

**Meeting of the Audit Committee
held on Tuesday 12 July 2016 at 8.00am
In Room 814
at Matthew Boulton Campus**

Present:	Apologies:
Andrew Madden (AM) (Chair)	Anthony McCourt (AmC)
In Attendance:	Taher Hussain (TH)
Andrew Cleaves (AC)	
Louise Jones (LJ)	
Helen Ainsbury (HA)	
Richard Bacon (RB) PwC	
Tony Felthouse (TF) KPMG	
Andrew Foley (AF) KPMG	
John Lanes (BDO)	
Liam Nevin (LN)	

Apologies & Declarations of Interest

Apologies were received from Taher Hussain

It was noted that the committee was not quorate but it was agreed that the business would be taken since any decisions (including the signing of the minutes of the meeting of the 3 March 2016) would be subject to approval by the Corporation.

There were no declarations in addition to those recorded on the register of interests.

Item 1 – Open and confidential Minutes of the meeting held on 3 March 2016

These were noted but not approved and it was agreed that the Corporation would be asked to approve them.

Matters Arising and Action Log

AM asked what actions had been taken in relation to the advice on best practice in IT security and HA advised that the advice was being built into the IT security framework and suite of policies that would be completed by the end of September.

Item 2 – Risk Register Update

HA presented the report and advised that the format and content had been changed so that there was a clear alignment between the strategic goals, delivery risks and mitigating actions. There were 12 significant risks including cancelled classes, the need to improve learning technology infrastructure, income generation and maintaining the stability of college finances. Mitigating actions had been identified against each of these risks.

AM noted that the “progress” section of the table had not been completed and therefore the ability to monitor progress or changes in the risk profile was not possible. This feature was important to map the direction of travel.

HA advised that the Recovery Plan had been mapped over to the new Operating Plan and, in order to address this concern, the same approach would be taken with the Risk Register.

AM questioned how the report addressed risk appetite and the Principal advised that the issue of risk appetite had been addressed generally by the Corporation at its away day in 2014. The assessment of the register against risk appetite was a challenge that would need to be addressed but at this stage it was important to be in the new arrangements.

The Principal suggested, and it was agreed, that risk appetite be reviewed either at the Corporation away day or the next meeting of the committee.

RB noted that the RAG rating was a gross risk score and the mitigations may change that rating.

Accordingly it was

RESOLVED

- **That the Committee note the content of the report.**
- **That future iterations of the report address the matters referred to in the preamble to this minute.**

Item 3 - Progress on the Internal Audit Plan

(i) Marketing Report

RB introduced this report and advised that generally the College was making good progress and that the recommendations were intended to help the College focus further on its priorities particularly with regard to its website and use of social media.

(ii) Governance

RB advised that the report examined best practice in corporate governance and the College's compliance with that. Generally, the College was performing well and the two recommendations were points to address in the presentation of the accounts.

LN advised that in relation to Board governance the findings pointed to the need to expand the size of the Corporation and also address diversity of membership.

Accordingly it was

RESOLVED

- **That the Committee notes the report and the corresponding management actions.**

Item 4 – Internal Audit Recommendations – Management Actions

LN summarized the paper and advised that there had been some slippage in relation to the IT security policies but these were in development and would be completed by the end of September.

It was also noted that the "amber" RAG rating against the BDO review of sub-contracting was in fact "green" as the actions had addressed the risk.

Accordingly it was

RESOLVED

- **That the progress in addressing the agreed management actions from internal audit recommendations be noted.**

Item 5 – Counter Terrorism Project Plan

LJ presented this report and advised that the plan had involved the evaluation of risks and the examination of existing systems applicable to those risks. The outcome of this was that three areas had been RAG rated as red; searching, evacuation/invacuation and business continuity planning.

The action plan to address these risks was now in place and was set out from page 8 of the report. The committee was advised that some dates had now passed and the plan would therefore be updated.

AM asked how the operation of the plan would be reviewed as part of business continuity management and LJ advised that this would be done monthly through the Executive once the mitigating measures had been implemented.

AM questioned whether the actions would be implemented for the new term and LJ advised that whilst most had short-term completion dates a minority of actions extended into the new term.

The Principal proposed that a short update was prepared for the November meeting and this was agreed with AM requesting that at the March meeting a report be presented on how the controls had been embedded and tested.

Accordingly it was

RESOLVED

- **That the Committee note the assessment of risk and the plans that the College has in place to mitigate these risks.**

Item 6 – IT and Social Media Usage Policy

HA advised the Committee that the existing Acceptable Use Policy was a cumbersome document that as well as detailing staff obligations, also set out various management and administrative arrangements in relation to IT security. The proposed policy now before the Committee presented staff obligations in a shorter document with greater clarity.

A student usage policy was now in development and this would be ready at the end of September, and further consideration was being given to active monitoring of usage for both students and staff.

AM stated that the proposed policy appeared sensible, and consistent with his expectations. However, the monitoring arrangements needed to consider best practice in relation to Safeguarding.

The Principal advised that the College had an effective filtering system in place but needed to assess whether and to what extent the filters could be bypassed.

Accordingly it was

RESOLVED

- **That the Committee endorse the Staff IT and Social Media Usage Policy**

Item 7 – Data Protection Policy

HA advised that the policy refresh had addressed recommendations from a recent internal audit and also improved clarity around key contacts and responsibilities with a staff checklist that would inform training and induction.

RB asked whether the College was assured that there were adequate measures in place for the handling of sensitive data. HA advised that a programme of encryption of devices was now approximately 75% complete. In addition, hard copy documents were now managed from a single site and the review of the archiving policy and procedure would be complete by the autumn.

Accordingly it was

RESOLVED

- **That the Data Protection Policy be endorsed by the Committee**

Item 8 – Annual Report on Fraud

LJ presented this report and advised that no new cases of fraud or theft had been reported in 2015/16. In addition internal controls had been strengthened through the implementation of all recommendations previously made by BDO as well as a review of controls in areas that were perceived to be higher risk. Training had now been undertaken by all staff in leadership and management positions.

Accordingly it was

RESOLVED

- That the Committee note the report.

Item 9 – Funding Audit Data Assurance

HA introduced this item and advised that the qualified opinion arising from the audit in 2015 reflected fundamental issues with data quality and the information contained on the College's ILR record. A significant programme of remedial work had been undertaken since this time and this had entailed reviewing the College's information systems and data reporting arrangements in their entirety. A dedicated team had been auditing and checking records over the last few weeks and an external auditor from FE Associates would be evaluating progress over the next week.

It had now been confirmed that the College would be audited again in September.

AM questioned what the routine quality assurance arrangements would be once the remedial programme of work had been completed and HA confirmed that regular checking and cleansing of data with input from Curriculum staff would be undertaken and this would be subject to periodic assurance through FE Associates.

Accordingly it was

RESOLVED

- **That the report be noted**

Item 10 – Funding Investigations

This item is recorded in a confidential minute

Item 11 – Annual External Audit Plan

TF summarized the strategy proposed for the 2015-16 audit. The key audit risks were revenue recognition including fraud risk, risk of management override of controls and the going concern test. The auditors would also review the revised position in relation to the College’s banking covenants. Materiality had been set at £750k which was comparable with previous years.

In response to a question from AM, LJ advised that she did not expect FRS 102 to have a material impact on the College’s banking covenants.

Accordingly it was

RESOLVED

- **That the Audit Strategy Memorandum be recommended to the Corporation**

Item 12 – Annual Internal Audit Plan

JL presented this item and summarised the role that BDO would undertake as the College’s internal auditors, and the proposed first year of the plan, which included work on an assurance map that would identify any gaps in assurance for the Committee and how these might be addressed.

JL advised the committee that the issues addressed by HA in the risk management report were also the principal areas of focus for the internal audit plan and the Principal confirmed that the plan reflected prior discussion and agreement with the Executive.

AM asked RB whether, as the outgoing auditor he considered that the plan addressed key areas of risk from PwC’s experience with the College. RB expressed the view that the College had more to do on risk management but this was underway, and in other respects the plan addressed key risk areas.

Accordingly it was

RESOLVED

- **That the Internal Audit Plan for 2016/17 be recommended to the Corporation**

Item 13 – Private Discussion between Auditors and Committee Members

It was agreed that this item be held over until the next meeting of the Committee.

Any Other Business

There was no other business

Date of next meeting: TBC

Signed.....
Chair

Date.....