Governing Body
AUDIT AND RISK MANAGEMENT COMMITTEE

WSC | WEST SUFFOLK COLLEGE

Minutes of the meeting held at 5.00pm on 10 October 2017

Present:	N Roberts (Vice Chair)	A Maltpress
	K Heathcote	H Nydam

In Attendance: S Jones, Vice Principal Finance and Resources
P Ewan, Head of Finance
L Keane, Scrutton Bland
J Bridges, Clerk to the Corporation

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

Action

1   Appointment of Chair and Vice Chair
The Corporation reviewed the appointments of Committee Chair and Vice Chair roles at the 7 July 2017 meeting. J Gazzard remains Chair and N Roberts as Vice Chair to the Audit and Risk Management Committee.

2   Apologies for absence
Apologies for absence were received from J Gazzard, Chair, C Sutherland of RSM, J Smith of RSM and P Goddard of Scrutton Bland. In the absence of the Chair, the Vice Chair, N Roberts, chaired the meeting.

3   Minutes of the meeting held on 20 June 2017
The minutes of the meeting were agreed as a correct record.

4   Matters Arising
From the minutes of the meeting held on 20 June 2017:

4   Internal Audit Recommendation Tracking Report
Managers responsible for recommendations arising from internal audit work have been informed that the expected implementation dates have to be reviewed and realistic in the tracking report.

6.i.   Renewal of Co-opted membership; N Roberts and H Nydam
Both appointments were approved by the Corporation at the meeting held on 7 July 2017.

7.i.   Maths and English
At the last meeting the Committee asked to receive assurance that all recommendations of this report will be met before the end of the academic year. Plans are in place for the recommendations to be met by the end of the year but they could not be fully implemented by the end of the academic year. Progress has been tracked under agenda item 6 of this meeting.

The recommendations arising from this internal audit work have been reassigned to S Jones as requested.

12   Risk Management Procedure Review
The Corporation approved the appointment of RSM as external auditors at the meeting held on 7 July 2017.

The Corporation approved the appointment of Scrutton Bland as Internal Auditors at the meeting held on 7 July 2017.

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

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 although it was agreed that in light of the change from JACOP to the new Post 16 Audit Code of Practice this should be updated in terms of reference. References to the word 'audit' when referencing the Committee's opinion on the adequacy and effectiveness of the audit arrangements is to be changed to the word 'assurance, and 'economy' removed where a statement is made about securing economy, efficiency and effectiveness. The terms of reference are also to include reference to the requirement under the Post 16 Code of Practice about opinions on the effectiveness and efficient use of resources, solvency of the institution and the safeguarding of its assets. Subject to these inclusions the Committee resolved to **approve** the Terms of Reference. **Proposed** by H Nydam and **seconded** by A Maltpress.

JBridges

6   **Internal Audit Recommendation Tracking Report**

Members considered progress towards completion of recommendations arising from internal audit work. Since the last report in June 2017 six of the recommendations have been completed, one is partially completed and one has been closed. The status of the 12 remaining recommendations are still in progress and members received an updated in the tracking report.

It was noted that 9 of the 12 outstanding recommendations in progress were less immediate to implement than the 3 rated medium (yellow). The two low recommendations arising from the Governance and Risk Management Audit work in May 2016 are not a priority at this time given the potential significant governance structural changes that are currently being worked through. The Clerk has these 2 recommendations in scope and aims to complete both by the end of the academic year.

There are 5 recommendations (2 medium and 3 low) arising from the Data Security audit work undertaken in December 2016 still in progress. The first recommendation is planned to complete next month. The new protocol for passwords will be a minimum of 10 characters comprising minimally of at least x 1 special character, number and capital letter which is to be changed annually. Password changes for Business Support Staff will occur annually in June and October for Academic Staff. The recommendation of Internal auditors was for passwords to change every 90 days but this was felt would be too frequent and could potentially defeat improving the security of passwords as staff may write them down in order to remember them. It may be more appropriate for passwords to reflect a phrase rather than a word as this may be easier to remember and may then stop staff changing the password by increasing the numerical digit by 1 each year (i.e. password1, password2, password 3 etc each year).

The next medium recommendation covered the need for all staff to undertake the data protection training. This has made good progress and as at 24 September 2017 there are 41 members of staff on the renewal list to complete. By December 2017 all staff should be trained and it was recognised that in

light of the new GDPR legislation in May 2018 training for all staff will need to be undertaken to ensure compliance of the new regulations.

With regard to the next recommendation (low) about updating the College Data Protection policy a review will be undertaken as part of the GDPR preparation plan and this is likely to be carried out in the Spring Term. The College has engaged with an external company to see us through GDPR compliance.

Encryption capability has been sourced and tested and is ready to be rolled out once all staff devices are running Windows 10. This recommendation is set to complete in December 2017 and a priority list of laptop devices for encryption technology is also being completed. There could be a cost implication to upgrade a number of laptops that currently don't have the encryption capability (TPM cards) so an assessment of how many laptops need to be replaced is being carried out based on the need to store, use and send personal sensitive data on each device. The aim for laptop encryption is to upgrade by May 2018.

The data retention schedule (low priority recommendation) will be reviewed as part of the review of the data protection policy in line with the GDPR preparation plan as discussed above.

Health and Safety checks of employers who take students on work experience is now being managed through the CRM system. Where we have an existing relationship with an employer a check will have been completed. New employers we engage with (i.e. records not held on CRM system) will be subject to a health and safety check and other due diligence checks.

We are in the process of catching up with Health and Safety induction and topical refresher training. The Committee was concerned that statutory compliance of health and safety has not been achieved given that 76 new starters from 1 September 2016 to date had not been inducted. The College Secretary confirmed that all new starters were receiving and had completed the online RoSPA accredited introduction to Health and Safety so statutory compliance has been met but it had been recognised that the RoSPA module did not explain the College's arrangements for safe evacuation etc in the event of fire and other College specific activities so additional face-to-face induction sessions have been organised. Once we are on top of all of the new starters weekly health and safety inductions will be held to ensure that everyone starting that week has had the training as it is a requirement of all staff to complete the mandatory elements (of which Health and Safety is) within 6 weeks of their employment at the College in order to successfully complete their probationary period (12 months). The Committee will receive an update on progress at the next meeting to be held in November 2017.

Two of the five recommendations arising from the Maths and English internal audit work have been completed since the last report to the Committee in June 2017, one is partially complete and the remaining two are in progress. The recommendation to run regular condition of funding reports is partially complete as reports will be regularly produced from the R04 ILR return (November 2017). It was agreed that the Vice Principal Finance and Resources will provide the Committee with a verbal update at the next meeting to be held in November 2017. In addition it was noted that condition of funding is a fundamental part of the MIS role and compliance would not go unmissed.

SJones

It was further noted that the bid for an additional staff in exams has been approved and this resource will help the department manage the significant increase in adult English and Maths and ESOL enrolments. In the last few years it was noted that this provision has increased from 78 enrolments to 900 plus.

The process for setting up timetables and registers for learners on Maths and English is still in progress. Maths are done but work continues to conclude the process for English students but this should be in place by the end of the month.

The final recommendation arising from the Maths and English audit work to produce reports on class sizes can be completed once the timetabling have been amended registers built. Again this recommendation is expected to be completed by the end of the month.

The one remaining recommendation arising from the Learner Recruitment audit work undertaken in March 2017 is set to be completed in December 2017. The admissions report is being developed and will start to produce data once the first students have applied. The first KPI report is anticipated to be reviewed by the SMT after the October half term and an update will come back to the Committee in the next recommendation tracking report to be received at the meeting to be held in November 2017.

Finally the low recommendation arising from the Apprenticeship Recruitment and Employer Engagement audit work undertaken in April 2017 is dependent upon the Government's decision on funding non-levy apprentices from 1 January 2018. The implementation date of this recommendation has therefore been deferred to January 2018.

7   **2016/17 Draft Committee Annual Report**
The draft annual report of the Committee has been prepared and approved by J Gazzard for the 2016/17 academic year.

It was noted that the performance indicator questionnaire on the performance of both external and internal auditors that accompanies the Committee's annual report to the Corporation will be issued to Committee members for completion at the meeting to be held in November 2017. The aggregate scores of members is then presented in the final report to the Corporation at the meeting to be held on 14 December 2017.

JBridges

The Committee asked the Clerk to review the section in the report concerning the latest position about the potential data protection breach. The position has changes since first draft of the report. The sections of the report that reference the opinion of the Committee are also to be updated to reflect the requirements of the Post 16 Audit Code of Practice than those of the JACOP. The Clerk will bring the final report back to the Committee meeting to be held in November 2017 for approval.

JBridges

8   **2016/17 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 2017 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.

Auditors noted that the total number of medium risk recommendations raised in 2016/17 from internal audit work is significantly higher than the two raised during 2015/16; however it is considered that the focus of their work has been appropriately directed to those areas where the College has identified that improvement are required and their finding support this. The important point to note is that there were no recurring themes identified within the findings and management have fully accepted the recommendations raised. The Committee asked that this is acknowledgement is included in the Committee's Annual Report to the Board.

JBridges

On page 10 of the report the Committee could see a graph comparing the categories of recommendations that have been allocated during each audit in the year, as a percentage, against the average number allocated against other FE clients of the auditors. As the College had a significantly increased number of medium recommendations arising from internal audit work in the year compared to other FE clients there was concern as to how public this information was made. Auditors assured that their reports are exclusive to their clients and more importantly it could be that other clients are not focussing their audit work as effectively as the College is.

In summary, auditors have provided two strong, two significant and four reasonable assurance opinions and raised 15 medium risk recommendations in the audit work reports in the 2016/17 academic year.

All performance indicators (page 7) have been achieved in the year with one exception where a report was issued three days after the due date although this had no negative impact on performance to report.

The benchmarking data graph (page 9) shows a comparison of the individual assurance levels allocated during each audit in the year, as a percentage, against the average number allocated across other FE clients. This shows that the College has received more strong and reasonable assurances than other FE clients and it is positive to report that no high risk recommendations fell out of any of the audit work areas in the year.

It was agreed that the investigation report of auditors concerning the theft of the camera equipment from the media department in the 2016/17 academic year is to be shared with the Committee.

SJones

9 **2017/18 Strategy for Internal Audit**
A planning meeting with the Chair, Vice Chair, Vice Principal, Clerk and Internal Auditors was held at the end of August 2017 to discuss and agree the plan for the 2017/18 academic year.

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 2017/18 academic year have been mapped against the entries held on the Risk Register.

The requirements of the Committee, the plan and background about Internal Auditors, Scrutton Bland, are set out in pages 1-4 of the report received by the Committee.

Pages 7 and 8 in the report show the prior year audit coverage and assurances and the proposed audit review areas for 2017/18.

Further to the discussion with the Chair, Vice Chair, Vice Principal Finance and Resources and the Clerk the summary 2017/18 Internal Audit Plan was detailed over pages 9-11 of the report and provided indicative timings of the planned work.

Members questioned if management stretch, a risk on the register would be covered in any of the audit work planned. The Clerk commented that the potential significant changes in our governance and introduction of a shared services strategy that is currently being worked through is an area that has deliberately not been covered under the audit scope at this time. Management stretch may be alleviated by a collaborative working arrangement and shared services vehicle so this could be an area to audit in the next academic year, to which members agreed.

Auditors were asked to include the impact of the Vintens Project to the HR Recruitment, Performance and Management Succession Planning scope of work to which auditors agreed to factor this in.

LKeane

| 10 | **Risk Management Update** |

The risk register has been reviewed to ensure that they key risks for the academic year are appropriate. At a glance the number of risks with a high likelihood of occurrence has increased by 2 up to 3 in the red zone between the months of June and October 2017 and the number of risks within the medium (amber zone) has decreased by 1 from 12 down to 11. Risks in the yellow zone (14) have decreased by 3 from 17 with the same number (12) in the green zone (low risks) from June to October 2017. There are two new risks added to the register and three risks have been removed.

Members noted a discrepancy between the Register and Board Assurance Map between the overall risk rating scores and residual risk rating scores of the top 3 three risks of the register. The Clerk confirmed that amendments were made last minute prior to release of the papers and indeed the register was correct and the assurance map required updating.

It was noted that R062 'failure to achieve Maths and English conditional funding requirements leads to reduced income' had moved up to third place on the register yet the tracking report discussed earlier suggested that this was not a high risk as reporting and control was in place. The Clerk confirmed that this risk was one of the last minute changes and had been moved up the register because Maths and English GCSE results had come in lower than predicted for so for the College in 2017/18 was a particular area for improvement and a reputational risk for the College. It was agreed that this should feature has a risk in its own right and the risk about conditional funding moved lower down the register as initially scored.

11   Any other business
Covered under matters arising above.

Date of next meeting
Tuesday 21 November 2017 at 5.00pm. Room TG1.16

The meeting closed at 6.30pm