



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 17 MARCH 2020 AT
10.00 AM IN S25, JWC AND VIA SKYPE CONFERENCING**

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**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
TUESDAY 17 MARCH 2020 AT 10.00 AM IN S25 JWC AND VIA
SKYPE CONFERENCING**

Present: Kevin Slack (Chair), Mike Kapur, Rosslyn Green

In attendance: Richard Eaton (CFO)
Michael Ford (DPO)
Heather Simcox (Deputy CEO)
Jonathan Creed (ICCA – Internal Auditors)
Rose Matthews (Clerk)

PART ONE - GENERAL MINUTES

42/19-20 APOLOGIES FOR ABSENCE

Apologies for absence were received from Kyla Bellingall and Sam Lifford of BDO.

Given the unprecedented circumstances due to Covid-19, the meeting was held via skype. No private session was held with the auditors on this occasion and the Chair agreed with the Auditors that anything of concern could be raised outside of the meeting.

Hazel Clint was unable to access the meeting via Skype and as such did not take part in discussions.

43/19-20 DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM

All members were eligible and the meeting was confirmed to be quorate.

There were no new declarations.

44/19-20 MINUTES OF THE PREVIOUS MEETING

RESOLVED: The minutes of the meeting held on 26 November 2019 were formally approved.

45/19-20 MATTERS ARISING

27/19-20 The CFO would respond regarding the HR and Payroll when discussed as part of the agenda item later in the meeting.

Action

Date

28/19-2	<p>The External Auditor Completion Report had been updated and circulated.</p> <p>The Finance Committee reviewed the subsidiary accounts and agreed to retain the current format. They did however agree to review in the future.</p>		
29/19-20	<p>The ESFA Self-Assessment Questionnaire was presented and approved by Corporation. However, it remained under review and would be used as a working document throughout the year.</p>		
34/19-20	<p>The Clerk updated the Committee's Annual Report to reflect Mike Kapur's feedback despite being unable to attend some meetings and the report was presented to Corporation at its meeting on 16 December 2019.</p>		
35/19-20	<p>All policies were approved by the Corporation at its December 2019 meeting.</p>		
46/19-20	INTERNAL ASSURANCE PLAN		
	<p>The Internal Assurance Plan progress was shared with the Committee and discussed.</p>		
46/19-20.1	INTERNAL AUDIT SERVICE HR AND PAYROLL		
	<p>Jonathan Creed of Internal Auditors, ICCA presented the HR and Payroll report, a verbal update of which had been presented at the previous meeting.</p>		
	<p>The scope of the report was to provide assurance that effective systems, controls and processes were in place to support the accuracy of the Group's payroll.</p>		
	<p>Overall, the report provided adequate assurance in terms of design and application. Two low recommendations were made and one high recommendation which related to segregation of duties and it was recommended an independent check be undertaken prior to submitting each monthly payroll in relation to starters, leavers and any amendments. This would be implemented from April 2020.</p>		
	<p>Rosslyn Green questioned one of the low risks relating to expenses and the CFO agreed to sample each month.</p>	CFO	16/06/20
46/19-20.2	BUDGETARY CONTROL MECHANISMS		
	<p>Jonathan Creed went onto present the Budgetary Control Mechanisms Report which was carried out in late January, with the aim of providing assurance the budgetary control mechanism were effective.</p>		
	<p>The report provided substantial assurance with one recommendation regarding optimising the business</p>		

partnering model. Action had already been implemented with regular team meetings in place to share best practice.

The Deputy CEO reminded Members of the internal audit report last year and that the CFO was in the process of reviewing the optimisation of roles with team.

Mike Kapur suggested to strengthen the engagement, it might be an idea to get those with budgetary responsibilities together with the finance team to share any concerns and ideas. The Deputy CEO and CFO agreed to implement.

CFO

16/06/20

Rosslyn Green questioned the reference to management accounts which was clarified. The Committee Chair asked if a brief set of KPIs could be provided for September's meeting indicating whether the Group was in line with budget and recruitment levels.

CFO/
DCEO

Sept '20

46/19-20.3 HR PERFORMANCE MANAGEMENT

The internal Auditors provided a brief verbal summary of the HR Performance Management Report which would be presented at the next meeting.

The report provided reasonable assurance.

46/19-20.4 GOVERNANCE

A brief verbal overview was provided on the Corporate Governance Report, which provided substantial assurance, with one low risk recommendation.

This would be discussed in further detail at the next meeting.

47/19-20 ESFA FUNDING AUDIT REPORT

Members recalled verbal feedback was received at the previous meeting on the ESFA's Funding Audit carried out in September 2019.

A substantial report had been provided following the audit, which had been carried out by RSM.

The CFO discussed the Executive summary and pulled out the key points of interest for the Committee. Action planning was well underway and the CFO explained the background with regard to the apprenticeship provision related to multiple changes in apprenticeship requirements.

There were no major concerns identified from the report, but the CFO was keen to ensure the Group maintained its controls.

The financial implications were discussed and it was noted funding applications were not materially affected.

The Deputy CEO confirmed overall the Executive team were pleased with the outcome of the report.

48/19-20 GENDER PAY REPORT

The CFO presented the Gender Pay Report, which required publication by 31 March 2020.

The mean and median hourly rate for males had increased from the previous year. This increase was due to recruitment of around 20 male engineering lecturers. It was noted whilst the Group had more female employees, their job roles were on a lower salary.

The Chair asked if these figures also included the cleaning employees, but it was confirmed not.

DCG's mean gender pay gap was significantly lower than the whole economy and the education sector. Comparison against other local colleges was favourable.

Mike Kapur suggested sampling people in one area carrying out the same roles and comparing. It was noted this may be difficult as dependent on length of service employees carrying out the same role could be on different positions on the salary scale. Overall, employees carrying out the same roles were appointed on the same salary. The exception lay with those competitive industries such as engineering where salary has to be competitive in order to recruit. Mike Kapur pointed out this could be an area that could fall inadvertently into creating an unintentional pay gap.

The CFO agreed to breakdown the split between teaching and non-teaching staff and also agreed to compare the engineering lecturers against any females in the same post, which would identify any gender disparity.

49/19-20 REVIEW OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS

Michael Ford shared the Internal and External Recommendations Monitoring Report, 27 of the 31 actions had been completed. The others remained on target for completion.

Only those actions completed since the last audit had been included. The report had included actions from the ICCA audit in June which had since been revised following the ESFA Funding Audit.

It was clarified the sign off dates were the dates the reports were signed off by the Executive and not the dates on the report.

50/19-20

ANNUAL REPORT ON RISK MANAGEMENT AND STRATEGIC RISK MONITORING

The Risk Management Report was shared with Committee Members and 'high' priority risks identified as detailed in the report, which related to failure to achieve budget targets and devolution.

Since writing the report the risk with Covid-19 had been escalated from a medium to high risk.

Members sought assurance the Group was as prepared as it could be.

Contingency plans were in place for continuation in learning with the Group looking to move to online learning from Monday.

The CFO said the key was making sure the Group could model a complete shutdown with its finances. He said he was modelling a three-month shutdown with the Group's revenue and working out how it would be able to sustain salaries. Options to preserve the financial situation were discussed. The Government were expected to implement some temporary measures which would be announced later in the day, until they had, it was difficult to profile.

Mike suggested bringing forward scheduled training that could be carried out.

The Committee were updated on one litigation case.

They were also fully appraised of a health and safety incident which was being investigated.

There were no significant safeguarding referrals to escalate to the Committee.

51/19-20

POLICIES

The Prevention, Detection and Reporting of Fraud Policy had undergone a comprehensive review and rewrite.

The Committee recommended the Policy to the Corporation for approval.

Chair

18/05/20

The meeting finished at 11.00 am

Signed: _____ Date: _____