

Colchester Institute Corporation

*Minutes of a Virtual Meeting of the Audit and Compliance Committee
held on 23rd June 2020***Present**

Mark Davies, in the Chair
 Lisa Clampin
 Liz Goodall

Irene Kettle
 Terry Smyth

In Attendance

Chris Adams	Director of Information and Learning Technologies
Alison Andreas	Principal and Chief Executive
Gary Horne	Executive Vice Principal: Finance and Corporate Development
Tim O'Connor	Scrutton Bland, External Auditor
Anna O'Keeffe	Senior Manager, RSM, Internal Auditor
Hazel Paton	Clerk to the Governors

There were no apologies for absence.

1. Declaration of any conflicts of interest regarding any items on the agenda

None.

2. Minutes

The minutes of the meeting held on 11th March 2020 (CIC/AC/20/2/1) were received and confirmed.

3. Matters Arising from the Minutes**3.1. Staff Wellbeing**

It had been reported at the last meeting that staff wellbeing activities include an annual wellbeing day held at the end of June. Governors asked if this would still take place, albeit in a different way because of the current circumstances. This had been discussed earlier that day by the College Executive. The normal structure for the day is an end of year address from the Principal which looks forward to next year, the announcement of the winners of the annual staff awards, and then a series of wellbeing activities. The Principal's address and announcement of the annual awards is likely to be a live event through Google Meet or similar. The Executive have discussed what may be possible in terms of wellbeing related activities, such as a staff quiz or an exercise class. Giving staff the afternoon off, and providing suggestions for what they could do, has also been considered. The difficulty is giving all staff fair access to an event or time off given the timing of the event. Staff on term time only contracts have now finished, and other staff are moving into a busy period with examination boards etc. No final decision has been taken yet. Governors understood the difficulties but were pleased that this was being thought about and creative ideas considered.

It was reported that the College has done as much as it can around staff wellbeing since the lockdown. A weekly email to staff with advice, activities and information on where to go for support is sent out every Wednesday, and wellbeing is referenced in other communications. Staff have access to a range of activities including counselling.

3.2. Security Manager

It had been reported at the last meeting that the new Security Manager was committed to developing external partnerships with local groups. Governors asked how the lockdown and change in work pattern had affected this. The College had good relationships in place which the Security Manager is now formalising and strengthening, such as with the neighbouring retail park. Although it has not been possible to meet in the same way during this period, the

College attended local meetings such as the Community Safety Partnership before the lockdown and is keeping in touch with a range of other external contacts. The College is still actively engaged with One Colchester and the Town Partnership, for example.

4. **Risk Management Policy and Procedures**

CIC/AC/20/2/2, Risk Management Policy and Procedures, was received and considered. The policy is subject to annual review and no changes were proposed this year. The current system of risk management, developed following an internal audit by RSM, is working well with lots of good practice in place.

The Committee considered the responsibilities of risk owners and asked for an additional responsibility to be added to the policy: "To ensure that all relating Internal Audit recommendations are implemented on a timely basis".

Governors asked about the current risk appetite. The current pandemic is now the number one risk (impact severe), and has a separate risk register. At the time of the lockdown the College did not know how it would continue to support its students, but was able to mobilise new software very quickly to support remote working. Also the College has been able to benefit from the Government's furlough scheme and Post-16 Provider Relief fund.

Subject to the above amendment, the Committee agreed to recommend the policy to the Board for approval.

5. **Health and Safety**

The Committee received, considered and agreed to recommend to the Board for approval:

- CIC/AC/20/2/3, Health and Safety Policy
- CIC/AC/20/2/4, Health and Safety Policy Additional Guidance: Policy for Delivering Provision Onsite after Lockdown – Covid-19

The Health and Safety Committee had agreed to add an additional policy statement in respect of Coronavirus at the beginning of the main policy document and develop additional guidance for delivery for students in the interim period from 15th June 2020 onwards. The additional guidance includes the social distancing controls that have been put in place, and the guidance issued to staff and students before they come onto campus. It is one of nine major policy documents issued in addition to the risk assessments.

6. **Committee Title and Terms of Reference**

CIC/AC/20/2/5, proposed amendments to the Committee title and terms of reference, were received and considered. It is proposed that the Committee is retitled Audit and Risk Committee, and the terms of reference updated to reflect the more risk based approach of the organisation, particularly Governance.

The Committee considered the responsibilities around risk, and asked for section 9.10 to be expanded to include "and seek assurance that the risk management framework and processes are operating effectively". The College Executive was asked to provide that assurance annually.

7. **Update on College Cyber Security Controls**

The Director of Information and Learning Technologies gave an oral update on cyber security and the top five risks. The detailed discussion is recorded as a separate, confidential minute.

8. **Audit Planning Letter for the year ended 31 July 2020**

CIC/AC/20/2/6, Report to the Audit Committee – Audit Planning Letter, was received and considered. The External Auditor drew the Committee's attention to key issues.

(i) **Going concern**

In light of the current situation there will be an increased focus on going concern. The External Auditors were pleased to see the early awareness of the issues coming through and the early engagement with the Bank. The audit approach will include looking at the recruitment position in September and the budgeting process. It will also look at potential ongoing breaches of the bank loan covenant rather than just at year end, any waivers from the bank, and what facilities are in place.

September recruitment is a major risk to the current operating plan. HE numbers are steadily improving with 133 firm acceptances against a target of 150. FE applications are five short of the same period last year. The budget that will be presented to the Resources Committee will show a measured approach to income lines.

The Committee asked for a paper with the Management's view on going concern to be produced for the Finance and Resources Committee. It was reported that the Resources Committee will receive a more streamlined College Financial Return which will include a section on the College's view on going concern in the commentary.

(ii) **Remote Audit**

The External Auditors can provide a robust and effect audit remotely if necessary. Governors asked if the College Executive could support a remote audit in terms of the information required. It was acknowledged that it is more burdensome on the client. Because of the situation the sample size will be changed and increased slightly in certain areas, particularly around the cut-off. It was reported that the College is working towards a gradual re-opening. Two members of Finance staff had been on site for one day this week and would be on site for a day next week, scanning invoices and contracts into the accounts system to make sure it is up to date and the information is readily available remotely to auditors and staff. The College Executive is in discussion about how to loosen the lock down criteria and try to get back to normal for September but this would not necessarily mean a wholesale move away from remote working.

(iii) **Regularity**

There is still uncertainty over what will be required in terms of the regularity report, which is a negative assurance opinion. It is expected that there will be some changes this year in respect of the information to be gathered, but not with regard to the audit opinion.

(iv) **Payroll**

In response to a question it was confirmed that the testing of key financial controls will include substantive testing.

Governors asked about the arrangements for ensuring the security of payroll data and avoiding any potential breach if the audit is carried out remotely. The External Auditors have a secure portal which can be used for the transfer of information. There may be an issue if information is not stored electronically and can't be accessed without onsite work. The Auditors will give as much notice as possible of the samples so that any gaps in the electronic documents can be addressed.

Governors pressed the point about the security of the Portal used and were advised by the External Auditor that it links through to the document management system and is GDPR safe.

(v) **Other Matters**

Governors asked if there were any concerns about delays outside the control of the College, such as actuarial reports. It was reported that a revaluation is due in August. The actuaries tend to report well within the timeframes. Arising from the discussion it was reported that there is concern across the sector about Local Government Pension Scheme providers and

there is an attempt to engage with actuaries to get better information on memberships and areas of risk. Colleges do get some assurances but they are limited.

9. Risk Management

9.1. Notes from Risk Management Committee

CIC/AC/20/2/7, notes of the Risk Management Committee meeting held on 3 June 2020, was received and noted. In the absence of the Committee Chair the Corporation Chair had attended as the Governor Representative.

The meeting had focussed on risks relating to Covid-19. Departmental areas had been asked to detail the top three risks for their area of work in the current conditions of remote working and support for teaching, and also the top three risks for September in terms of the re-opening of the College. The discussion helped inform judgements around the Coronavirus risk register, ensuring all actions were captured and also early thinking for September. The Colchester campus opened the previous week and the Braintree and Clacton campuses were due to open week commencing 29 June. The arrangement for duty management, risk assessments and monitoring were working well.

The focus is now on the arrangement for September and how to bring students back in line with the one metre social distancing rules. Consideration is also being given to how to continue to deliver some of the curriculum through remote means, and to the upskilling of staff should it be required.

Departmental areas had identified a number of operational risks including examinations (due to start the following week) and staff welfare. The library is putting in place a process to recover a significant amount of resources currently out on loan.

Governors were disappointed to note that there was very little uptake for the one hour training sessions being offered by ILT each Thursday. It was reported that staff were accessing CPD but not at the levels the College would like because they were busy calculating students' grades. A programme of CPD will be offered over the summer to ensure every member of delivery staff has a minimum level of competence in remote teaching. Seven curriculum areas have already run sessions for their team with others scheduled for September.

Applications at Braintree were disappointing (651 against 720 at the same time last year). Unfortunately the open event planned for April had to be cancelled due to the lockdown. The College did a leaflet drop, but there was no noticeable increase in applications as a result. A virtual tour of the campus will shortly be released on the website and a package of information (in lieu of the welcome days) is about to be emailed to applicants with links to a number of videos and presentations on the website, including a welcome from the Principal and a safety presentation, as well as course specific videos and presentations. The welcome day information, which will be shared with Governors, might increase conversion rates and create additional interest from applicants.

9.2. Top Five Risk

The Committee received an oral update on the current top five risks.

- (i) Current learners - maintaining attendance levels; ensuring existing learners complete their programmes and as many apprentices as possible stay on their programme and are able to finish on a timely basis.
- (ii) Applications for September – discussion earlier in the meeting
- (iii) Staff resource – staff are currently being surveyed to determine the number in the different categories in relation to coronavirus (eg clinically vulnerable), who is able to attend on site, and how it is managed.
- (iv) Quality – how to maintain success rates and continue to upskill teachers through a remote CPD programme.

- (v) Finance – the recruitment of apprentices is the biggest area of concern and the College is not expecting to recruit in the same way as it has done recently. This will be reflected in the budget.

The risk relating to staff availability in September if there is a second spike resulting in more staff absences (because they are shielding or self-isolating) was discussed. The College is in a stronger position to cope with high levels of staff absence from the workplace because as has been demonstrated, for many roles staff can work effectively from home.

9.3. Corporate Risk Registers

The Committee received and noted

- CIC/AC/20/2/8, Corporate Risk Register as at 17 June 2020, and
- CIC/AC/20/3/9, Coronavirus Risk Register as at 16 June 2020.

10. Follow up on Internal Audit Reports

10.1. Follow up Report

The Internal Auditor reported that the follow up report was currently being finalised and would be circulated to the Committee outside the meeting.

10.2. Internal Audit Tracker

CIC/AC/20/2/11, Internal Audit Tracker, was received. It was noted that good progress had been made. This would be the final update for five internal audits as all actions were now complete. In respect of the reports with outstanding actions:

- Information Technology Resilience and Recovery - Financial investment is required to upgrade the IT infrastructure. Approval has been given for the first phase of this work.
- Estates: Planned and Responsive Repairs – a new software system is required in order to track stock levels.
- Business Continuity – this has been delayed because of the lockdown

11. Reports from Internal Auditor

11.1. Internal Audit Progress Report

CIC/AC/20/2/12, Internal Audit Progress Report, was received and presented by the Internal Auditor. It was reported that due to the impact of Covid-19 and the closure of the College campuses, the Internal Auditors have not undertaken any audits other than the follow up review which is ongoing. As a result the Internal Auditor will not be issuing an annual opinion this year because they have not carried out sufficient work on which to base an opinion. Governors asked if there were any implications in not receiving an annual opinion, and how Colchester Institute compared to other colleges. It was reported that there were no implications for not having an annual opinion and not all colleges have one. In respect of the internal audit plan, most colleges have continued with their internal audit plans after pausing them at that start of lockdown, although in many cases with a number of changes to make them relevant to the new situation. The Internal Auditors understood the College's decision to suspend the internal audit plan, but it was an unusual decision across their client base.

It was reported that the decision to curtail the internal audit plan had been taken because of the nature of the audits and the other stresses on the organisation and staff. The Committee understood why the decision to curtail the plan had been taken, but questioned whether it was appropriate to abandon the process and discussed whether to reintroduce audits. The Principal reported that the decision to suspend audits, which was not taken lightly and was

discussed with the Committee Chair, took into account that other external assurances were available to the Board including:

- A very thorough and detailed audit of apprenticeship funding carried out by a third party which resulted in over 100 recommendations and actions
- December Ofsted monitoring visit which confirmed that the College has addressed the previous quality issues.
- The third and final diagnostic assessment monitoring visit by the FE Commissioner's Team which looked across the organisation (finance; capital and estates; quality and governance) and had a good outcome
- External Auditor review of sub-contractor controls (scheduled for July)

Governors felt that it would be useful to have all this information pulled into one document. Although there are separate reports for each review but an overarching report could be put together for this Committee, to sit alongside the internal audits that had already taken place, in order to inform the opinion at the end of the year.

A review of the College's response to the pandemic (decision making process and learner outcomes) was discussed and received support from Members. The Internal Auditor reported that some clients had looked at this from the point of view of financial controls. The Committee Chair agreed to discuss this further with the Principal, Corporation Chair and Chair of the Finance and Resources Committee outside the meeting.

11.2. Further Education Benchmarking Report 2018/19

CIC/AC/20/2/13, Further Education Benchmarking Report 2018/19, was received and noted.

12. College Framework Documents

The Committee received and noted:

- CIC/AC/20/2/14, College Accounts Direction 2019 to 2020
- CIC/AC/20/2/15, report on the delays to the publication of the Post-16 Audit Code of Practice 2019 to 2020 and impact on preparations for the regularity audit

13. Reports under the College's Fraud Policy

It was noted that there had been no reports of suspected fraudulent or irregular acts under the College's Fraud Policy since the last meeting of the Audit and Compliance Committee.

14. Health and Safety Committee

CIC/AC/20/2/16, Minutes of the Health and Safety Committee meeting held on 19th June 2020, was received and noted.

15. Data Protection/Freedom of Information Dashboard

CIC/AC/20/1/9, Data Protection/Freedom of Information dashboard, was received and noted.

16. Date of next meeting

Wednesday, 2nd December 2020 at 4.30pm.

17. Any other Urgent Business

There were no items.