

Minutes of the meeting held at 5.00pm on 11 October 2016

Present: **N Roberts (Acting Chair)** **A Maltpress**
 J Gazzard **K Heathcote**

In Attendance: **S Jones, Vice Principal Finance and Resources**
 P Ewan, Head of Finance
 P Goddard, Scrutton Bland
 L Keane, Scrutton Bland
 A Hicks, Interim Clerk to the Corporation

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

Action

1 Election of Chair

Due to the absence of the Chair and in line with the Committee Terms of Reference Members elected N Roberts to chair the meeting.

The Committee was asked to consider who to appoint as Vice Chair to enable succession for K Golding, who at the point he becomes the Chair of the Corporation (December 2016) is automatically precluded from being Chair of the Audit and Risk Management Committee under the Joint Audit Code of Practice. Following discussion the Committee agreed to defer the matter to the November meeting for a decision.

JBridges

2 Apologies for absence

Apologies for absence were received from K Golding, Chair and J Bridges, Clerk to the Corporation. Apologies for absence were also received from C Sutherland and J Smith of RSM.

3 Minutes of the meeting held on 21 June 2016

The minutes of the meeting were agreed as a correct record.

4 Matters Arising

From the minutes of the meeting held on 21 June 2016:

2 Minutes of the meeting held on 23 February

The word 'is' has been changed to 'if' in the opening sentence of item 8 on page 2 as requested.

4 Internal Audit Recommendation Tracking Report

An update is provided for within the recommendation tracking report item (below) as significant progress has been made against the two points pertaining to the CRM System Internal Audit work. Both recommendations therefore have been marked as closed.

5.i. Renewal of Co-opted membership; N Roberts and J Gazzard

Both appointments received the support of the two absent members at the last meeting and a recommendation was put to the Corporation at the meeting held in July to reappoint both members.

6.iii. Computer Control Environment

The Vice Principal Finance and Resources reported that of the 3 recommendations 2 have been fully completed and 1 partially completed with some areas of the recovery plan still requiring a little work.

Insurers are undertaking an assessment in the autumn term and will take into account the IT Business Continuity Plans of the College.

The IT Disaster Recovery plan has been relabelled as the IT Business Continuity Plan.

8 2016/17 Draft Audit Plan

The word 'perquisite' has been amended to read 'prerequisite' at the bottom of page 27 and the timeframe on page 5 changed to read 'July to August' and not 'August to July'. Both amendments were made to the plan and the Corporation approved the document at the meeting held in July 2016.

9 2016/17 Strategy for Internal Audit

The cost to undertake the SFA Subcontractor mandatory audit work has been confirmed and the dates of the audit work are to be confirmed.

The 2016/17 Internal Audit Plan was presented to the Corporation and approved by the Board at the meeting held in July 2016.

The scopes of the audit work for the year are covered under item 8 (below) of this meeting.

11 Risk Management Procedure Review

The Corporation approved the procedure at the meeting held in July 2016.

12 Internal and External Audit Services

The Corporation approved the reappointment of Internal and External Audit services at the meeting held in July 2016.

The reappointment letters were issued in July 2016 and it was agreed in September that executive summary internal audit reports will be provided by internal auditors with the full report linked for information.

5 Committee Terms of Reference

Each Committee is asked at their first meeting in the new academic year to review and approve its Terms of Reference. No changes were proposed to be made however Members noted that in normal circumstances a Vice Chair would be appointed in July of each year. On this occasion this decision has been deferred until the November 2016 meeting. Following due consideration the Committee **resolved to approve** the Audit Committee Terms of Reference. **Proposed** by A Maltpress and **seconded** by J Gazzard. All Members in favour.

6 Internal Audit Tracking Report

Members considered progress towards completion of recommendations arising from internal audit work. Since the last report in June 2016 two recommendations have been completed with a further two closed and four still being implemented.

The Vice Principal Finance and Resources confirmed that the Options Appraisal recommended in the internal audit of Computer Control Environment had been carried out by Green Duck and a detailed report should be available for the November meeting of the Committee. It is anticipated that this will result in third line support being contracted out. He advised that the hardware failure experienced in November 2015 could not have been predicted and although improved systems would speed up recovery the failure could not have been prevented.

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The Internal Audit Service confirmed that it was happy with the significant progress being made in the implementation of recommendations. Members discussed recommendations classified as 'work in progress' and noted there was no indication of a planned implementation date and therefore no way of identifying if the planned work was on schedule. It was **agreed** that an implementation date should be included in future reports.

JBridges

7 2015/16 Internal Audit Annual Report

Internal Auditors are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of the College's risk management, internal control and governance processes.

In the opinion of Scrutton Bland, for the year ended 31 July 2016 the College has adequate and effective risk management, governance, control, efficiency, effectiveness and economy processes and green status has been awarded across all four areas.

The College made good progress during the 2015/16 academic year with good responses from management in terms of the implementation of recommendations. Good examples of the College providing value for money were found with a view of improving efficiency, effectiveness and economy within the College.

The self-assessment on page 7 of the report shows that all performance indicators have been achieved in the year and it was noted that audit work in summary has produced 24 recommendations 5 of which are medium and 19 low. Members were pleased to note there were 5 added value points.

Page 9 of the internal audit report provided the Committee with a comparison between the individual assurance levels allocated in the year, as a percentage, against the average number allocated across the General Further Education clients that auditors work with. The College performance being 11% Strong, 78% Significant, 11% Reasonable with no limited assurances. In comparison the sector is 20% Strong, 66% Significant, 11% Reasonable and 3% Limited. Members received assurances from the Internal auditors present that the difference between the College and sector strong assurance level was not a major issue and reflected 1 recommendation. The deliberate approach of the Committee to steer internal audit work based upon the risk register rather than areas where the College is known to be strong added value and provided a more accurate reflection of performance and areas for improvement. This being reflected upon on page 10 of the auditor's annual report.

Recommendation benchmarking on page 10 contains a comparison between the College and the General Further Education clients that auditors work with. This shows that of the recommendation made for the College 12% were

medium and 88% low there were no high recommendations. This compares well against sector figures of 2% high, 19% medium and 79% low.

8 Internal Audit Briefs

The Internal Audit Service presented the briefs which have been agreed with the Senior Management Team and the relevant responsible manager. The scopes of the internal audit work are shared with the Committee for information. Members noted the opportunity has been given to focus each audit and for key personnel to include any areas of concern in the brief.

i. **Apprenticeship Recruitment and Employer Engagement**

Audit work will take place over 2 visits. The first visit will commence in November 2016 and will review preparation and implementation of the revised apprenticeship recruitment and employer engagement framework. The second visit scheduled for March 2017 will review how effectively the College has implemented the revised framework. The report will be presented to the Committee at the meeting to be held in June 2017.

ii. **Data Security**

Audit work takes place in December 2016. The report will be presented to the Committee at the meeting to be held in February 2017. Governors queried the procedure for them to dispose of Committee and Corporation papers. It was **agreed** that Governors induction should include guidelines on correct disposal procedures.

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iii. **Key Financial Controls**

Audit work takes place in January 2017. The report will be presented to the Committee at the meeting to be held in February 2017.

iv. **Learner Recruitment**

Audit work takes place in October 2016. The report will be presented to the Committee at the meeting to be held in February 2017. Members questioned if marketing would be considered in the audit and received assurances that although marketing is a separate audit brief some crossover does occur.

v. **Maths and English**

This internal audit work has been completed and the audit debrief with the responsible manager just taken place. The report will be presented to the Committee at the meeting to be held in November 2016. Governors received confirmation that recommendations from the previous audit would be followed up to ensure the agreed actions have been fully implemented. They were given examples of how 'learning walks' were conducted, feedback given to staff and best practice shared. It was **agreed** that Governors would be given the opportunity to join 'lesson walks' during Governors' First Hand Week.

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9 Internal Audit 2016/17 Progress Report

The schedule shows the internal audit work programmed to take place during the 2016/17 academic year. The audit work for Maths and English having now been completed. Members were advised that the brief for the Health and Safety audit was still to be finalised. It was **agreed** that as the lead Governor for Health and Safety, A Maltpress, should be given the opportunity of commenting on the brief.

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10 Assessment of Internal Control Systems (FMCE)

Although the Skills Funding Agency (SFA) has removed the requirement to complete and submit the FMCE return annually the Committee considers that the Assessment of Internal Control Systems (derived from the FMCE by the College) is a useful management tool for the College to benchmark itself against expected good practice. The assessment has been completed in draft in order to determine that the financial management and control arrangements assurance level of the College is effective.

Members discussed the assessment and noted those areas highlighted in yellow text yet to be finalised (page 9 question 5) and were advised that evidence provided for question 8 (Page 10) was in need of review. The internal auditors gave a comprehensive explanation of levels of assurance required in respect of question 2 (page 24) and the evidence statement provided.

The internal audit service advised the FMCE is a historical document which has been superseded by the mandatory Regularity Audit which although a much less detailed document provides the Chief Executive of the SFA and the EFA with assurance that financial management and control arrangements of the College is effective.

Members noted the work involved to update and complete the Assessment of Internal Control Systems and the need to ensure it remained relevant. It was **agreed** that the Vice Principal Finance and Resources and the Clerk would review the content and validity of the Assessment of Internal Control Systems and present the completed document for approval by the Committee at the meeting to be held in November.

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11 Risk Management Update

The risk register has been updated to ensure that the key risks for the academic year are appropriate.

The Heat Map shows 2 high risks (red zone) have been added between the months of June and October with the number of medium risks (amber zone) staying at 13. The number of low risks (yellow zone) have increased by 2 and residual risks (green zone) increased by 3 from 11 to 14. Members considered the overall movement of risks and noted that although 5 risks had been removed from the register 12 had been added.

The Committee discussed the movement of risks along with the new risks added to the register. Following discussion of risk R091 it was agreed that details of the HE QAA review will be communicated to members of the Committee.

J Bridges

12 Any other business

None

Date of next meeting

Tuesday 22 November 2016 at 5.00pm. Room TG1.16

The meeting closed at 6.30pm