

Minutes of the meeting held at 5.00pm on 24 June 2019

Present: J Gazzard (Chair)
J Wakelam
N Roberts

A Maltpress
H Nydam

In Attendance: J Raffel, Group Director Finance
P Ewan, Head of Finance
L Keane, Scrutton Bland
C Sutherland, RSM
J Bridges, Clerk

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

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| <p>1 <u>Apologies for absence</u>
Apologies for absence were received from S Howard and P Goddard of Scrutton Bland. The Vice Principal Finance and Resources, S Jones also passed on his apologies.</p> | |
| <p>2 <u>Minutes of the meeting held on 11 February 2019</u>
The minutes of the meeting were agreed as a correct record subject to removing P Ewan as in attendance as she was actually absent plus there was a typo to amend on page 3 to change the word 'route' to 'root.'</p> | JBridges |
| <p>3 <u>Matters Arising</u>
From the minutes of the meeting held on 11 February 2019:</p> | |
| <p>10 <u>Committee Meeting Times</u>
Meetings have been scheduled for Monday 7 October 2019, 25 November 2019, 10 February 2020 and 22 June 2020 to start at 5.00pm.</p> | |
| <p>4 <u>Membership</u></p> <p>i. <u>Renewal of co-opted membership; N Roberts and H Nydam</u>
Membership of this Committee, under its Terms of Reference, is able to include up to two members who are not members of the Corporation. At the Committee's suggestion co-opted membership to the Audit and Risk Management Committee is subject to annual review rather than an appointment to serve a three-year term of office.</p> <p>The Appointments and Governance Committee met on 8 May 2019 and have endorsed the appointments and will recommend both Nick Roberts and Henry Nydam be reappointed at the meeting of the Corporation to be held on 8 July 2019.</p> <p>The Committee considered the re-appointments and confirmed their approval of the recommendation of the Appointments and Governance Committee. Proposed by A Maltpress and seconded by J Wakelam.</p> | |
| <p>5 <u>Internal Audit Recommendation Tracking Report</u>
The Committee received the report and had considered the progress made towards completion of the recommendations arising from the internal audit work undertaken in the academic year. Since the last report in February 2019, 2 of the 12 recommendations are completed, 1 out of 12 has been closed and 1 out of 12 is resolved. There are 3 out of 12 that remain as work in progress, 1 has made</p> | |

excellent progress, 2 are partially completed and the remaining 2 are yet to be progressed. The Committee raised no concerns with progress.

There was concern with the slow progress to carry out the Health and Safety induction with new starters and the College Secretary confirmed that due to the absence of a Health and Safety Manager for a number of months there is now a catch-up plan in place further to the new Health and Safety Manager taking up post in January 2019.

It was noted that the first recommendation of the Marketing audit is to be moved to a target date of August 2019 from December 2019 bearing in mind that the recruitment strategy for the 2019/20 needs to be in place prior to the start of the academic year, not post.

JBridges

6 Internal Audit Reports

i. Maths and English

The objectives of this audit were to confirm that the College is complying with the Condition of Funding and that the tolerance limit is not breached; and to review the delivery of the Basic Maths Premium Pilot that the College is participating in and how the funds from this are being drawn down and utilised.

Auditor's awarded a Significant Assurance (green status) opinion commenting that the College has made improvements on the management of maths and English provision since their previous review carried out in March 2017 and the implementation of the Folio system has improved the timeliness, accuracy and optimisation of group allocation. The areas for improvement identified following this audit mainly relate to maximising the use of the Hegarty Maths system for ongoing assessment and the correction of minor errors in the accounting records for the Maths Premium Pilot. It was noted that the Hegarty System is considered a value-added point and discussion at the meeting from the Group Director Finance added that as a parent he had first-hand experience of the system and reported how responsive and useful it was to see the progress that students were making with regard to their studies. The auditors work resulted with two low risk recommendations made.

N Roberts joined the meeting at 5.25pm

ii. GDPR Compliance

The objective of this audit was to assess the level to which the College complies with the General Data Protection Regulation (GDPR).

Auditor's awarded a Significant Assurance (green status) opinion commenting that they consider that the College has taken appropriate steps to achieve compliance with the GDPR. This includes contracting with a Data Protection service who have conducted a thorough review of the data handling, retention and disposal processes followed by College personnel. The College Secretary and Data Protection Lead has a good understanding of the outstanding actions required to ensure compliance with the GDPR and ensures that the Audit and Risk Management Committee and the Corporation maintain a transparent oversight of the area. One low risk recommendation to improve the performance of the system of internal controls has been raised together with one best practice point. Auditors also reinstated two low risk recommendations from their previous review in this area.

iii. Work Placements

The objective of this audit was to confirm that the processes for identifying work placements for students, vetting of employers and employers' premises (including

health and safety checks), monitoring of the student experience regarding work placements and links to the curriculum are effective.

Auditor's awarded a Reasonable Assurance (amber status) opinion commenting that the College has a work placement team that has recently been incorporated into the employer engagement team to improve the benefits and efficiencies of combining employer knowledge, contacts and relationships. Employer details are maintained on the College's CRM system but all records pertaining to individual work experience are manual. However, the College has now invested in an electronic system; 'Grofar', that will reduce the need for paper-based records and will give the College, student and employer access to the same platform. This system has been procured by individual members of the New Anglia Colleges Group with the intention that it will be used collaboratively across the region. Auditors raised one medium and five low risk recommendations to improve the performance of the system of internal controls and raised one added value point. It was noted that the implementation of GroFar will eradicate duplication of effort and retention of manual records and processes and will be a significant improvement for the management of student work placements for the College in the future.

iv. Subcontracting ESFA

The objective of this audit was to undertake an independent review of the College's subcontracting provision. This review was aligned with the Education and Skills Funding Agency (ESFA) June 2018 document 'Providing external assurance on subcontracting controls'.

Auditor's awarded a Significant Assurance (green status) opinion commenting that they consider that the subcontracting framework within the College continues to be robust. As part of this review, they followed-up on the progress made against the recommendations raised during their previous audit in this area, which was completed during the 2017/18 academic year. It was noted that auditors found that the two recommendations raised from the previous audit have not yet been implemented although some progress has been made against both of them. Two low risk recommendations were made, and it was noted that one medium risk recommendation has been reinstated.

7 Internal Audit Progress Report

The progress report shows the planned dates for the internal audit work completed in the year and the dates that the reports will be received by the Committee.

It was noted that the reports arising from the T Level Implementation and Strategic Planning and Governance audit work will be reported to the Committee at its first meeting in the new academic year (October 2019).

8 2018/19 Draft Audit Plan

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

The plan explains the scope of the audit of the financial statements and the regularity assurance engagement, the proposed approach, and highlights the key risks that auditors will be focusing their audit work upon.

The scope of the audit is set out on page 4 of the plan and is unchanged from last year.

The key business and audit risks and areas of material irregularity affecting the audit plan include a review of income recognition, pension scheme liabilities, going concern, management override controls and the accommodation strategy.

The review of income recognition will look at the income of each funding stream to ensure that it has been recognised in accordance with the College's accounting policy and the SORP (Statement of Recommended Practice). It was noted that discussions with management have concluded that there is no significant risk of under delivery in respect of the Adult Education Budget but that there is a risk of under delivery with respect of the Higher Education provision. If a shortfall is identified in either funding stream auditors will be looking for suitable provision to be included for amounts expected to be clawed back.

The liability that is required to be recognised under the Financial Reporting Standard 102 in respect of the College's share of the LGPS deficit is expected to be significant. This is calculated by an actuary based on College data and a number of key actuarial assumptions. It was noted that there is a risk that the amount may be materially misstated where the data and/or assumptions used are not appropriate and auditors will conduct work to review the key data to ensure that these appear reasonable.

The Corporation is responsible for assessing whether adopting the Going Concern basis of accounting for the financial statements remains appropriate. As part of the assurance work auditors will consider whether there were any breaches in bank covenants in the year and also if there were any forecast breaches and if any, the actions put in place to redress the position.

Auditors plan to look at journal entries and other systems under Management Override Controls to ensure that transactions made in the preparation of financial statements can be traced back to source documentation.

Under the review of the College's Accommodation Strategy Auditors intend to look at the costs incurred in respect of the Vintens project and works to the Barrack Wall to ensure that impact of these costs have not negatively impacted the College's cash flows and that the College can remain as a Going Concern. The current status of any capital works planned through the year will also be assessed together with the maintenance plans for the summer to ensure that expenditure is accounted for in the correct period of reporting.

Assurance fees were detailed in the plan (page 10) and accepted by the Committee.

Appendix A of the plan confirms the contact details of the Audit Engagement Team. Appendix B sets out the other matters relating to audit and regularity scope, approach and reporting. Appendix C include the pro forma audit and regularity reports (unmodified) and Appendix D details the governance, control and independence arrangements. It was noted that auditor independence has been maintained in accordance with ISA (International Standard on Auditing (UK) 260).

Appendix E sets out some of the emerging issues currently affecting the sector and details recent developments in this regard that may be of relevance to the College. Topics included; Insolvency; Financial Challenges; Risk and Governance; Post-16 Audit Code of Practice; Sector Annual Reports (Ofsted and FE Commissioner); Technical and Apprenticeship provision (T Levels and Apprenticeships); the new Remuneration Code and other Sector Developments

such as devolution, English and Maths Condition of Funding, Office for Students, making tax digital and student loans. It was noted that the 7% increase in TPS Pension Contributions will be grant funded in year one and assumptions in financial plans and budgets have been made to assume grants in future years as the increase is unsustainable to be paid by College funds (£400K year on year). With regard to insurance it was questioned if the College holds insurance against employee fraud. The College Secretary agreed that she would check and confirm that this was in place.

9 Indicative Internal Audit Needs Assessment for 2019/20

The Committee considered the indicative internal audit areas of focus for the 2019/20 internal audit plan. This potentially could cover areas such as the anti-fraud and whistleblowing framework, Apprenticeships Post Levy Implementation, Budget Setting, Computer Control Environment (backup and retention), Estates Management, Examinations, Financial Controls (fixed assets), Governance and Risk Management, HE Recruitment, High Needs funding and Human Resources.

The Committee asked that an advisory audit of Health and Safety would be useful to include as part of the Audit plan for the 2019/20 academic year.

JBridges

A meeting of the Chair, Vice Chair and Internal Auditors will be convened over the summer to determine the audit plan for the 2019/20 academic year and bring this back to the Committee at its first meeting in the new academic year (October 2019).

JBridges

10 Risk Management Update

The risk register has been reviewed and updated by the Senior Management Team. At a glance the number of risks with a high likelihood is 3 in the red zone; 4 amber; 12 yellow and 17 in the green zone (low risks). There are no new risks added to the register and 2 risks have been removed (R038 and R072).

11 Risk Management Procedure Review

The Risk Management Procedure is subject to an annual review by the Committee and the Corporation. The procedure has been reviewed and only the insertion of 'CEO' to the role of the Principal to read CEO/Principal and the footer details have been updated in this review. Tracked changes were used to demonstrate these minor amendments. The Committee **approved**, by a show of hands, the procedure and will put forward a recommendation to the Corporation to approve the procedure at the meeting to be held on 8 July 2019.

JGazzard

L Keane, C Sutherland and L England left the meeting at 6.05pm

12 External and Internal Audit Services

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

External Audit Services
Internal Audit Services

13 GDPR Update

At the time of writing the report details that the College has now completed 69% (45% in February 2019) of the GDPR Compliance Action Plan to date, leaving 25% progress required (amber) and 6% good progress (green) to be made. The College Secretary confirmed that this is now 80% complete, 16% amber and 4% green progress remaining to be made.

As at 6 June 2019 every member of staff employed as at 25 May 2018 has completed the online GDPR training (109 in February 2019) so this is now 100% complete. A new report has now been run to ensure that all new starters since 25 May 2018 have completed the online training as part of their induction programme. At the time of writing the report only 13 staff are still to successfully complete the course, there are now only 6 staff to complete.

The College has dealt with two subject access requests since 25 May 2018. One request was satisfied, the other was declined due to the excessive volume of the information required.

The Breach Book was opened on 25 May 2018 and the College has experienced and logged 24 minor breaches in this time (12 as at February 2019). 11 cases were due to information being disclosed in error, 5 cases of information lost in transit, 3 cases of non-secure disposal of information, 1 case of Technical/Procedural Failure and 4 Other cases (details below). No case was categorised as significant and was reportable to the ICO. All cases were investigated and where appropriate the implicated individuals (data subjects) were informed.

14 Any other business
None.

Date of next meeting

Monday 7 October 2019 at 5.00pm. West Suffolk College - Room TG1.16

The meeting closed at 6.15pm