

Minutes of the Audit and Assurance Committee Meeting

held on 7 March 2017

Present Mark Johnson (*Vice Chair*), Peter Mitchell

In attendance Jacquie Carman (*Director of Finance and Corporate Services*)
Paul Oxtoby (*RSM UK Audit*)
Clare Parkes (*TIAA Ltd*)
Jennifer Sunter (*Clerk to the Corporation*)

1 Apologies

There were none.

2 Declarations of Interest

There were none.

3 Minutes of the Audit and Assurance Committee Meeting held 8 November 2016 and Matters Arising

The minutes of the Audit and Assurance Committee meeting held 8 November were approved as a correct record.

The Clerk reported that one action had remained under the meeting of 23 August 2016, item 4, Risk Management Report. Updates about Shared Services and the Multi Academy Trust were being provided for the Corporation meetings.

4 External Auditor

Assessment of Performance Indicators for 2015/16 and indicators for 2016/2017

Jacquie Carman reported that the current performance indicators for external audit provision remained relevant and addressed appropriate areas.

All indicators were rated as green. Jacquie Carman also commended the specific help provided by external audit, specifically on the transition to international accounting standards.

Mark Johnson sought assurance on maintaining the independence of the assigned partner. Paul Oxtoby reaffirmed that RSM UK Audit's company procedures were being met, and the position was reviewed annually by an independent partner.

Paul Oxtoby asked if there were any additional indicators required. Mark Johnson referred to sources of assurance regarding Shared Services and the Multi Academy Trust. Jacquie Carman explained that external audit would review the transactions between the parties as part of the work on the College accounts.

The Audit and Assurance Committee received the report and approved that that there were no changes at present to the key Performance Indicators for the External Audit Service for 2016/2017.

5 Review of Disaster Recovery Plan and Major Incident Policy

Jacquie Carman outlined the key changes to the Disaster Recovery Plan and Major Incident Policy, in particular the addition of reference to Local Authority Resilience Planning Arrangements.

Peter Mitchell asked about staff training and Jacquie Carman reported on a scenario training event undertaken in 2016 with a further activity planned for 2017. Peter Mitchell noted that increased assurance would be gained by inclusion in the report of detail about such training having taken place.

With reference to security and anti-terrorism Jacquie Carman outlined work undertaken, including the replacement of the CCTV system, pre-employment checks and training in IT security.

Peter Mitchell and Mark Johnson asked about standards regarding cyber safety. Jacquie Carman responded that training had been undertaken by staff in IT and Finance to avoid attempted frauds, that a range of activities were in place and that a specific internal audit had been conducted in the previous year and would be followed up in the current year.

Paul Oxtoby highlighted that Colleges also needed to be mindful of Data Protection under the 2018 European Standards.

Mark Johnson asked how widely the Review of Disaster Recovery Plan and Major Incident Policy was distributed and it was noted that confidential details would be removed prior to publication on the staff hub. The full document was held on all receptions so key staff could be contacted.

The Audit and Assurance Committee received the Disaster Recovery Plan and Major Incident Policy noting the links to the risk assessment framework, the College's responsibility under Prevent and wider safeguarding measures as good practice, and the reference to the Local Resilience Forums.

6 Risk Management – Mid Year Update 2016/2017

Jacquie Carman had provided the Committee with the Risk Management Mid-Year Update 2016/17 and emphasised the volume of sector changes. The publication of the Skills Plan was considered to be the largest change since Colleges incorporated.

Other areas of risk to note included the lateness of information being received regarding the Apprenticeship Levy and changes to English and Maths, both in delivery requirements and the new 9–1 grading system.

Members also noted the need to review the College's Financial Strategy, the impact of Local Government Pension costs and the risk of loss of key staff.

Jacque Carman highlighted the fluidity of the risk register to reflect changes and reported on risks where scores had increased, which included failure to adequately prepare students with the skills for progression to higher education or employment.

Members accepted that good progress was being made against the current action plan with many actions completed.

Mark Johnson asked about impact relating to the recruitment timescales for the appointment of a new Principal. Jacque Carman responded that the College had a clear framework with targets in the Annual Plan and in the Strategic Plan. The College had maintained its presence with external groups and had managed workloads. While recognising risks around uncertainty there had been no detriment to the College.

Paul Oxtoby noted that the appointment of a Principal would be timely in relation to key changes being addressed within the sector.

The Risk Management Mid-Year Update 2016/2017 was accepted.

7 Anti-Fraud Self-Assessment Checklist

The Anti-Fraud Self-Assessment Checklist was a RAG (Red, Amber, Green) rated process and in the current year there were no red rated areas. Under the previous year's assessment the one red rated area of payroll had been addressed by a change in provider. A subsequent internal audit of Payroll had provided substantial assurance.

Jacque Carman highlighted that in response to the increasingly sophisticated fraud schemes Cyber Fraud had been added as a risk.

Mark Johnson asked how well staff training was received. Jacque Carman explained that staff had engaged very positively with the Professional Support Programme (PSP) and this included a planned session on cyber security.

Paul Oxtoby explained the work of External Audit in checking against fraud each year and that this focused on mandate fraud.

Jacque Carman emphasised the procedures in place to counteract fraud.

The report was received.

8 Internal Audit Report - Investment and Property Strategy

Clare Parkes highlighted that substantial assurance was provided on the Internal Audit review of the Investment and Property Strategy. The strategy was in accordance with the Annual Plan, contracts were in line with strategy and there was sufficient monitoring in place.

One issue had been raised with regard to drawing down the Local Enterprise Partnership (LEP) grant which had been delayed due to bond requirements. There had been no risk to funding and this had now been addressed.

Jacquie Carman reported on the additional work on baseline data regarding the quality of teaching rooms. Following actions taken to address findings there would be a further review.

Mark Johnson highlighted capital expenditure for the current year and Clare Parkes responded that monitoring processes were in place.

The Audit and Assurance Committee resolved to accept the TIAA Internal Audit report Assurance Review of the Investment and Property Strategy Arrangements 2016/2017, noting the substantial assurance provided, accepting the recommendation provided and the management response.

9 Audit and Assurance Mid-Year Update

Members received the term two update to provide assurance of work being achieved against plan. Jacquie Carman reported that planned work on the Multi Academy Trust and the Shared Services company would be undertaken in Summer 2017.

Peter Mitchell asked about student financial support and Jacquie Carman reported that funding pressure surrounded hardship for 19-23 year old students on fully funded courses requirements for childcare.

The report was received.

10 Audit and Assurance Committee Terms of Reference

The Clerk proposed that the quorum total of the Committee be raised to three members. Members debated the ratio of membership to quorum which required further consideration.

With reference to committee membership for the remainder of the cycle of business the Clerk reported that this would be addressed at the 30 March Corporation meeting.

Peter Mitchell offered to support the Committee through a co-optee role.

Action 10a The Clerk undertook to highlight consideration of committee membership and quorum in her report to Corporation on review of governance arrangements.

The Audit and Assurance Committee resolved to recommend to Corporation that a revised quorum of three for the Committee be put in place.

11 Any Other Business

The Clerk reported that the Whistleblowing Procedure had been invoked and reported to the Vice Chair of Audit and Assurance Committee and to the Chair of Corporation.

It was noted that a full report would be provided following the process being addressed. However, the Corporation would be appropriately updated at the meeting on 30 March 2017.

12 Date of Next Meeting

The last meeting of the schedule remained set for 13 June 2017.

The meeting closed at 10.40am

Actions from Meetings		
Audit and Assurance Committee Meeting 23 August 2016		
4	<p>Risk Management Report</p> <p>It was agreed that research be undertaken regarding appropriate assurance reporting for the College regarding both Shared Services and Multi Academy Trust arrangements.</p> <p>Updates:</p> <ul style="list-style-type: none"> ▪ 8 November 2016 – Committee update report and minute regarding an external audit report for the Committee. (Also the report from a planned summer internal audit is due in 2017). ▪ 7 March 2017 - Committee updated on monthly reports to Corporation. <p>Action remains under monitoring until assurance reporting is embedded.</p>	<p>JCa</p> <p>Ongoing</p>
Audit and Assurance Committee Meeting 7 March 2017		
10	<p>Audit and Assurance Committee Terms of Reference</p> <p>The Clerk undertook to highlight consideration of Committee membership and quorum in her report to the Corporation on review of governance arrangements.</p>	<p>JSu</p> <p>30 March 2017</p>