

**Tuesday 2<sup>nd</sup> March 2021**

**5.30pm**

**Held remotely via ZOOM online video conferencing**

## **MINUTES**

### **PRESENT:**

Mr R Vianello, Foundation Governor, Chair of committee  
Mr S Ebele, Foundation Governor, Vice-Chair of committee  
Mr D Navarro, Foundation Governor  
Mrs B Meier, Foundation Governor

### **IN ATTENDANCE:**

Mr G Thompson, Principal / Accounting Officer (at request of committee)  
Mrs S Plumb, Senior Business Manager (at request of committee)  
Mrs M Searle, Head of Finance (at request of committee)  
Mr M Cheetham, Head of internal Audit Service, RSM Risk Assurance LLP  
Mrs E Lewis, Clerk to the Governors

Ms A Deegan, Forensic and Fraud Risk Services Director, RSM UK Tax & Accounting Ltd, items 1 – 4

Mr N Sheta, Chair of Governors, items 1 – 4

Mr M Belfour, Vice-Chair of Governors, items 1 – 4

Mr C Graham, Associate Principal, items 1 – 4

Ms K Foan, Associate Principal, items 1 - 4

**The meeting was opened by Mr Vianello at 5.30pm and was quorate throughout. All participants were able to hear and see each other throughout.**

1. **Opening Prayer:** offered by Mr Thompson
2. **Apologies:** not applicable
3. **Introductions / Welcome:** Mr Dave Navarro was welcomed to the committee.

4. **FRAUD AWARENESS PRESENTATION – Ms Andrea Deegan, RSM.** The committee was joined by the Associate Principals and the Chair and Vice-Chair of Governors for this presentation. They left the meeting, along with Ms Deegan, at the end of this item.

Ms Deegan's presentation included a Q&A session and her PowerPoint slides, a Covid-19 Education Fraud Risks publication and Covid-19 fraud risk self-assessment guide were made available after the meeting.

Key questions to follow up were:

Would the identification of a fraud champion make the clear procedure in place, and reporting, more accessible?

Has the right level of awareness of fraud been achieved?

Have those that need to be trained, been trained and are tools / checklists being used?  
What are the key fraud risks for the college?

5. **Declarations of Interest:** There were none
6. **Committee time with Auditors if required:** The committee waived this item and did not require discussion with Mr Cheetham.
7. **Minutes of meeting held on 17<sup>th</sup> November 2020:** Included in the papers and previously circulated on 30<sup>th</sup> November 2020 and reported to full Board, 3<sup>rd</sup> December 2020 were agreed to be a true and accurate record to be signed by Mr Vianello in due course.
8. **Action Points from previous meeting:**
  - 8.1. Mrs Lewis confirmed that the annual report of the Audit Committee, 2019 - 2020 had, as agreed, been signed by Mr Nader and presented to the full Governing Body on 3<sup>rd</sup> December 2020; published on the website and filed with the ESFA on 25<sup>th</sup> February 2021 to meet the extended deadline of 28<sup>th</sup> February 2021.
  - 8.2. Mrs Lewis confirmed that the refreshed letter of engagement with Buzzacott had been duly signed and returned.
  - 8.3. Mrs Lewis reported that the end of year, July 2020 financial returns had been filed as in 8.1. The filing date had been extended due to the pending written outcome of the Funding Assurance Review. At their request, an updated letter of representation, included in the papers, had been sent to the external auditors, Buzzacott signed by Mr Sheta with the agreement of the F&R Committee. The updates to the letter of representation were the date (23<sup>rd</sup> February 2021) and signatory.
  - 8.4. The committee reviewed progress against the two areas (learner under-recruitment and awareness of counter-fraud culture) highlighted for improvement in the 2020 FMCE<sup>1</sup>. The tracking report had been included in the papers for the meeting and had also been reviewed by the F&R Committee. Mr Ebele asked whether there were further actions to be taken in the area of fraud awareness, prevention and assurance. Mrs Plumb advised that the college was working towards an accreditation in cyber essentials security. It was agreed that this should be noted on the progress report.
9. **Matters Arising, not covered by agenda items:** there were none.
10. **Internal Audit Service:** Mr Cheetham introduced the "Internal Audit Assignment Report February 2021" which had been included in the papers for the meeting. The report had been prepared following internal audit reviews of Key Financial Controls and Safeguarding as agreed in the internal audit plan approved by governors via the Audit Committee. Mr Cheetham confirmed that no issues were raised from the reviews and there were no management actions recorded in the overall conclusions section of the report.

The committee reflected on the aspects of safeguarding that had been examined within the broad scope of the review of proper maintenance of safeguarding such as policies and appropriate training (of staff and governors) and discussed how effectively it provided the degree of assurance, comfort, and confidence they had wanted to obtain from the assignment. Mr Cheetham confirmed that the selection of samples was completely random.

The audit of Key Financial controls was undertaken on the basis of an agreed upon procedures review and was included in the internal audit plan on a two-year cycle. Mr

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<sup>1</sup> Financial Management Control Evaluation

Navarro asked why the report on Procurement and Payments had mentioned that Value for Money exercises were not documented – he wondered whether the time constraints were related to the impact of covid. Mrs Searle emphasised that the standard, routine, procedure was to look for value for money and seek the best option for the college in every purchase made. She explained that documenting did not extend to writing down a record of every supplier researched, of which there could be many, because it would be disproportionately time consuming.

It was agreed that value for money was not always obtaining the cheapest price.

Mrs Searle and Mr Thompson explained why the auditor had accepted it was not relevant to put the renewal of a contract, which qualified for tendering due to its value (over £25,000), out to tender. The contract was a three-year IT licence from a trusted supplier and the committee was assured that it would be appropriately reviewed at the end of the three-year period. Mrs Searle said that the very detailed records kept about purchases and contracts inform and support her budget-setting and monitoring discussions with spending / cost centre heads.

Mr Vianello asked whether the wording needed to be amended in the report and it was decided that minuting the explanations given was sufficient to provide context and understanding.

Appreciation was expressed for the speed at which the report had been turned round. It was acknowledged that conducting the reviews remotely had restricted the opportunity to discuss, contextualise and clarify issues as they arose.

**Assignment reports accepted.**

11. **Internal Audit: College Action Report:** As there were no actions to track there was no report.

12. **Risk Management:**

12.1. **Current Risk Register:** The risk register and policy, updated for spring term 2021, had been included in the papers for the meeting and was duly received by the committee. Mr Thompson noted the addition of a “Summary of Key Changes” table at the front of the document and confirmed there had been no change in the ranking of risks. Ranking of the section on fraud would be reviewed in response to the awareness presentation earlier in the meeting. Updates since the previous register (Autumn 2020) had been highlighted.

12.2. **Verbal report on key active internal controls and emerging risks:** Mr Thompson confirmed why the top main risk remained *student recruitment and competition* and the knock-on effect this had on the second highest risk, *funding*. The major risk of under recruitment was influenced by a number of contributory risks. Mr Thompson cross-referenced the comparative application data (as at 31 January 2021) which had also been explained in the FMCE tracking report under item 8.4. He described the effort and strategies that had been deployed, despite the impact of COVID restrictions, to mitigate the risk of under recruitment of students<sup>2</sup> for 2021 – 2022. There had been no in-person recruitment open event but a second virtual event would take place later in the week on Thursday 4<sup>th</sup> March. Mr Vianello asked how well attended the first event<sup>3</sup> had been and Mr Thompson recapped successful participation of over 1000 hits and reported that the number of bookings for the upcoming date indicated the same encouraging level of interest again. He said this was a popular style of visiting the college with prospective students. Mr Thompson reiterated that the recruitment strategy was inclined towards social media platforms.

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<sup>2</sup> Target assumption is 1200 in financial plan

<sup>3</sup> 19<sup>th</sup> November 2020

Outreach to schools was continuing via online / remote opportunities. He reported a successful day of IAG<sup>4</sup> telephone conversations with 700 applicants on 1<sup>st</sup> March, underpinning the “keep warm” strategy and creating a one-to-one engagement usually provided during an admissions interview. It was agreed that these were positive actions to maximise the conversion of applications into enrolments. Mr Thompson commented that reports from schools suggested that the predicted demographic growth in the cohort had been over-estimated and possibly reduced by the numbers of people moving out of London due to the combined effect of COVID and Brexit on their circumstances and working arrangements. Mr Thompson noted potential competition from the opening of an Harris 16 – 19 centre in Clapham in September, although it was not clear whether this would be replacement or additional provision for the chain. He reminded the committee that the college was offering an attractive curriculum including popular courses such as criminology, applied psychology and law with which smaller school sixth forms could not usually compete. Mr Vianello raised with Mr Thompson the likelihood, given the advances with online learning, of running courses in association with a college in another part of the country to fill up less viable classes. Mr Thompson agreed that the college was at an advantage due to the advancement of the digital strategy to consider creative ways to develop blended learning and sharing of resources without replacing in-class face to face teaching and learning. He highlighted that, as part of the strategy to become an Apple Distinguished School, the college, as a Regional Training Centre, offers support and training to other institutions to develop their remote learning offer.

Mr Navarro asked whether anything needed to be added to the COVID-19 PANDEMIC risks in respect of the additional computer hardware which had been provided to students. Mr Thompson outlined the robust policies and procedures that were in place to track and monitor equipment that had been loaned but acknowledged that most of the risk assessment of COVID-19 focused on health and safety. He would incorporate the other potential risks including opportunities for fraud and dishonest trading.

Mr Thompson discussed with the committee the ranking of the risk from fraud on the register. Mr Vianello said the chance of fraud would be mostly internal. He said that checks and balances were in place but not necessarily registered in one place for governors to see where assurance could be found. It was suggested that fraud awareness sat in the Board Assurance Framework (BAF) rather than the Risk Register.

Mrs Meier asked whether governors could be comfortable that there is enough awareness of risks from fraud and supported an action to raise general awareness.

Mr Navarro acknowledged that the college is audited each year but asked whether, during the pandemic, some decisions might have been taken in a hurry, out of necessity, which it would be worthwhile reviewing. Mrs Searle said that no financial regulations had been swerved during COVID although a practical adjustment had been made to accommodate the electronic authorisation of a purchase order so that it could be processed via email and this had subsequently been incorporated in the Financial Regulations update for 2020 – 2021.

Mr Thompson added that the college had remained open throughout both lockdowns and that all college processes had remained functioning in some capacity. College

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<sup>4</sup> Information, Advice and Guidance

staff had been very aware that COVID made procedures vulnerable and the reasons for financial decisions had been documented to ensure transparency and clarity.

Mr Vianello summarised the discussion. It was agreed that the fraud risks (including emerging risks), mitigation and assurance would be incorporated as a one-page summary in the BAF as a vehicle for report back to the full Governing Body. Underpinning this would need to be a fraud awareness campaign to make sure college staff know where to find processes and procedures and reference what actions might constitute fraud. Mrs Meier said it was reassuring to hear from Mrs Searle about how financial procedures had been protected. Mrs Searle said that awareness should be pitched at the right people – for example those who sign off contracts etc. She advised that training in finance procedures is part of the induction of new staff and newly promoted staff and could be expanded to include fraud awareness. She also noted that all staff complete an annual declaration of pecuniary interests which are entered on a register. The declaration form is reviewed each year. A fraud questionnaire is completed as part of the external audit. Mr Vianello concluded that these aspects were relevant to be drawn into the BAF as assurance of the counter-fraud procedures in place.

**ACTION: Mrs Lewis to add to BAF for summer update.**

12.3. An RSM publication “Determining your college-academy risk appetite” had been included in the papers for the meeting and was noted with interest.

13. **Board Assurance Framework:** The current BAF (summer 2020) had been included in the papers for the meeting and would be updated for the summer term meeting in May 2021 and as suggested earlier in the meeting, would incorporate fraud / fraud awareness. In preparation for the update, Mrs Lewis invited a review of the design and effectiveness of the BAF. The committee confirmed that the framework was appropriate and showed where assurance could be taken against the key risks faced by the college. Mr Ebele commented that fraud could be incorporated in the risk register as well but agreed with it being in the BAF.

**ACTION: Mrs Lewis to update the BAF for the meeting on 4<sup>th</sup> May 2021.**

14. **Internal Audit Strategy for 2021 – 2022:** A risk-based planning document “IAS Planning 21/22 (Initial discussions)” had been included in the papers for the meeting and was used as the basis of consideration of an internal audit strategy for 2021 – 2022. Mr Thompson introduced the paper which showed the areas audited since 2014 / 15 and indicated which might be reviewed based on an historic purchase of 9½ days of audit time. He noted that the cyclical review of Learner Number Systems (LNS) would fall due and invited consideration that the ESFA funding assurance review of 2019 – 2020 data undertaken in November 2020 had not found any funding issues or errors which might mitigate the priority for an LNS assignment in the coming year. Mr Cheetham advised that the system review would be of data two years more recent than the ESFA review. Other options had been identified in the paper listed A, B and C by time and risk priority and were discussed in depth to determine the value and need for review.

The committee concluded that an IT Systems review which encompassed fraud and system security; tested whether the infrastructure was secure, robust and effective enough to support remote working, teaching and learning; and looked at data privacy / GDPR requirements would be an appropriate single assignment for 2021 – 2022. LNS would be deferred to the following year. Mrs Searle commented that LNS and Financial Controls were usually reviewed in alternate years and deferring LNS would put that cycle out of synch.

It was agreed that the audit committee would wish to have a clear scope for the review to ensure an effective report on the IT systems. Mr Cheetham would provide the standard approach to reviewing IT Systems as a starting point for development of a detailed scope between his IT colleagues and the college team between this meeting and the next on 4<sup>th</sup> May.

**ACTION: Scope to be worked on via email correspondence prior to confirmation / amendment at the next meeting.**

**15. Policies for Routine review:**

15.1. **Anti-fraud, corruption, bribery, malpractice policy:** An update to the current policy had been included in the papers for the meeting with changes highlighted. Mrs Plumb explained the key changes and proposed a further update to include the role of a Fraud Champion. She commented that the control environment included training and communication and added that in practice further thought would be given to raising awareness and understanding of fraud and the counter-fraud culture of the college.

**[Mr Cheetham left the meeting at 7.12pm – during this item].**

The committee did not feel the policy required covid-specific content but supported the inclusion of a Fraud Champion to provide a focal point and contact for staff who may not find reporting to the Chair of the Audit Committee an accessible or easy initial step. Mr Vianello recommended that the Fraud Champion should have a limited tenure of, for example, two years to avoid loss of impact.

**ACTION: Mrs Lewis and Mrs Plumb to liaise to revise the update with the tweaks agreed and then re-circulate to the committee for agreement prior to the meeting of the full Governing Body on 18<sup>th</sup> March 2021 when the policy would be recommended for approval.**

15.2. **Confidential Reporting Policy (“whistleblowing”):** An update to the current policy had been included in the papers with proposed changes tracked. Mr Thompson introduced the policy and explained the revisions. Mr Navarro had asked whether and how staff knew how to locate this policy. Mr Thompson described where it was posted on the Intranet for reference. It was agreed that the name of the policy should be revised to be named “Whistleblowing (confidential reporting) Policy” so that anyone searching for the now familiar term “whistleblowing” would be able to find it more easily. “Action Fraud” had been mentioned by Ms Deegan in her presentation and would be included in the appendix of helpful contacts.

**ACTION: Mrs Lewis to update the policy as agreed and re-circulate for agreement prior to the meeting of the full Governing Body on 18<sup>th</sup> March 2021 when the policy would be recommended for approval.**

**16. Any other business:** there was none.

**Mr Cheetham had withdrawn from the meeting.**

**17. Auditors Performance Reviews:**

17.1. **Review of the performance of Buzzacott, Financial statements auditors and setting of PI’s for year end 2021:** A qualitative performance indicators questionnaire had been included in the papers for the meeting and was completed in consultation with college managers present and the Clerk. It was noted that Buzzacott had provided the “external audit” service continuously since 2004. The responses indicated complete satisfaction with the work of the audit firm. The same qualitative PIs would be used

for 2021 – 2022.

**ACTION: Mrs Searle would provide fee information (excluding covid-specific uplift) since the most recent market testing had taken place to be circulated by email as assurance that Buzzacott fees were in line with the market. This would support the recommendation on continued appointment to be made to the full Governing Body on 18<sup>th</sup> March 2021.**

**17.2. Review of the performance of RSM, Internal Audit Service (IAS) and setting of PI's for 2021 – 2022:** A qualitative performance indicators questionnaire had been included in the papers for the meeting and was completed in consultation with college managers present and the Clerk. It was noted that RSM had provided the service continuously since 2002 (although the firm had changed names in this time). The responses indicated complete satisfaction with the work of RSM, the audit firm. The same qualitative PIs would be used for 2021 – 2022.

**A recommendation would be made to the full Governing Body on 18<sup>th</sup> March 2021 to re-engage RSM as the IAS for another year.**

**18. Review of effectiveness of meeting:** The committee was agreed that the discussion and reviews that had taken place had effectively served constituents and the best interests of the college.

**19. Date of next meeting:** Tuesday 4<sup>th</sup> May 2021

**The meeting closed at 7.48pm**

**SIGNED:** \_\_\_\_\_

**DATE:** \_\_\_\_\_