

**Meeting of the Audit & Risk Committee**  
**Tuesday 14<sup>th</sup> March at 4.00 pm**  
**Conference Room 1**  
**MINUTES**

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**Present:** Ian Clark, Carl Mantell, Zaeed Mohammed, Gordon Watson (Chair)

**In attendance:** Patrick Clark (ICCA), Carole Drury (Clerk), Craig Owen

567 **Apologies for Absence**

There were no apologies

568 **Declaration of Interests**

There were no declarations of interest

569 **Minutes of last Meeting held on 10<sup>th</sup> May 2016**

The minutes of the last meeting were approved and signed by the Chair as an accurate record

570 **Matters Arising and Rolling Action Plan**

DBS checks were now carried out routinely for all governors. Discussion took place over the requirement to carry out checks on co-opted members who attended limited meetings. C Mantell advised that he was part of the DBS update service and would provide details.

The updated actions were noted.

571 **Internal Audit:**

Patrick Clark from Internal Audit Service ICCA presented the two recent internal audits:

03:16/17 Payroll and HR Systems: This audit had been carried out in December 2016 to confirm the adequacy and effectiveness of the College's payroll and expenses processes. Substantial assurance had been provided with good design and adequate application/compliance. Findings noted that whilst all starters had been processed by payroll, the same starters had not been entered onto a HR system. One medium and two low priority recommendations had been made and accepted.

The Committee discussed the impact of not recording starters and whether or not they had been issued with employment contracts and C Owen confirmed that there was a full reconciliation with payroll. Z Mohammed commented on overtime payments, suggesting that this was unusual with staff working additional hours as goodwill. C Mantell expressed concern about this practice and the impact of additional hours on working time directive legislation.

P Clark confirmed that the recommendations were minimal and that the audit was good when benchmarked with other colleges, noting that recommendations had been accepted by management.

04:16/17 IT Security & Disaster Recovery: this audit had taken place in January 2017 to provide assurance that arrangements were in place and procedures documented to minimise disruption, maintain service continuity in the event of a defined contingency event occurring. A reasonable assurance opinion was given with adequate design and application/compliance. A total of 11 recommendations were made of which 4 were medium. The audit found that there was a good level of resilience in IT infrastructure and that the management and oversight of information security and disaster recovery were at an appropriate level

P Clark emphasised that some of the recommendations would only be implemented if there were sufficient resources and would therefore not be achievable immediately. There were no high risk recommendations that would impact on the service or data security. I Clark raised awareness of “ransom-ware” that his firm had become aware of, leading to training and testing for staff. Z Mohammed raised the issue of enhanced security risks as more e-learning is introduced to the curriculum and C Mantell was concerned over security issues of remote access.

G Watson suggested that management responses to 3.10 and 3.11 needed to be more robust (Action: L Sharpnel)

572 **Internal Audit Outstanding Actions Reports**

Two action plans were considered. The report from internal audits of 2015-16 showed that all actions were now completed. The second report for internal audits that had already taken place (with the exception of the two new reports in 571 above) showed progress against each of the actions which would be revisited under the follow up audit scheduled for April 2017.

573 **ICCA Contract Renewal**

Following completion of the initial 3-year contract with ICCA Internal Audit Services, it was recommended that the contract be extended as per the contract option for a further two years. The issue of re-competition was discussed, noting that there was no longer a requirement to change internal audit services but that the service would be retendered at the end of the 5-year contract. The quality of audit was commented on with the Committee agreeing that the level of detail and assurances provided were very robust.

574 **Strategic Risk Register**

The updated risk register was considered showing new actions to reduce risk. New concerns under risk 10 had been added following recent Ofsted inspections of local school with concern raised over premises access.

Discussion took place over risk 10 prior to presentation to the Board through discussions on safeguarding and premises security. It was agreed to increase the overall gross risk scoring to 20 to recognise the enhanced risks. Other minor amendments were agreed.

575 **Review of Covenant Risk Position**

The Committee was provided with assurance that the current level of external borrowings as a percentage of debt was at 30%, well below the risk of breach level of 40%.

An update letter from the Skills Funding Agency was tabled that confirmed the Financial Health grade of the College as being satisfactory, with a request for the College to continue to submit monthly accounts. The letter confirmed that the SFA have no significant concerns with the College’s financial control arrangements.

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### **Policy update position**

The updated policy list was presented for consideration showing 9 policies that remain overdue but with reasonable explanations as to that position. The Committee took assurance that policies were being well managed.

The requirement for and number of policies that the College needed was raised with the Clerk confirming that Evershed's Legal advice was used to ensure statutory policies are in place. Further work needed to be done by all managers to remove superfluous policies from the list. P Clark agreed to provide examples from other Colleges to support this process. (Action: P Clark)

Data Management Policy – the updated policy was presented for approval and included specific mention of the changes under the General Data Protection Regulation that will be introduced from May 2018.

The Committee discussed the policy, noting the equality impact assessment process that is included on the policy front. The policy was approved.

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### **Information provided to Board**

The Committee had been asked by the Corporation to consider information that needed to be provided to the Board following a newspaper report into a conviction for theft for an ex-employee.

The Committee discussed reasons for informing the Board and proposed that the following types of information that could impact on the reputation of the College. The process would be that the situation would be shared in the first instance with the Chair and Vice Chair of the Corporation by the Principal through the Clerk and a decision taken as to whether or not it should be shared with the whole Board. The procedure would be drawn up to be followed by Senior Staff (Action – Clerk):

- Data Protection breaches including loss of data/equipment
- Health and Safety reported incidents
- Student deaths
- Historic or current instances of sex abuse
- Serious criminal convictions by past/current staff or students
- A staff member or student likely to feature in the press for a positive or negative reason

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### **Any other business**

Committee members were provided with a copy of the new Post 16 Audit code of Practice 2016-17.

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### **Date of Next Meeting**

4 pm, Tuesday 9<sup>th</sup> May 2017