

AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on Wednesday 5th July 2017 commencing at 9.30am in A01/02, Otley Campus, Suffolk

Present

P Richardson	PR	Independent Member
H Rumsey	HR	External Member
R Sheasby	RS	Independent Member
P Thirkettle	PT	Independent Member
J Whyman	JW	Independent Member and Chair

In Attendance

C Dyble	CD	Director of Marketing and Student Recruitment
D Henley	DH	Principal
R Robson	RR	Director of Governance
J West	JWe	Director of Funding, Reporting Services and IT
M Wilkinson	MW	Director of Finance
D Harris	DH	RSM

Action

1. Welcome and Apologies for Absence

JW welcomed all to the meeting. Apologies were received from David Redhead.

2. Declarations of Interest

PR – Morley

No other declarations were received in relation to items on this Agenda.

3. Timing of Agenda and items of Urgent Business

The Agenda was accepted and no additional items were received.

4. Minutes of the Meeting of 15th March 2017

The minutes of the meeting held on 15th March 2017 were reviewed. A typographical error in paragraph 8.1 was noted.

Resolved: to approve the minutes of the meeting held on 15th March 2017 (subject to the correction of the typographical error) and to be signed by the Chair. Proposed by PT, seconded by RS. **All in agreement.**

5. Actions and Matters Arising

The open action tracker was reviewed.

Action 1 – **agreed** complete

Action 2 – **agreed** complete

Action 3 – this has been superseded by the Ofsted inspection, **agreed** remove
The need to ensure that all results are collected in was expressed by a member, as all results impact on overall success data.

Action 4 – as per action 3, **agreed** remove

Action 5 – **agreed** complete

Action 6 – Members were advised that as the SMT session on risk has not yet been held the report is not yet available. This will follow in the new academic year.

Action 7 – refreshed risk register to go to Corporation when complete, **agreed** remove

One matter arising from the minutes was raised; a member sought confirmation that engagement with the College's digital strategy would now form part of the staff appraisal process moving forward. DH agreed to take this as an action and to report back to the Committee. **DH**

6. **Audit Action Plans**

MW reminded members that whilst low level actions were not included in the report they continue to be monitored. He also advised that the report did not yet include the actions highlighted in the reports included on the agenda.

Governors reviewed the actions in the report shown as 100% complete. The Chair noted the revised commentary at AUD 12 1.3 ALS which gave much greater clarity. A member expressed concern at the suggestion on page 3 of the report that the completion of forms within the first 6 weeks remained a 'target', this should be a requirement. He asked if the costings for the year had been accepted without clawback. MW confirmed this year yes, but next year remained to be seen but now that this was monitored via ProSolution this was much easier to manage. The potential impact of the grade 4 for high needs on funding from Norfolk and Suffolk County Councils was discussed, DH advised that a dialogue was being had with both authorities. The possible impact of loss of this funding was considered.

A member queried the number of post-enrolment review meetings being held, he suggested that three times per year was not sufficient and that monthly meetings maybe more appropriated. CD advised that in the first six weeks meetings are weekly. The member suggested that this should continue as enrolment was effectively a twelve month process.

A member queried why the action AUD 15 1.1 Procedures remained only 50% complete. MW confirmed that the payroll element of the action was complete. The new HR director takes up his post in the next two weeks and would then progress this action.

A member queried what constituted a 'formal document' under action AUD 16/17 1-1, and asked would minutes suffice if those meetings were minuted. DH advised that RSM were open minded on that, if the minutes confirmed that actions were met they would be acceptable, this would be revised when next reviewed.

The Chair highlighted the need for progress to be made swiftly with outstanding actions.

Resolved: to confirm agreement to the removal of the completed actions 12 1.2, 12 1.3, 12 1.4 and 1.5, 14 1.7 and 16/17.2 from the plan. Proposed PR, seconded PT **all in agreement.**

7. **Internal Audit**

7.1 Internal Audit Plan 2017/18

MW directed members to Appendix A on page 7 of the report which confirmed the proposed audits for 17/18. Members were concerned by the length of all IA reports; a clearer concise summary would be preferred. This was noted by DH. The scope of work within the audits was discussed with members requesting comparisons to sector benchmarks where this information is available.

RSM

Resolved: to approve the IA plan for 17/18. Proposed PT, seconded PR **all in agreement**

Members reviewed the other possible audits suggested by RSM; they were keen to see the suggested audit on cyber risk management changes added in the timetable going forward. There was also a wish to see data protection brought forward to ensure that the College is compliant with forthcoming changes.

**MW/
RSM**

7.2 Internal Audit Reports

DH presented the reports to the Committee.

7.2.1 Key Financial Controls Cash and Treasury Management

DH clarified the scope of the work undertaken, two low priority actions were identified.

7.2.2 Progress Report

DH drew members' attention to page 2 of the report. He confirmed that assuming the remaining reports have a positive outcome then the end of year opinion would be positive.

7.2.3 Follow-up Report

DH directed members to paragraph 1.3 of the report, he advised that there was no cause for concern with progress made against ongoing actions. All 4 of those actions have been downgraded to low priority.

Resolved: to approve the IA Reports. Proposed PT, seconded PR, **all in agreement.**

8. **External Audit**

8.1 Audit Planning Memorandum

MW presented KPMG's Audit Planning Memorandum to the Committee, he confirmed that this was in standard format for the audit of the Financial Statements and Accounts. MW noted that KPMG may consider the addition of an Emphasis of Matter paragraph in relation to breach of loan covenants in order to highlight the issues to a potential reader of the report. MW confirmed matters were progressing with the banks.

Resolved: to approve the EA Audit Planning Memorandum. Proposed PT, seconded RS, **all in agreement.**

9. Risk Management

9.1 College High Level Strategic Risk Report

Members reviewed the report, MW confirmed that reporting of risk was being updated and a refreshed report would come to the Committee in November.

A member sought clarification on the 'inappropriate spend' referred to on page 3. MW confirmed this was a risk factor only and did not reference actual spend. Members suggested that this risk would be more accurately titled 'Financial Systems Non-compliance', MW agreed.

A member asked for clarity on progress of the projects referred to on page 7, particularly had technical problems previously experienced between sites been eliminated. JWe confirmed details, many upgrades are due for implementation over the summer. MW advised that the cost of a dedicated line remains prohibitive.

DH confirmed that following the forthcoming training from RSM the high level risk register would be replaced and brought to the next meeting.

**DH/
MW**

9.2 College Assurance Summary Report

This report sets out the lower level risks that feed into those considered under item 9.1. The need to ensure that the culture of risk management was embedded as integral part of College processes was once again highlighted.

Members expressed considerable concern that some risks had not been reviewed/updated by the risk owner for in excess of 12 months. This was found to be unacceptable by the Committee.

Concern was raised by members that the report suggests a high risk of non-compliance with employment legislation.

The Chair confirmed that the Committee wanted to see an updated High Level Report and Summary Report at the next meeting, the current reports were misleading and misinforming the Committee. The Committee needs to be assured that risk is being managed appropriately.

Resolved: not to approve the High Level Strategic Risk Report or the underlying Summary Report. Proposed DH, seconded RS, **all in agreement.**

10. General Data Protection Regulation (GDPR)

RR provided members with information on the forthcoming changes to data protection legislation from the ICO and confirmed the implementation date and penalties for non-compliance. JWe explained how this would impact data in respect of both staff and students. The Chair confirmed that the Committee would need an update on internal progress on preparation for this at the November meeting.

JWe

A member queried whether the IA work in this area should be brought forward. DH confirmed that RSM was providing seminars to clients on this

issue to enable them to prepare. It may be that this could be shared with **RR** another College.

11. AOB

DH updated the Committee on the forthcoming release of the Ofsted report and the communications planned.

12. Date of next Meeting

Wednesday 22nd November 2017 at 9.30am at the Otley campus

The meeting closed at 11.26am