Governing Body
AUDIT AND RISK MANAGEMENT COMMITTEE

West Suffolk College

Minutes of the meeting held at 5.00pm on 3 March 2015

| **Present:** | **K Golding (Chair)** | **C Manning** |
| | **A Maltpress** | **N Roberts** |

In Attendance: D J Howells, Deputy Principal
P Ewan, Head of Finance
S Gravener, Scrutton Bland
J Bridges, Clerk to the Corporation

No interests relevant to items on the agenda were declared by members.

Action

1   Apologies for absence
Apologies for absence were received from J Finn, W Burrlock, C Sutherland and J Smith of Baker Tilly and P Goddard of Scrutton Bland.

2   Minutes of the meeting held on 25 November 2014
The minutes were agreed as a correct record subject to inserting the words "from all campus buildings" to end the sentence of the second paragraph of item 5 under matters arising on page 1, amending the word 'beach' to read 'breach' in the fourth paragraph of item 7 on page 4 and in the same paragraph amend the statement to read 'may in 2 out of 3 years incur a deficit'.

JBridges

3   Matters Arising
From the minutes of the meeting held on 25 November 2015:

5   Draft Committee Annual Report 2013/14
The Corporation approved the Annual Report of the Committee at the 12 December 2014 meeting.

6   Audited Accounts for the year ended 31 July 2014
The final bulleted point on page 5 was removed and did not make it to the final signed version.

References to LEP, NALEP and GCGPLEP were amended and incorporated on page 10.

The correct address details of the Internal Auditors were passed to PEwan who updated the contact details on page 13 as appropriate.

The increase in Administration and Central Services costs were due to changes of transfers between categories. Baker Tilly has confirmed that this area was checked as part of their audit work and that they were happy that the variance was within acceptable tolerances.

The year-end increase of Trade Debtors was mainly due to invoices raised in July 2014 of 81K for the TCHC project which were paid in full on 6 August (just after the year-end).

7   External Auditor's Report for the year ending 31 July 2014
The Corporation approved the Financial Statements and Annual Accounts and that the letters or representation for the Financial Statements and Regularity Audit be signed at the 12 December 2014 meeting.

10   Risk Management Update
The Corporation received a risk management update report at the 12 December 2014 meeting detailing the subsequent amendments to the register and the movement to the level of risk from November to December reviews.

4   Internal Audit Recommendation Tracking Report
The report details the progress made against the five remaining recommendations arising from internal audit work undertaken in the 2013/14 academic year.

The recommendation concerning staff utilisation of Teaching and Learning Assistants (TLAs) has been completed. A significant re-organisation of the deployment of the TLA team has been completed and the role name has changed to Learning Support Coach (LSCs). Staff utilisation is now managed and auditable via the timetabling and register system.

The three recommendations concerning OneFile reporting and Apprenticeship application reports remain as work in progress. Management of OneFile still rests with the work place learning teams until such time as the Technical Support team has capacity to develop the required reports.

The target date of December 2014 to complete staff appraisals has not been achieved. The upgrade of ClearVision has caused a number of system errors including submission and completion of online appraisals. Whilst many appraisal meetings have taken place managers have not been able to record the discussions held in ClearVision. At the time of reporting there is no confidence to report that appraisal completion has been met or as to the degree of non-compliance. Committee members expressed their concern that the software issues should not be used as an excuse for not completing the appraisals. There is also a risk that staff performance issues will not be recognised and/or managed appropriately and capability cannot be challenged if objectives for the year have not been set and approved between parties. The Committee charged the Senior Management Team with the responsibility to ensure appraisals are completed immediately and to provide assurance to the Committee and the Corporation that they have been completed on or off line. The Deputy Principal will take this back to the Senior Management Team.

DJHowells

5   Internal Audit Reports
 i. IT Backup Arrangements and Primary Document Retention
This internal audit work was undertaken in December 2014. The scope of the work covered a review of the adequacy and operation of controls for the College's IT Disaster Recovery Plan, back-up processes, data retention schedules, primary documentation held and an evaluation of retention practice.

Overall the resulting assurance level provided by the Internal Audit Report was 3 of 5 (reasonable assurance, yellow status) with two medium and four low recommendations made. The report confirmed that governance, risk management and control arrangements provide reasonable assurances that

the material risks reviewed are managed effectively but that there are some areas where the adequacy or operations of controls in practice need to be significantly improved.

The first recommendation is to produce an IT Disaster Recovery Plan and append this to the College's Business Continuity Plan. The Deputy Principal confirmed that the Technical Support Manager, S Gerber, has already drafted a skeleton plan to SMT based upon a plan gleaned from another College and best practice example provided by Scrutton Bland. The College has experienced three IT threat events in the past twelve months (email failure, virus and server corruption) and it is important to recognise that in all three cases the chain of command has worked to resolve and get systems back on line this audit has just exposed that these chains of commands and resolutions need to be documented as a disaster recovery plan.

As a consequence of these threats low level back-up systems have been moved and fast storage systems backed up off site (i.e. finance and student record systems) with Green Duck once a week. Fast storage data is backed up overnight. Other data, non-critical, is backed up to slow storage units, based on site, across a number of locations on the campus.

The Committee asked what control the College has over the service received from Green Duck, who last year, were not only the solution to the email threat but were actually the cause. Members questioned the level of confidence the College has that the likelihood of a similar occurrence has been minimised. The Deputy Principal confirmed that the person responsible is no longer employed by Green Duck and as a consequence they have put internal preventative procedures in place to ensure that a repeat instance is not possible.

Members agreed that it is mission critical that the College documents its procedures and scenario tests the back-up processes and practice. While routines may be in place to back-up data we must confident and test that they actually work. The Technical Support Manager will be asked to attend the next meeting of the Committee and to report back concerning progress against the recommendations arising from this internal audit work. DJHowells

Recommendations five and six in the report (pages 8 and 9) relate to College process concerning documentation retention. The Deputy Principal confirmed that prime documents (invoices etc) are kept for 7 years as are tax related documents and student records. Insurance documents are kept for 40 years and staff training records in relation to health and safety are to be kept for 20 years. The College Secretary will check that this is the case. JBridges

ii. **Learner Records**
The scope of internal audit work covered a review of the adequacy and operation of controls to improve efficiency and ensure that funding has been claimed in accordance with funding rules.

Overall the resulting assurance level provided by the Internal Audit Report was 3 of 5 (reasonable assurance, yellow status) with two medium and three low recommendations made. The report confirmed that governance, risk management and control arrangements provide reasonable assurances that the material risks reviewed are managed effectively but that there are some areas where the adequacy or operations of controls in practice need to be significantly improved.

The audit work found that the College needs to improve the speed by which a student is withdrawn from learning. Sampling revealed that this can currently take anything between 21 and 60 days to pull through. A report is being developed on student attendance that will be circulated to managers weekly and for them to identify the students who need to be withdrawn. There is a reluctance to withdraw a student too early when the College throughout the time they are not attending is trying to engage them back into learning or find alternative course opportunities for them. There is also uncertainty what the impact would be on funding if a student is withdrawn and then re-engages with the course or onto other learning.

A sample test of students enrolled on English and/or Maths revealed that in a small number of cases (2 out of 36) the ILP (Individual Learning Programme) has not been signed by the student and/or their tutor prior to the end of the qualifying period for funding. The Vice Principal, Curriculum and Quality has agreed to implement this recommendation immediately.

The recommendation to create a link between the Finance system and the Learner Records system has been investigated. It cannot be achieved in the manner suggested by Scrutton Bland but the Head of Finance has been working on developing a report that will tell the College who has enrolled in a week and who has paid. Payments are entered into the sales ledger and are then to be cross referenced with the payments received report. This is a time consuming approach but due to incompatibility a link between the Finance and Learner Records is not possible. Members were satisfied that this approach is managing the level of risk.

iii. **Assurance Mapping**
The College's Board Assurance Map continues to develop well and the profile of the framework itself reflects favourably against most clients of Scrutton Bland.

The College Secretary has been challenged by P Goddard and has provided rationale behind the assurance assessments made for the top ten College risks.

As a result of the review work undertaken five development actions have been agreed. The College Secretary will work toward achieving the actions which include engaging the senior management team to identify and assess other sources of assurances, taking account of assurances that have been obtained in previous years (where relevant) and providing supporting narrative behind the assurance map to underpin the RAG rating provided.

6 **Progress Report**
The report provided the Committee with an update on the progress made against the 2014/15 Internal Audit Plan. To date five of the seven internal audits have been completed, three reported back to the Committee, three will filter through to the June 2015 Committee meeting and the remaining audit for Cost Controls may potentially filter through to the first meeting in the new academic year due to the timing of the audit work and the date of the June meeting.

7 **Risk Management Update**
The Senior Management Team has reviewed the Risk register to ensure that the key risks for the 2014/15 academic year remain appropriate. The report

details risk movement since December 2014 and further highlights the degree by which risks have moved up or down the register.	
The Heat Map provides a graphical representation of risks on a grid in relation to each other. The College Secretary suggested providing the Committee in future with comparable maps so that at a glance members are able to see where risks have moved into high risk 'Red' zones or from residual areas on the grid into higher zones.	JBridges

A Maltpress left the meeting at 6.20pm

The Board Assurance Map provides members with an assessment of the quality and level of assurance against the risk. Risk R041 shows a medium level of confidence/assurance that the management actions have been implemented and this has been as a potential area to internally audit in the 2015/16 academic year.

The College Secretary, together with C Manning, attended an Audit and Risk Management ACER training session the last week. The College Secretary intends to explore introducing an assessment of risk appetite that would be intended to measure the level of risk the College would be prepared to take to enter into strategic opportunities; capital build projects, new ventures, mergers, acquisitions etc. The College Secretary will bring a proposal to the Committee at the meeting to be held in June 2015.   JBridges

At the suggestion of the Committee the Deputy Principal will talk to the Senior Management Team about including a risk on the register about effectively managing and bringing about a cultural change and how this can impact the workforce.   DJHowells

8   Committee Meeting Times
The Clerk will arrange for meetings to continue to be scheduled for a Tuesday at 5.00pm. The Committee agreed that as a minimum four meetings should be held in an academic year.

9   Any other business
This is the last meeting of the Committee the Deputy Principal will attend before he retires in the summer term. Thanks for his commitment and support to the Committee over the years were expressed.

Date of next meeting
Tuesday 16 June 2015 at 5.00pm. Room TG1.16

The meeting closed at 6.30pm