

Meeting of the Audit & Risk Committee
Tuesday 8th May 2018 at 4.00 pm
Conference Room 3
MINUTES

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

In attendance: Carole Drury (Clerk), Louise Shrapnel, Graham Wilkinson

615 **Apologies for Absence:** Amanda O'Brien
Patrick Clark (ICCA) also gave apologies

616 **Declaration of Interests**
There were no declarations of interest.

617 **Minutes of last Meeting held on 6th February 2018**
The minutes were accepted as a true record and signed by the Chair.

618 **Matters Arising and Rolling Action Plan**
There were no matters arising not covered by the action plan.
Under 612, it was reported that there was no requirement for an exams policy as all requirements for exam administration, including invigilation and maximum numbers, were provided by the different awarding bodies used for exams. In respect of T-Quals, it was reported that they were not being introduced until 2020 and policies would reflect their introduction nearer the time.

619 **Internal Audit:**
In the absence of the internal auditor (who had sent apologies due to being ill), the Director of Finance & Resources went through each of the following audits with specific emphasis on the recommendations made in each one:

05.17/18 GDPR Final Advisory Report

The audit provided an assessment as to whether the College had taken then necessary steps to ensure compliance with the General Data Protection Regulation with its introduction on 25th May 2018. Six areas for improvement were reported in respect of planning, policies, data register & audit, data protection impact assessment, individual rights and breach notification.

The Director of Finance & Resources outlined progress that had been made since the audit including her now holding a certificated qualification. The policy had been drawn up and data audits were being completed. The policy would be taken to the main Board on 23rd May for approval.

Carl Mantell commented that there was clear evidence that the College was working towards compliance. Zaeed Mohammed said that he would want to see evidence of controlling information both inside and outside of the organisation in a similar way to the control of health and safety.

The Committee agreed to take assurance that the College was making reasonable progress towards compliance with the legislation. It was agreed that an update would be provided at the next Committee meeting.

06.17/18 Learner Records

Substantial assurance had been given to this audit that looked at the control framework in respect of ESFA funding, with good design and adequate compliance assurance. Two medium and two low level recommendations had been made and accepted through management responses. Members commented on the level of management response provided for this audit and that in future they needed to demonstrate how the recommendation had been met. The Principal reported that he had not reviewed this response prior to it being submitted. (Action)

07.17/17 Follow up

Substantial assurance was given on progress with implementing previously agreed recommendations with no strategic risk to the college. The follow up had applied to 7 internal audits from 2016/17 and showed that 90% of recommendations had been fully implemented by management and 10% partially implemented, amounting to two recommendations from the IT security audit which were both costly and time consuming. The Director of Finance & Resources reported that costs involved to complete the work would be recommended to the May Board meeting and would expect to be completed over the summer break.

It was agreed that 90% was a good rate of completion and that good progress had been evidenced through the follow up audit.

Internal Audit plan 2018/19

Following initial discussions with the Director of Finance & Resources and consideration of emerging risks in the sector, a first draft internal audit plan for 2018/19 was provided.

Risk based coverage would include the following audits:

1. Human Resources and Performance Management
2. Benchmarking of staff utilisation (teachers and assessors)
3. Learner Records – controls and processes
4. Apprenticeship strategy

Non risk based

1. Risk management
2. Key financial controls
3. Follow up of previous recommendations

It was noted that the full report had not been received for the meeting unlike the same time last year. It was agreed that a full plan be requested and that the new CEO & Principal would be asked to review the proposal for 2018/19 based on his identification of risk and report on changes at the next Committee meeting. It was also agreed that it would be important to identify any themes that emerge from the review of curriculum and funding. If necessary, changes to the audit plan could be taken to the Board for approval.

Zaeed Mohammed asked that internal auditors be “more intrusive”, suggesting that the audits focussed too much on management process and responses. He would rather the process adopted more of an Ofsted or Matrix approach however it was agreed that internal audit needed to focus on process and systems to ensure compliance eg in the use of public funding and statutory responsibilities as outlined in the Audit Code of Practice.

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Internal Audit Outstanding Actions Report

The updated actions report was presented showing progress towards audits where there were outstanding actions. In respect of GDPR, an additional action plan was presented to show how the College was preparing for the implementation of the new

regulation. It was noted that good progress was being made against all recommendations remaining.

621 **Risk Register**

The updated risk register was presented by the Principal showing a range of changes in terms of control measures and a higher risk level applied to risk reference 2 based on income for commercial and other projects being below target.

Committee members reviewed the register and noted the changes, agreeing with the identification and scoring of risk.

622 **Review of Covenant Risk Position**

The Director of Finance & Resources provided the Committee with the current position in respect of loan covenants and gave assurance that there was no risk of breach.

In addition, the Committee was asked to note the contents of a loan letter from Lloyds Bank and amendments to the covenant clause to reflect changes brought about by FRS102. The Committee agreed to recommend signing of the letter by the Corporation Chair and Principal at the next Corporation meeting.

623 **Post 16 Audit Code of Practice**

The Clerk had provided the Committee with the updated Post 16 Audit Code of Practice along with a summary of the main points and changes since the last code. One change of key importance was the recommendation that staff governors should not be members of Audit Committees due to potential conflict of interest and it was agreed that this should be considered when the next staff governor is appointed.

624 **Policy approval:**

Safeguarding – the policy requires annual approval from the Board but there have been no changes to the policy since last year save changes to names of the safeguarding team. The Health and Safety policy is also due for annual approval but it was reported that it was undergoing major changes following appointment and training of new senior management responsibility. It would be presented to the July Board meeting for signing by the new CEO & Principal.

Whistleblowing – similarly, this policy had had no changes since last year.

The updated policy list was considered noting that a number of policies falling under the responsibility of the Director of College Information Services were due for renewal.

Carl Mantell asked for assurance that the current health and safety policy remained fit for purpose and that the changes that were required would not leave the College vulnerable in the interim period. The Principal responded that good progress was being made with health and safety since the appointment and training of Matt Burke with closer links between management and the Estates Team. Matt was also working with Craven College to identify best practice and health and safety processes would become more robust.

The Principal requested that a governor be asked to take on a health and safety role and join the College Health and Safety Committee. The Committee Chair said he would request that this be considered against the skills audit.

625 **Gender Pay Gap Audit**

The Director of Finance & Resources presented the gender pay gap audit that had been submitted on behalf of the College. The analysis was based on full time equivalent salaries and was also shown by role specific comparisons. No significant concerns had been raised through the audit.

Where there were gaps, they were explained through more women taking on part time jobs, some of which were lower paid. However, the Committee was provided with assurance that the College had transparent pay scales for all jobs so that no surprises had been expected from the audit.

626 **Performance of the Committee against its terms of reference**

The Clerk had carried out an analysis of the performance of the Committee against its terms of reference providing evidence of where each had been achieved. Amendments to the terms of office were presented and some minor changes agreed.

627 **Any other business**

The Committee thanked Carl Mantell for his contribution over the last four years following his announcement that he intended to resign. The value of including co-opted member experience was expressed.

Going forward, it was hoped that a new member would agree to join the Committee but that dates for the meetings would need to be amended.

628 **Date of Next Meeting**

Tuesday 27th November 2018 – to be confirmed