

Governing Body
AUDIT AND RISK MANAGEMENT COMMITTEE

Minutes of the meeting held at 5.00pm on 27 November 2018

Present:	J Gazzard (Chair) A Maltpress J Wakelam	R Inman (Vice Chair) N Roberts H Nydam
In Attendance:	S Jones, Vice Principal Finance and Resources P Ewan, Head of Finance C Bullen, Scrutton Bland L Keane, Scrutton Bland C Sutherland, RSM J Bridges, Clerk	

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

- 1 Apologies for absence**
Apologies for absence were received from S Howard.
- 2 Minutes of the meeting held on 8 October 2018**
The minutes of the meeting were agreed as a correct record.
- 3 Matters Arising**
From the minutes of the meeting held on 8 October 2018:
 - 6 2018/19 Strategy for Internal Audit**
The Strategic Planning and Governance Audit has been scheduled to take place in July 2019.
 - 7.i. ESFA Subcontracting External Contracts**
The management comments column will be added to future summary internal audit reports to the Committee as requested.
 - 6 Committee Terms of Reference**
The Terms of Reference have been updated to include all 7 audit opinions. This is provided for under agenda item 4 of this meeting.

The Committee Terms of Reference are to be considered by the Committee. This is provided for under agenda item 4 of this meeting.
 - 10 2017/18 Draft Committee Annual Report**
The Annual Report of the Committee also now includes all 7 audit opinions. This is provided for under agenda item 6 of this meeting.
 - 12.i. Move 12 February 2019 meeting to Monday 11 February 2019**
The calendar invite has been sent to move the meeting to Monday 11 February 2019 as agreed.
 - 12.ii. Move 18 June 2019 meeting to Wednesday 19 June 2019**
The calendar invite has been sent to move the meeting to Monday 17 June 2019 as agreed.

4 **Committee Terms of Reference**

Each Committee is asked to review and approve its Terms of Reference in the year. As noted in matters arising the terms of reference now include all 7 audit opinions required of an Audit Committee under the Post 16 Audit Code of Practice.

There were no other proposed amendments to the copy and the Committee was satisfied that these were currently appropriate but may need review throughout the academic year. The Committee **approved** the Terms of Reference. **Proposed** by A Maltpress and **seconded** by J Wakelam.

R Inman joined the meeting at 5.15pm

5 **Internal Audit Recommendation Tracking Report**

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 2017/18 academic year. Since the last report in October 2018, 6 of the 14 recommendations are completed, 2 of the 14 have been closed, 2 of the 14 have made good progress, 2 of the 14 remain as work in progress, 1 of the 14 is partially complete and 1 is currently on hold. The Committee acknowledged that all GDPR related recommendations are closed from this report and progress against our GDPR compliance implementation plan is reported under separate cover to the Committee at each of its meetings.

The Committee asked for clarity from the Director of HR concerning the progress made with regard to probationary review SpotLights. The Clerk will invite the Director of HR to attend the next meeting of the Committee.

JDines

6 **2017/18 Committee Annual Report**

The draft annual report of the Committee has been prepared and approved by the Chair for the 2017/18 academic year.

The Committee is to complete the performance indicator questionnaire on the performance of both the external and internal auditors that accompanies the Committee's annual report after the meeting today. The aggregate scores of members is then presented in the final report to the Corporation at the meeting to be held on 20 December 2018.

As noted in matters arising the report also now refers to the 7 audit opinions required of the Committee under the Post 16 Audit Code of Practice. The Committee **approved** the report by a show of hand. The Chair of the Committee will present the report to the Corporation.

JGazzard

7 **Audited Accounts for the year ended 31 July 2018**

The Committee received and considered the Audited Accounts for year ended 31 July 2018 for information and noted the report will also be received by the Resources Committee at its next meeting for recommendation to the Corporation. The report included the Statement of Corporate Governance and Internal Control, the Governing Body's statement on the College's regularity, propriety and compliance with funding body, terms and conditions of funding along with the Independent Auditor's Report.

Members were pleased to note the auditors opinion that the financial statements give a true and fair view of the state of the College's affairs as at 31 July 2018 and of the College's surplus of income over expenditure for the year then ended; and

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

8 External Audit Findings Report

Pages 3 through to 6 set out the key areas of the audit focus; Pension Scheme Liabilities, Income Recognition, Going Concern, Management Override of Controls and Accommodation Strategy. The assumptions used by the pension actuary are in line with those seen across the country and that key data appears to be appropriate for the College. It was noted that the overall LGPS deficit has reduced by £2.528m during the year. Under Income Recognition it was noted that auditors have made an adjustment of £193K concerning DWP grant income received for the Place 21 project. The overall adjustment of £193K is shown in section 4 as £155K that has been adjusted in the accounts that remains adjusted on the grounds of materiality. It was further noted that auditors are awaiting final learner returns to confirm the final clawback position for the year and these are due in December 2018.

The College is considered to be a Going Concern and no matters arose as part of the audit work to suggest that this was not appropriate. In addition Auditors are satisfied that there were no forecast or actual breaches in the year with regard to bank covenants.

Section 3 of the report sets out the audit, accounting and regularity issues identified during the audit and regularity work. Auditors were pleased to report that no issues had been identified.

A summary of the unadjusted/adjusted items identified during the course of the audit work were detailed in section 4, none of which were considered to be material.

Section 5 of the report highlights six observations found during the course of the audit and regularity work. These include areas for improvement around the visibility of bank loan balances, re-performing the end of year bank reconciliation, making Tax digital, review of Nil Net Book Value and treatment of depreciation for items over the useful life on the fixed asset register, debtor recoverability, and potential taxable income streams. It was noted that Auditors have received appropriate and satisfactory management responses to resolve the observations found in practice.

The section on Significant Findings from the Audit (section 6) concluded that during the course of the audit, the adequacy of the disclosures contained within the financial statements and their compliance with FRS102 and the Statement of Recommended Practice – Accounting for Further and Higher Education 2015, and the Accounts Direction issued by the Education and Skills Funding Agency were reviewed. Members noted the two matters raised which following disclosure are reflected in the revised financial statements. Thanks were extended to the Vice Principal, Finance and Resources, the Head of Finance and the Finance Team for their time and assistance during the audit.

It was recorded that the fees charged during the year are consistent with those contained within the audit plan submitted to the College and approved by the Corporation dated 18 June 2018. In accordance with the International Standard on Auditing (UK) 260 independence and objectivity has been maintained throughout the audit plan.

Members considered Appendix A, the draft letters of representation along with the Regularity Assurance Engagement letter. Following due consideration it was agreed unanimously to recommend to the Corporation that the letters of representation for the Financial Statements and Regularity Audits be signed and to further recommend the report to the Corporation for **approval**.

Members also considered Appendix B - Emerging Issues containing details of the key issues currently affecting the sector.

H Nydam joined the meeting at 5.40pm

9 Internal Audit Progress Report

The progress report shows the planned dates for the forthcoming internal audit work and the dates the reports will be received by the Committee. There were no issues to report with the plan.

The Curriculum and Planning audit has been completed and the Marketing Audit started today. These will be reported to the Committee at the next meeting to be held in February 2019.

10 GDPR Compliance Progress Report

The Committee received the report and noted that the College has contracted the services of the DPO Centre to provide the services of a Data Protection Officer and act as the College's compliance lead in relation to its compliance with applicable laws.

In the 2017/18 academic year the College contracted their services to conduct a comprehensive impact assessment of the College's datasets. The purpose of the Impact Assessment is to identify the requirements of our compliance with the GDPR, and to provide the accountability record required by the ICO as detailed in Article 5(2). The Impact Assessment forms the basis of our records of processing activities required Article 30, and provides a basis to demonstrate that processing is performed in accordance with this Regulation as required by Article 24.

The Impact Assessment was a discovery process used by the DPO Centre to identify which of our datasets contain Personally Identifiable Information (PII), along with the Data Processors that form the 'data supply chain' associated with each dataset. The result of this exercise forms our Data Asset Register which is what the College is using to monitor and review the progress we are making toward GDPR compliance.

The Data Asset Register is a live document that is updated regularly and has a total of 282 current compliance actions for the College to complete. The current focus is to achieve the red RAG rates actions that need to be considered tight away. Amber actions are for consideration within the next 3 months and green actions are the ones that have a longer term completion tolerance and can be considered over time. Our journey to compliance is anticipated to take maybe 18 months or more.

In summary our assessment at this point in time shows that under Principle 4 of the GDPR our data, is as far as reasonably practicable, kept up to date and accurate. Under overall accountability we have a good culture/attitude towards the protection of our data and we have implemented a number of data protection policies. These include training for staff, increased password complexity through

new minimum password requirements, and roll out of an online GDPR training module to all staff. A whole host of privacy notices specific to the data that is being captured, the lawful basis for processing and corresponding retention period have also been updated. Good progress against the plan continues to be made and this is being monitored and tracked twice monthly with the DPO Centre.

It was noted that the red compliance area around security of data is RAG rated red due to the volume of data archived and stored externally at Glasswells warehouse. Under the GDPR there must be a lawful basis under which we retain the information and the data in storage needs significant cleanse to ensure that the information that we do archive is information that we can legally store and retain. The physical storage of the archives data is secure. Glasswells operate a by appointment only visit and the archived files are retrieved and booked in/out to the named College appointed person only.

In future reports the College Secretary will provide detail of any data breaches the College has experienced. The College Secretary confirmed that there have been 11 minor breaches reported since May 2018, none of which were reportable to the ICO.

JBridges

11 Risk Management Update

At a glance the number of risks with a high likelihood of occurrence has increased by 1 with 3 risks now in the red zone between the months of June 2018 and November 2018 and the number of risks within the medium (amber zone) has decreased by 2 from 7 down to 5. Risks in the yellow zone (12) have decreased by 5 from 17 (June 2018) with the same number (18) in the green zone (low risks) as at June 2018. There are no new risks added to the register and one risk (R062) has been removed – failure to achieve Maths and English conditional funding and GCSE reforms leads to reduced income.

12 Any other business

None.

Date of next meeting

Monday 11 February 2019 at 5.00pm. Room TG1.16 West Suffolk College

The meeting closed at 5.50pm