

**Minutes of the meeting held at 5.00pm on 21 June 2016**

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

**In Attendance:**        **S Jones, Vice Principal Finance and Resources**  
   **P Ewan, Head of Finance**  
   **L Johnson, Vice Principal Curriculum and Quality**  
   **L Moody, Vice Principal Employer Engagement**  
   **S Gravener, Scrutton Bland**  
   **L Keane, Scrutton Bland**  
   **C Sutherland, RSM**

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

- 1        Apologies for absence**  
Apologies for absence were received from J Gazzard, R Inman and C Manning. Apologies for absence were also received from J Smith of RSM.
- 2        Minutes of the meeting held on 23 February 2016**  
The minutes of the meeting were agreed as a correct record subject to amending the word 'is' to 'if' in the opening sentence of item 8 on page 2.
- 3        Matters Arising**  
From the minutes of the meeting held on 23 February 2016:
  - 2        Appointment of a Vice Chair**  
The Corporation was made aware of the vacancy of the Chair when it arises and it is hoped that the post will be filled through governor recruitment.
  - 3        Minutes of the meeting held on 24 November 2015**  
The minutes have been amended as requested.
- 7.i.    Learner Retention**  
Retention for work based learners cannot be easily measured in the same way as for classroom based learners due to the recruitment patterns for work based learners. As work based learners are recruited throughout the year, rather than during the main classroom based enrolment periods, and the end dates for the work based courses can be at any time during the year and generally cross two academic years, the learner numbers will fluctuate on an ongoing basis, which makes monitoring retention difficult. Therefore, the College monitors work based learners through reports that show 'best case success' rates. This shows the percentage of learners that will successfully complete their qualification based on the continuing learner numbers, success rates to date and the number of withdrawn learners per course. At the time of the audit, the majority of apprenticeships had good best case success rates. Those courses with lower rates have been identified by the College and are being addressed. Due to the nature of the enrolments, an overarching best case success rate is not available; however the majority of the apprenticeship courses are showing an upward trend based on last year's success rates.

**Action**

JBridges

## **8 Progress Report**

The Audit scope of the Computer Control Environment work was changed prior to it being carried out in early April 2016.

L Johnson and L Moody have been invited to the meeting to report on the Study Programmes and work Related Experience audit and to give an update on learner retention.

## **9 Risk Management Update**

The explanation as to why two risks, numbers R044 and R063, had increased from green to amber on the risk register at the February meeting has been communicated to the Committee by email on 25 February 2016.

A Whatley has been invited to attend the meeting to discuss the emerging reputational risk to the College associated with the Free School.

### **3.i Free School Reputational Risk Discussion**

The risk register has been updated to include this reputational risk to the College. The application has been made with the DfE for the Free School. The DfE would be responsible for the build and a project manager appointed.

Project Boards would be set up to take forward the work and there is a Task and Finish Group of College Governors who are monitoring the progress of and risk that the College may or may not be exposed to as the project develops.

A Curriculum Project Board will oversee the educational provision and how it will be delivered to meet the needs of the community. The Build Project Board will assume the responsibility for the development and design of the building. It is proposed that the build will be designed to accommodate 1700 to 1800 students. Comparatively Suffolk One in Ipswich has the capacity to take 2000 students.

The College is working closely with the schools in the area and is drawing upon the expertise of Suffolk One to progress the application through Suffolk Academies Trust.

The evidence of need for the Free School has been submitted to the DfE supported by Suffolk County Council who reviewed and inflated student numbers projected in the application as in their opinion more students in the area would be attracted than first anticipated. No further evidence or justification has been asked for by the DfE which indicates that a final decision on the success of the application could be expected late July 2016.

It was noted that the College is not exposed to any financial risk. The Academy Trust (SAT) will hold the long lease agreement of the property.

If the application is successful the timescale for opening would be September 2018, subject to any planning restrictions or hold ups from decision makers. It was noted that the risk identified on the register at this time is a reputational risk if the application of the Free School is declined. The risk is currently being managed through consultation and by way of maintaining and managing relationships with the local feeder Schools. It was recognised that when the decision is made by the DfE about the application to create the Free School

the risk on the register will need to be reviewed to ensure that it remains appropriate and suitably represents the risk to the College.

A Whatley left the meeting at 5.25pm

#### **4 Internal Audit Recommendation Tracking Report**

Members recognised that significant progress has been made since the report received in February 2016 to the Committee as eight of the eleven recommendations have been completed. The recommendation from the IT Backup and Document Retention audit work has now been superseded by the Computer Control Environment internal audit (reported under item 6.iii below) and the two recommendations arising from the CRM System Implementation report have progressed but remain as work in progress. The Committee agreed that the Vice Principal Employer Engagement is to discuss closing these two remaining recommendations arising from the CRM System Implementation audit work with internal auditors as both will be subject to continual review and update and in reality will never complete.

LMoody

N Roberts left the meeting for the following agenda item. It was noted that the meeting as a consequence was not quorate.

#### **5 Membership**

##### **i. Renewal of co-opted membership; N Roberts and J Gazzard**

Membership of this Committee, under its Terms of Reference, is able to include up to two members who are not members of the Corporation. Co-opted membership to any Committee is subject to annual review rather than an appointment to serve a three year term of office.

The Appointments and Governance Committee met on 11 May 2016 and subject to the endorsement of this Committee, it is proposed that they will put forward a recommendation to approve the reappointment of N Roberts and J Gazzard at the 14 July 2016 meeting of the Corporation.

The two members present agreed that both co-opted members were valued members of the Committee and asked the Clerk to contact the two absent members of the Committee; C Manning and R Inman, to seek their approval electronically to support the recommendation of the Appointments and Governance Committee to reappoint N Roberts and J Gazzard for the 2016/17 academic year at the 14 July 2016 meeting of the Corporation.

JBridges

It was noted that R Inman has notified the Chair of the Committee that he intends to resign from the Committee due to work commitments at this time. He will continue as an independent member of the Corporation.

N Roberts re-joined the meeting at 5.35pm

At the request of External Auditors the Chair rearranged the order of the agenda and item 8 was taken at this point in the meeting

#### **6 Internal Audit Reports**

##### **6.i. Study Programmes and Work Related Experience**

The objective of the internal audit work was to ensure that the College's revised delivery framework complies with funding requirements and is being implemented in practice.

The academic departments are tasked with arranging work related experience for learners that require it as part of their course at the beginning of the year and a total of 2,793 EFA funded learners were enrolled at the College.

A strong opinion (green status 1 of 5) was awarded for this internal audit work confirming that governance, risk management and control arrangements provide strong assurance that the material risks reviewed are managed effectively.

Auditors confirmed that they consider that the College has developed an effective framework to maintain evidence to support the number of planned hours for individual learners included within the Individualised Learner Record (ILR). For the sample of learners they reviewed, they found that the number of planned hours recorded on the ILR was supported by each learner's timetable. Completed registers demonstrate that learners are receiving teaching and learning relating to employability and the curriculum staff are maintaining evidence to demonstrate that the learners are undertaking work experience in line with the planned hours on the ILR.

There were no recommendations arising from this internal audit work.

The Vice Principal Curriculum and Quality mentioned that the outcomes of this internal audit work had been shared with Ofsted Inspectors at the recent inspection (May 2016). In their report they also concluded that the College has "implemented the 16 to 19 study programmes very effectively". Other extracts from the Ofsted Report include that "Learners on 16 to 19 study programmes gain and develop their practical vocational skills well through relevant work experience and work-related learning tasks". "College links to many high profile employers benefit learners greatly in their appreciation of good employability skills". "Links with employers and the LEP are now extremely strong; these links support the work experience element of 16 to 19 study programmes successfully, where most learners access good quality and relevant work placements".

The Committee congratulated the work of the Vice Principal Curriculum and Quality and were pleased to receive the clean audit.

LJohnson, L Moody and C Sutherland left the meeting at 5.55pm

## **6.ii Estates Management**

The objective of the internal audit work was to ensure that the maintenance and security of all campus buildings are managed efficiently, effectively and economically.

The audit work considered the 2015/16 estates budget of just over £1.3m which at the time of the audit £880K had been spent. To date a total of 2,657 Estates helpdesk requests had been raised with a total of 150 being outstanding at the time of the audit, the oldest of which dated back to April the previous year.

A significant opinion (green status 2 of 5) was awarded for this internal audit work confirming that governance, risk management and control arrangements provide significant assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy of operation of controls in practice should be improved further.

The audit work found that the College has developed some robust processes with regard to the completion and monitoring of planned preventative maintenance and the completion of monthly Estates walk rounds. The electronic database that is used to track which members of staff have been allocated with College keys was also noted as an area of good practice.

There are some areas where controls could be improved and three low recommendations were raised which include ensuring keys are returned to the Facilities Manager by members of staff who leave the College, ensuring all helpdesk tickets are closed in a timely manner and developing some performance indicators to allow the performance of the Estates Department to be formally monitored. It was noted that the first two recommendations have been actioned and completed immediately, the third is being actioned and a plan to address this is being developed.

The Committee was pleased to learn that auditors found evidence of how value for money is being achieved with the Estates Department on the purchases that are being made. This is an example of good practice and at the time of the audit review, the savings made totalled almost £7K.

### **6.iii Computer Control Environment**

The objectives of the internal audit work were to a) ensure that the College has appropriate mechanisms in place to enable it to recover adequately from a loss of data; and b) to ensure that adequate actions are taken to address the incident that occurred in November 2015, which resulted in the loss of some College data.

On 25 November 2015 the College experienced a major incident that resulted in service disruption to user files and data. The cause of the incident is not known. The impact of the issue mainly affected the IT and Admissions Departments, although many other staff members were affected in terms of file and data loss. Coincidentally an Open Event was held during the evening of the data loss, during which approximately 400 applicants completed online application forms for the 2016/17 academic year. The Admissions Department has re-input the lost data where possible, using information captured on paper however it is estimated that the data for 50 applicants who did not book an interview on the evening of the Open Event has been lost and cannot be recovered.

Backup routines have been changed as a consequence and an IT disaster recovery plan developed. A significant opinion (green status 2 of 5) has been attached to the initial response to the November 2015 data loss incident and reasonable assurance (yellow status 3 of 5) attached to current and ongoing disaster recovery processes.

Two medium and one low recommendation have been made. The College has produced an IT Disaster Recovery Plan that includes the details recommended in the report and recovery has been tested successfully. The top 10 most critical servers of the College are now being backed up on a sufficiently frequent basis now (every 15 minutes) and the College is currently market testing its Third Line Support contract with the specification requiring contractors to produce a documented options appraisal for backup of servers and data. In response to the third and low recommendation in the report the College has completed a comparison with other Educational Institutions and Shared Services are being prepared for.

Members of the Committee asked the Vice Principal Finance and Resources to share the new IT Disaster Recovery Plan with auditors for review and asked the College Secretary to share and discuss IT business continuity plans with insurers to ensure that appropriate cover under our schedule exists. Members suggested that the IT Disaster Recovery plan is relabelled as the IT Business Continuity Plan.

SJones

JBridges

SJones

#### **6.iv Governance and Risk Management**

The objectives of the internal audit work were to a) evaluate the level to which the College complies with the AoC's Code of Good Governance for English Colleges as well as the level to which the College already meets the expectations as detailed within the FE Commissioner's 2013/14 and 2014/15 Annual Reports and the Common Inspection Framework; and b) to evaluate the effectiveness of the College's Risk Management framework and to share best practice.

The Clerks' Network survey to determine governors' attendance rates for 2014/15 was undertaken. A total of 130 Colleges responded to the survey. The average attendance at Corporation meetings was 79.52%. Governor attendance meetings at the College for 2014/15 academic year was 82%.

The document developed by the Clerk to demonstrate the College's level of compliance with the Code of Good Governance for English Colleges determined that the College is fully compliant with 31 of the 32 clauses of the code and one of the clauses is currently not applicable to the College.

As at March 2016 the College's Risk Register contained a total of 36 risks. The register is presented to each meeting of this Committee and the Corporation.

Significant opinions (green status 2 of 5) have been given to both areas of the audit confirming that governance, risk management and control arrangements provide significant assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy or operation of controls in practice should be improved in practice so four low recommendations (3 arising from governance, 1 from risk management) were made. The job description of the Clerk is to be updated to contain reference to those duties that are undertaken but are not currently captured. The Governor induction processes are to be reviewed and enhanced and the governance evaluation process documented and formalised. The one recommendation arising from the risk management audit work relates to embedding risk management throughout the College at management level.

It was noted that five added value points had also been identified as part the audit work one of which was to introduce a regular standing agenda item for SMT meetings to initiate regular review of new or emerging risks and to refresh the mitigating activities and new actions. The Committee commented that while regular review was important it was more important to ensure that the time identified was used appropriately to conduct a meaningful review rather than add it as an item for discussion each week at SMT meetings which may not provide productive discussion.

#### **7 Progress Report**

The report confirmed that the audit plan for the academic year has been delivered in full with all areas receiving either Significant or Strong audit opinions in the year. There were no issues arising from the report.

**8** **2016/17 Draft Audit Plan**

The initial planning meeting has been held, the timetable confirmed and audit deliverables agreed.

The key business and audit risks and areas of material irregularity affecting the audit plan include the first year adoption of the Further and Higher Education SORP 2015, income recognition, pension scheme liabilities, going concern, management override of controls, accommodation strategy and relationships with Multi Academy Trusts.

Assurance fees were detailed in the plan but it was noted would be subject to an additional fee for one-off work as a result of the implementation of the F&HE SORP 2015 and FRS102 which will range from £1,500 to £2,500.

Appendix D (pages 21 and 22) detailed the governance, control and independence arrangements and confirmed that auditor independence has been maintained in accordance with ISA (International Standard on Auditing) UK and Ireland 260.

Appendix E set out some of the key issues currently affecting the sector and details of recent developments in this regard that may be of relevance to the College. Governors commented that they found this particular annexe really interesting and helpful and thanked auditors for highlighting the emerging issues in this way. It was noted that the word 'perquisite' in the second paragraph at the bottom of page 27 should read 'prerequisite' and this would be amended.

CSutherland

On page 5 it was noted that the planning timeframe should read 'July to August' and not 'August to July' and the reference made to the Self-Assessment concerned the Regularity SAQ and not the College Self-Assessment Report (SAR).

CSutherland

The order of the agenda resumed at item 6 above.

**9** **2016/17 Strategy for Internal Audit**

A planning meeting was held prior to this meeting of the Committee.

The Audit and Risk Management Committee is to assess and provide the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the economy, efficiency and effectiveness of the use of resources, solvency of the institution and the safeguarding of its assets.

The Committee has the freedom to determine where it wants Internal Audit focus to be and the potential audit areas for the 2016/17 academic year have been mapped against the entries held on the Risk Register.

Auditors are not proposing to review the Risk Management Framework during the 2016/17 academic year as the review of this area recently resulted in significant assurance level being assigned. Auditors are proposing however to deliver Risk Management training to College Managers. Governance is another area where significant assurance level has been assigned in this academic year and therefore it is not proposed that further time is spent in this area during 2016/17. The Committee agreed.

Pages 7 and 8 of the draft plan detailed the prior internal audit coverage and assurances over 2012/13 to 2015/16 and an indicative list of audit areas drawn together for inclusion within the Internal Audit Plan for 2016/17 was detailed over pages 9 through to 11. The proposal is to conduct seven to eight internal audits totalling 38 days.

At the planning meeting held prior to the meeting of the Committee the Chair had discussed and agreed with the auditors that the areas for inclusion in the Internal Audit Plan 2016/17 would be as follows:

- Maths and English

The scope would cover the financial effectiveness of delivery, class size optimisation, quality of delivery and look at the processes used to ensure that students are entered onto the right qualification level.

- Apprenticeship Recruitment and Employer Engagement

The scope is to be split into two separate internal audit areas which will look at the efficiency of the apprenticeship team, how the College is preparing/prepared for the apprenticeship levy (in effect as of April 2017) and how the College is engaging/engaged with employers.

- Human Resources

Not considered a priority audit area for the 2016/17 Internal Audit Plan.

- Health and Safety

The scope will include sample testing of the equipment maintenance and servicing schedule.

- Key Financial Controls

The scope will cover cash handling, income and debtors. These are audit areas that have not been in scope since 2012/13 so will be covered in the Internal Audit Plan for 2016/17.

- Marketing and Learner Recruitment Strategies

The scope of the audit work will focus on the application and enrolment processes of the Admissions Department and how this feeds into the marketing strategies of the College.

- Data Security

The scope would not include review of the College's back-up processes due to coverage in this area undertaken in 2014/15 and 2015/16 but will look at compliance around the controls in place to protect against unauthorised access to College systems and protection against ransomware for example.

- Strategic Planning

Not considered a priority audit area for the 2016/17 Internal Audit Plan.

- Subcontracting

This is mandatory audit work. The SFA requires an outcome certificate to be issued to them by 31 January 2017. Internal Auditors have been asked to provide the College with a cost to undertake this audit work.

- Follow-up

Standard practice to be undertaken to review the College's evaluation of the status of previous audit recommendations.

SGravener

- Risk Management

As discussed earlier at the meeting the scope of this work is to develop and deliver risk management training to the College Management Team.

- Quality Assurance and Performance Management

No longer considered a priority area for the 2016/17 Internal Audit Plan further to the Good judgement of the Ofsted Inspection (May 2016).

The Committee approved the items to be included in the Internal Audit Plan for 2016/17 as detailed above. The plan will be drawn and presented to the Corporation for approval at the meeting to be held on 14 July 2016. It was agreed that the scopes of the audit will be redrawn and shared with the Committee either electronically once available or if timely at the first meeting to be held in the new academic year.

SGravener

SGravener

## 10 **Risk Management Update**

The analysis of the heat map shows that the number of risks with a high likelihood of occurrence has decreased by 2 in the red zone between the months of February and June 2016 and the number of risks within the medium (amber zone) has increased from 9 to 13. Risks in the yellow zone (low) have decreased by 2 and risks in the green zone (residual) have increased by 2 from 9 to 11. There are 5 new risks added to the register and 3 have been removed since the last report to the Committee in February 2016.

The report detailed the specifics of the risk movement between reviews of the register and the College Secretary explained how the interactive copy can be used to switch between views of the register and the heat map.

Members' attention was drawn to the Board Assurance Map which details the quality and level of assurance to demonstrate how the risks on the register are being managed. The College Secretary explained that grey cells on the map indicate that no assurance exists which can either be because no source of assurance can be obtained from the first, second or third line area or that no evidence at the time of the review can be found to confirm that assurance exists. It was noted that members' have access to the excel copy of the map which when cells are hovered over provide the detail of the evidence that determines the level of assurance attributed (high = green, high/medium = green/yellow, medium = yellow, medium/low = yellow/red and low assurance = red). Governors attention therefore is attuned to look at grey, yellow, yellow/red or red cells on the map which indicate where no or low levels of assurance exist and then use the excel copy of the map to find the reason why cells are colour coded in that way.

## 11 **Risk Management Procedure Review**

The Risk Management Procedure is subject to an annual review by the Committee and the Corporation. There is a direct link between the Risk Management procedure and the College's Strategic Plan so the procedure has been updated to reflect the new strategic aims of the College from 2016/17 to 2018/19. Other minor amendments include replacing the term 'Governing Body' with 'Corporation' and updating the footer details. Tracked changes were used to demonstrate where amendments were proposed. The Committee agreed the changes and will put forward a recommendation to the Corporation for approval at the meeting to be held on 14 July 2016.

KGolding

**12 Internal and External Audit Services**

*Confidential item under paragraph 18(2) of the Instrument and Articles of Government*

Subject to the approval of the Corporation the College Secretary will confirm the reappointments in writing to the external and internal audit firms. She will also request that internal auditors provide executive summary internal audit reports in an attempt to reduce content and extrapolate only the high level detail.

JBridges

**13 Any other business**

None.

**Date of next meeting**

Tuesday 11 October 2016 at 5.00pm. Room TG1.16

The meeting closed at 7.00pm