of Governance).			
Internal Auditor: Paul Goddard (Scrutton Bland)			
Observer: Alison Shillito (Stone King)			

	ITEM
1	<p>Attendance & apologies</p> <p>The Chair welcomed Kunal Parkash to his first meeting as a member of the Audit Committee and welcomed Alison Shillito, who was attending the meeting as an observer as part of the College's external governance review.</p>
2	<p>Declarations of Interest</p> <p>No interests were declared.</p>
3	<p>Minutes</p> <p><i>Resolved, That the minutes of the meeting held on 28 November be approved.</i></p>
6	<p>Subcontracting</p> <p>The Deputy Principal (Planning, Partnerships & Projects) spoke to the paper in his name on the College's subcontracting arrangements.</p> <p>The paper summarised the College's current position following the Board's formal approval of revised levels of subcontracting in light of the College's business case to exceed the 25% cap being approved by the ESFA. While the business case permitted 55% of delivery to be subcontracted, strong performance to date on internal delivery meant that the College was on target to meet 55% of the overall target through internal delivery, resulting in subcontracting activity being at 45% overall (10% below the approved amount in the business case). £150k of subcontracted GLA provision had been rolled over from 2022/23.</p>

	<p>The College had introduced changes to aspects of its subcontracted provision and oversight arrangements in line with the recommendations made as part of the subcontracting audit conducted during the previous academic year.</p> <p>In the discussion that followed, governors asked:</p> <ul style="list-style-type: none"> • How feasible it would be for the College to reach 25% of subcontracted provision over the three years of the business case. The Deputy Principal reminded governors that the College’s proportion of ‘out of area’ ESFA funding was such that this was challenging. The College had explored the possibility of that funding being redirected via the GLA but this had not been successful. Performance on internal delivery to date this year was significantly better than it had been at the same time last year, but it remained the College’s strategic intention to reduce the size of its ESFA allocation and increase GLA delivery. • Whether the College’s new immersive classrooms would contribute to increased internal delivery. The Deputy Principal reported that the rooms had been opened formally earlier in the week as part of National Apprenticeship Week, with 250 students attending demonstrations throughout the day of how the rooms could be used. The rooms had clear potential to offer specialist provision which could be scaled up and made available to a wider audience while maintaining quality. <p>The Director of Finance noted that the budget approved by the Board had included £100k of subcontracted GLA provision. The forecast presented in management accounts would therefore be adjusted to reflect the £150k as mentioned earlier. The Deputy Principal clarified that the current level was £133k but that further achievements might increase that figure.</p>
5	<p>Fraud report</p> <p>The Director of Finance informed the Committee that no instances of fraud had been identified since the last report, and drew attention to the anti-fraud checklist which had also been circulated.</p> <p>Governors queried whether the College was cashless. The Director of Finance explained that the College was not cashless yet, but that it was the direction of travel with payments increasingly being made by contactless means. While it was not the College’s intention to eliminate the use of cash altogether, there were efforts to reduce the levels of cash across each site.</p> <p>Governors asked what was known about the level of fraud within the wider sector. Paul Goddard reminded the Committee that while there was a requirement to notify the ESFA of fraudulent activity above the value of £10,000, colleges needed to be alert to the risks of lower value fraud as well. As reported to the November meeting (item 7), Scrutton Bland had observed an increase in internal fraud rather than external fraudulent activity.</p> <p>The Director of Finance noted that there was a good level of awareness within the finance team of where the potentially risky areas were, and what unusual cash activity looked like in areas where it was used.</p>

Internal audit assignments

1. GDPR compliance

Paul Goddard (Scrutton Bland) spoke to the report on GDPR compliance, in respect of which 'Reasonable' assurance had been given. Recommendations had been made in respect of data mapping and data disposal. The College needed to articulate clearly what data it held, for what purpose it was retained and how it was disposed of. The Information Commissioner's Office had recently fined a college a significant sum in part for not having disposed of data when it should have done.

Governors asked whether the College's IT systems inhibited proper disposal of data. The Director of Finance commented that measures were in place to ensure that staff were aware of their responsibilities to protect information, particularly where it related to students. The College's Senior Leadership Team would consider an action plan to improve practice in this area.

Action: An update on the implementation of the GDPR action plan to be given at the next meeting of the Audit Committee (*Chief Operating Officer*).

The Chair queried whether the management actions proposed were reasonable and would address the recommendations made in the report, which Paul Goddard confirmed. The Director of Finance added that role-specific training would be introduced in addition to the basic GDPR training which was already mandatory across the College.

2. Follow-up of previous recommendations

Paul Goddard introduced the second report on follow-up of previous recommendations. This assignment had been brought forward in order to assess progress made against a number of recommendations which College management had acted upon. Scrutton Bland had found that good progress had been made. Of 22 recommendations, 13 had been fully implemented, eight had been partially implemented (although a number were very close to completion) and one relating to recruitment, retention and succession planning had not yet been implemented.

All but one of the eight partially implemented recommendations had target dates of June 2024 or earlier, so a further update would be given at the next meeting of the Committee. Two audit assignments (on funding assurance and on apprenticeship recruitment) would be followed up separately as part of other planned work scheduled for this year. The Committee thanked Paul Goddard for his reports, and noted that receiving the update on follow-up resolved the discussion at the last Audit Committee ([item 9](#)). Governors noted the importance of effective succession and contingency planning.

3. Progress report

Paul Goddard informed the Committee that the internal audit assignment on financial planning and budgetary control had been completed very recently with a good level of assurance being found. He noted that the June meeting would

	<p>have a large number of assignments coming to it, and suggested that reports could be shared with the Committee as they were finalised.</p> <p>Action: Finalised reports to be circulated once available (<i>Director of Governance</i>).</p>
8	<p>Progress against internal audit recommendations</p> <p>The Director of Finance introduced the internal audit tracker, which now reflected the closing off of recommendations confirmed as completed by Scrutton Bland (item 7.2 above). The Director of Finance drew the Committee's attention to the high risk recommendations relating to cyber security which had been closed off.</p> <p>Action: Closed off recommendations to be noted in an annex to the tracker (<i>Chief Operating Officer/Director of Finance</i>).</p> <p>Governors noted that the target date for a recommendation relating to the process for signing up apprentices had been amended from September 2023 to March 2024, and asked whether it was on track to be completed.</p> <p>Action: Information relating to Recommendation 17 to be circulated with the draft minutes (<i>Deputy Principal - Planning, Partnerships and Projects/Director of Governance</i>).</p> <p>Governors discussed the process by which target completion dates were revised, and the importance of retaining details of original dates.</p>
4	<p>Risk management</p> <p>The Director of Finance spoke to the papers on risk management. The recently consolidated strategic risk register included nine areas of risk, of which four were assessed as significant, four were assessed as high and another as acceptable. All risks had been reviewed by the Executive team and none of the scores had been changed since the November meeting of the Audit Committee. Governors noted that this meant that there were significant risks which were effectively static, and asked whether further mitigations were possible.</p> <p>The Chief Operating Officer acknowledged that this issue had been raised on previous occasions, and advised that it was a matter which had been discussed at length internally. He noted that while significant efforts had been made to mitigate some of the risks (particularly on IT investment and quality of education), it was important for the impact of those inputs to be evident before any risk scores were adjusted. He added that the external environment for colleges remained challenging.</p> <p>Governors suggested that the rationale behind scoring decisions be captured in a brief commentary, which the Chief Operating Officer agreed would be a sensible addition to future reports. Paul Goddard suggested that the nature of target risk scores be adjusted to reflect the risk if all planned mitigations were successfully implemented, rather than the ideal level of risk.</p>

	<p>The Director of Governance noted that the next meetings of the Finance & General Purposes Committee and Curriculum & Quality Committee would consider strategic risk within their remits.</p>
9	<p>Progress against external audit recommendations</p> <p>The Director of Finance introduced the paper on external audit recommendations, which was based on Buzzacott's conclusions at the end of the 2022/23, as reported to the Committee and the Board in November and December respectively. The first recommendation related to the College's fixed asset register, which would be addressed by the implementation of the College's new finance system, incorporating a fixed asset module.</p> <p>The second recommendation related to the treatment of depreciation, which would be dealt with as part of the revision of financial regulations during the summer term. Governors asked what the impact of that work would be—the Director of Finance clarified that it would not have any retrospective effect.</p> <p>The Director of Finance updated the Committee on the progress being made with implementation of the new finance system. The Committee discussed the potential risks affecting implementation and the importance of effective training for the finance team and budget holders. The Director of Finance advised the Committee that a period of dual-running was planned to mitigate risks relating to the point of introduction, and added that the new system would bring several functional benefits. Governors asked how the implementation of the system would be reviewed. The Chief Operating Officer responded that a draft internal audit plan for 2024/25 would be brought to the next meeting. This would include a post-implementation review of the new system.</p>
10	<p>Committee evaluation</p> <p>The Chair invited comments from those present on the effectiveness of the meeting. Governors commented positively on the preparation for and conduct of the meeting, and the responsiveness of senior staff to questions which had been raised. The Chief Operating Officer thanked governors for the challenge brought to the work of the College, which added significant value. Paul Goddard noted that for what was a lighter agenda within the year, it had been a very constructive meeting. Alison Shillito offered initial feedback based on her observation and suggestions on good practice. The Chair thanked staff for their contributions and responses to questions from governors.</p>
11	<p>Any other business</p> <p>Nil.</p>
12	<p>Next meeting</p> <p>Tuesday 11 June 2024 at 5.30 pm.</p>