

Minutes of the meeting held at 5.00pm on 8 October 2018

Present: **J Gazzard (Chair)** **R Inman (Vice Chair)**
 A Maltpress **N Roberts**
 J Wakelam

In Attendance: **P Goddard, Scrutton Bland**
 L Keane, Scrutton Bland
 J Bridges, Clerk

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 Chairs at the meeting held on 5 July 2018. J Gazzard remains Chair and R Inman appointed at Vice Chair to the Audit and Risk Management Committee. **Proposed** by J Wakelam and **seconded** by A Maltpress.

2 Apologies for absence
Apologies for absence were received from S Howard. Non- attendance will be recorded for H Nydam. Apologies from C Sutherland and L England of RSM were received.

3 Minutes of the meeting held on 18 June 2018
The minutes of the meeting were agreed as a correct record.

R Inman joined the meeting at 5.15pm

4 Matters Arising
From the minutes of the meeting held on 18 June 2018:

9 Indicative Internal Audit Needs Assessment for 2018/19
A meeting with auditors to discuss and agree the 2018/19 Strategy for Internal Audit was convened and held in August 2018. The Strategy is covered under agenda item 6 of this meeting.

11 Risk Management Procedure Review
The Corporation approved the procedure at the meeting held on 5 July 2018.

12 External and Internal Audit Services
The Corporation approved the reappointments of RSM (external auditors) and Scrutton Bland (internal auditors) at the meeting held on 5 July 2018.

5 2017/18 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 2018 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 have reported that the College continues to implement a robust framework of internal control and have found that previous recommendations raised are being actioned in an effective and timely manner. In the year they have provided two 'Strong', five 'Significant' and one 'Reasonable' assurance opinions in their audit reports, which supports their overall effective opinion.

In total the number of medium risk recommendations made in the 2017/18 year are lower than the number reported in 2016/17. These recommendations have been raised in relation to the General Data Protection Regulation, Apprenticeships and the Human Resources field work. It is not considered that any of these recommendations are of a level significant enough to prevent auditors from providing positive opinions within their annual report.

Members were concerned that the higher number of medium recommendations arose from the internal audit work of Human Resources. Two of those recommendations were raised around the implementation of the new appraisal system; SpotLights. Auditors confirmed that the recommendations have detailed actions in place to remedy the findings and progress is showing that improvement will and can be made so there are no emerging issues to suggest that these areas cannot be remedied.

It was noted that the College was found to be well prepared, compared with other Colleges, with regard to the impending change in data protection legislation.

It was noted that all performance indicators (page 6) have been achieved in the year and on average the College has received more strong and significant assurances than other FE clients (shown on graph on page 8) and it is positive to note that no high risk recommendations fell out of any of the audit areas in the year.

6 2018/19 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 2018/19 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, 8 and 9 in the report show the prior year audit coverage and assurances and the proposed audit review areas for 2018/19, which include; Curriculum Planning; Financial Controls (Ordering, Purchasing and Payments); GDPR Compliance; Governance (including Strategic Planning);

Marketing; Maths and English; Strategic Planning (including Governance); T-Level Implementation; and Work Placements. Auditors presented a brief scope of each proposed audit area.

It was noted that the Strategic Planning and Governance audit may need to be pushed into a later timeframe than this term.

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The Committee questioned how auditors would assess Value for Money from the Key Financial Controls internal audit work. Auditors confirmed that this would be assessed through procurement processes; analysis of suppliers, activities of suppliers, buying power, procurement frameworks being used etc.

The Committee **approved** the Strategy for Internal Audit for the 2018/19 academic year.

7 Internal Audit Reports 2017/18

i. *ESFA Subcontracting External Contracts*

The objective of this audit was to undertake an independent review of the College's subcontracting provision. This review was aligned with the SFA's March 2017 document 'Providing External Assurance on Subcontracting Controls'.

The field work concluded that the subcontracting framework within the College continues to be robust. One medium and one low risk recommendation has been raised to improve the performance of the system of internal controls and two added value points had also been raised.

This internal audit concluded that the governance, risk management and control arrangements provide Significant assurance (green) that the material risks reviewed are managed effectively.

It was noted that the Committee would also like to receive the Management Response column in the report. The Clerk will provide this level of detail in the summary report.

JBridges

ii. *Human Resources*

The objectives of this audit were to; 1) ensure the processes in place surrounding staff recruitment, including relevant staff roles and responsibilities, are of a high quality, are efficient, effective and economic and are designed to drive the recruitment process forward quickly; 2) ensure that the performance of College staff is being adequately monitored and that poor performance is identified and addressed; and 3) ensure that effective processes are in place regarding staff succession planning, including the implementation of the electronic succession tool that has been implemented within the College.

Three medium and three low risk recommendations to improve the performance of the system of internal controls have been raised. As a consequence the internal audit concluded that the governance, risk management and control arrangements provide Reasonable assurance (amber) that the material risks reviewed are management effectively.

8 Committee Terms of Reference

Each Committee is asked at its first meeting in the new academic year to review and approve its Terms of Reference.

It was noted that the terms of reference are to include all 7 opinions required of an Audit Committee under the post 16 Audit Code of Practice, these being; Assurance, Risk Management, Governance, Internal Control, Value for Money, Safeguarding of Assets and Solvency.

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There were no proposed amendments to the copy since approval by the Committee last year. The Terms of Reference are to be considered and approved at the next meeting of the Committee to be held in November 2018.

JBridges

9 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 June 2018 4 of the 16 recommendations are completed, 5 have been closed, 5 continue in process and 2 remain partially completed. It is proposed that the 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 endorsed this approach.

10 2017/18 Draft 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 aware that the performance indicator questionnaire on the performance of both the 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 2018. 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 under the Terms of Reference the Report of the Committee is also to include the 7 opinions required of the Committee; Assurance, Risk Management, Governance, Internal Control, Value for Money, Safeguarding of Assets and Insolvency.

JBridges

11 GDPR Compliance Progress Report

The Committee received the report as read 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.

12 Any other business

i. Move 12 February 2019 meeting to Monday 11 February 2019

The Clerk will send an updated calendar invite to move the meeting to Monday 11 February 2019.

JBridges

ii. Move 18 June 2019 meeting to Wednesday 19 June 2018

The Clerk will send an updated calendar invite to move the meeting to Monday 17 June 2019 as agreed.

JBridges

Date of next meeting

Tuesday 27 November 2018 at 5.00pm. Room TBC

The meeting closed at 5.45pm