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MINUTES
AUDIT & RISK ASSURANCE
COMMITTEE
5pm, THURSDAY 22ND JUNE 2017

Present: Tracy Irwin Chair
Don Logan External Governor
Roz Stewart Support Staff Governor

In Attendance John Smith Deputy Principal - Finance and Resources
June Fielding College Accountant
Zee Walker Director of Planning & Performance
Mark-Ashton-Blanksby ICCA (Internal Auditor)
Sue Suchoparek KPMG (External Auditor)
Karen Johnson Acting Clerk

APOLOGIES FOR ABSENCE

A/17/19 Apologies were received from David Schofield (External Governor), in his place Don Logan (External Governor – LE Committee) joined the Committee.

DECLARATION OF INTERESTS

A/17/20 The Chair reminded Governors of the requirement to declare their interests in any agenda items. For any such declaration Governors may not be eligible to speak or to vote on the matters under discussion.

EQUALITY & DIVERSITY & HEALTH & SAFETY

A/17/21 The Chair reminded Governors of the College’s commitment to equality and diversity and the need to consider these issues along with health and safety in all Committee business.

MINUTES

A/17/22 **Resolved** the minutes of the meeting held on 29th March 2017 be **approved** as a correct record and signed by the Chair.

MATTERS ARISING/ACTIONS

A/17/23 Outstanding actions from the previous Committee meeting were updated as follows:

Progress update to be provided to Board regarding the recommendations raised from the Internal Audit of Safeguarding & Present	Director of Young People’s Learning	Completed. Update given at the March Board meeting
Risks for the college around implementation of the Apprenticeship Levy to be included in the College Risk Register	Director of Planning & Performance	Completed. This is now included as a risk within the College risk register

FINANCIAL STATEMENTS AUDIT AND REGULATORY REVIEW PLAN (KPMG)

A/17/24 Sue Suchoparek (KPMG) presented the Financial Statements Audit and Regulatory Review Plan and made the following points:

Materiality – has been continued at the same level as the previous year. It is recommended that this continues for an additional period due to the merger which had taken place on 1.8.16.

Significant risks in other areas of audit focus are:

Fraud Risks – this is standard in external audit and not unexpected

Depreciation of capital – due to the significant amount of capital equipment at the college this has been included.

Pension – working with actuaries in LGPS to ensure that there is accuracy within the accounts.

Transactions in relation to Barrow 6th Form College and bringing in those items of capital value into the accounts, these will be separately identified within the accounts. An independent valuation had been carried out.

Standard regularity work.

The DP F&R reminded the Committee that subsequent to merger it had been realised that there was an outstanding loan of £50k, there was still a lack of clarity around the repayment of this or whether this had been subsumed at merger point.

The Committee discussed the various options available to provide for this within the accounts and the external auditor suggested that this is referred to in the accounts as a contingency should the college at some point in the future be deemed liable.

Lloyds Bank – the college is currently waiting for guidance around wording of covenants which needs to be included within the accounts.

A/17/25 The Committee **approved** the plan in its current format without any amendments.

INTERNAL AUDIT REPORTS

A/17/26 The Internal Auditor, Mark Ashton-Blanksby, ICCA, presented the reports from Internal Audit which had taken place over the Spring term. One further internal audit has taken place and will be reported on formally at the next Committee meeting

A/17/27 FEE INCOME

Outcome of the audit:

Focussing on processes around fee income and collection.

The Committee were provided with an overview of the areas covered during the audit.

One medium rated risk – which is around fee collection and the fees of some groups of learners' fees not being automatically reflected in the Finance System when input into MIS. Because this is a manual system it is open to human error.

The Committee were given assurances that should a fee not be automatically collected for some reason, reports are run to check where enrolments do not have a fee collected.

Overall substantial assurance

A/17/28 IT INFRASTRUCTURE, SECURITY & DISASTER RECOVERY

Outcome of the audit:

Looking at the IT infrastructure post merger, checking the merging of systems has taken place successfully.

Overall reasonable assurance.

The three main recommendations were around:
Security of mobile devices – an increased level of encryption is recommended
Penetration testing of systems – regular testing of firewalls recommended
Changes to firewall required around file security recommended – this has already been implemented

A/17/29 The Committee **noted** the internal audit reports.

A/17/30 **INTERNAL AUDIT PLAN FOR 2017/18**

The Internal Auditor, presented the Internal Audit Plan for 2017/18 and made the following key points:

Updated strategy for internal audit and planned schedule of audits for 2017/18.
Outline of methodology used when drafting the plan.
Annual review of the organisation of the College.

A risk based operation is used to identify areas recommended to be covered by internal audit.

Proposed coverage for 17-18:

- Further work on Safeguarding/Prevent Strategy – likely October
- Data and management information – KPIs that the College sets, it was suggested that how performance is reported to Committees is included within this
- Space utilisation
- Curriculum planning – framework/how plan is set/how are any shortfalls addressed
- Apprenticeships and processes post implementation of the apprenticeship levy
- Budget setting process and budgetary control
- Payroll
- Exam arrangements and processes
- External assurance review (standard)
- Data protection – changes in legislation next year – audit will be carried out before the implementation of these to ensure that the College is ready for the changes

Overview of the internal audit team, internal audit charter, quality assurance arrangements and fees charged.

A/17/31 The Committee **agreed** the internal audit plan for 2017/18

RISK MANAGEMENT REPORT

A/17/32 The Director of Planning & Performance presented the Risk Management Report and outlined the key movements within the risk register. The Committee were provided with a summary of the key risks and the inherent risk position and the current assessment of the effectiveness of the risk controls.

The appetite for each of the risk areas was also provided, as well as the profile of risk controls in place to mitigate the risks and sub risks.

10 risk areas – one removed around merger since this had now taken place with aspects subsumed within other risk areas where appropriate. This had been replaced by an additional risk area around the Implementation of Apprenticeship Levy.

The DP P&P outlined the key movements within the register and the actions which were being taken to mitigate any risks.

Additional sub risk and controls around the use of sub-contractors and the processes required to be in place to monitor performance of sub-contractors.

Recruitment and retention of skilled staff and the processes in place to mitigate the effect of this risk area.

83 risk controls are in place with 67 of these rated as good or better.

A/17/33 The Committee **noted** the report

ITEMS FOR THE NEXT AGENDA

A/17/34 No items were raised.

There were no actions to be carried forward to the next meeting.

CONFIDENTIALITY

No items were raised as being confidential.

DATE OF NEXT MEETING

A/17/35 The next meeting was scheduled for **Thursday 23rd November 2017**

MINUTES APPROVED

Signed _____ Tracy Irwin, Chair of Audit & Risk Assurance Committee

Date _____ Subject to Amendments / No Amendments