

## **NON-CONFIDENTIAL MINUTES AUDIT & RISK COMMITTEE 13<sup>TH</sup> MARCH 2019**

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**Present:**

Jonathan Lake	External Governor
Mark Crowther	External Governor
Julie Barton	External Governor

**In attendance:**

Nicola Cove	Deputy Principal - F&R
June Fielding	Financial Controller

Patrick Clark	ICCA
Karen Johnson	Clerk
Caroline Vernon	Observer

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### **PROCEDURAL ITEMS**

**AR/19/01** The Clerk drew Governors' attention to the two paragraphs at the top of the agenda, formerly agenda items, reminding Governors of their responsibilities and to declare any interests relevant to agenda items, and that this also included responsibilities around Equality, Diversity and Inclusion, and Health & Safety. In addition governors were reminded of their duty to report any changes in year with regards to their declarations on the register of interest to the Clerk.

### **NON CONFIDENTIAL ITEMS**

#### **APOLOGIES FOR ABSENCE**

**AR/19/02** Apologies for absence were received from John Butler (External Governor) and Zee Walker, Director of Planning, Performance & Quality

#### **APPOINTMENT OF CHAIR AND VICE CHAIR**

**AR/19/03** The Clerk reminded the Committee that the term of office for Chair was due for renewal and as the Committee were aware the previous Chair had now retired (Don Logan).

It is also proposed that the Committee has a nominated person who would act as Vice Chair since membership of the Committee restricted to external members who also have business commitments which can from time to time affect attendance.

Expressions of interest and support for these nominations were requested.

Jonathan Lake expressed an interest in the role of Vice Chair and this was supported by members of the Committee.

The Clerk advised that in his absence John Butler had indicated that he would be interested in serving in either role.

There were no other nominations received.

The Committee agreed to appoint John Butler as Chair and Jonathan Lake as Vice Chair until Summer Term 2020

**AR/19/04** **Resolved: The Committee agree with the proposal to have a Vice Chair on the Committee**

**AR/19/05** **Resolved: The Committee approved John Butler as Chair and Jonathan Lake as Vice Chair until the Summer Term 2020**

### **MINUTES OF PREVIOUS MEETING**

**AR/19/06** The minutes of the previous meeting were considered and approved.

**AR/19/07** **Resolved: The minutes of the Audit & Risk Committee meeting, held on 28<sup>th</sup> November 2018 were agreed as a true and accurate record and duly signed by the Chair.**

## MATTERS ARISING

<b>AR/18/90</b> Director of PPQ to invite Mark Crowther to a future meeting of the Risk Management Committee	MC invited to the next internal risk meeting on 4.6.19 IN HAND
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## TERMS OF REFERENCE FOR THE COMMITTEE

**AR/19/08** The Clerk presented the Terms of Reference for consideration and approval. Governors were reminded that the Terms of Reference are reviewed and approved annually.

There had been some amendments to the Terms of Reference to ensure that these reflected the requirements of the Post 16 Audit Code of Practice for FE for 2018/19 which is produced by the Education & Skills Funding Agency (and had been updated in February 2019).

Within this document is clear guidance as to what the remit of the Audit Committee is and hence the Terms of Reference had been updated accordingly.

The Committee were referred to the Terms of Reference and the suggested amendments which were highlighted within the document. The key amendments are around the strengthening of the financial controls and processes in place to limit the risk of insolvency, fraud, corruption or a major weakness in the accounting and financial framework of the college.

**AR/19/09 Resolved: The Committee approved the Terms of Reference for the Committee**

## INTERNAL AUDIT REPORTS

**AR/19/10** The Internal Auditor, Patrick Clark, ICCA, referred the Committee to two internal audit reports which had been received since the previous meeting. These were:

Apprenticeship delivery and Risk Management.

The Internal Auditor made the following points with regards to each of the reports:

### Apprenticeship delivery:

- Overview of the scope of the internal audit provided and scale of testing
- Substantial assurance overall
- One low risk recommendation made relating to some minor inconsistencies within learner files tested

Following a question by the Committee it was clarified that the audit focusses on funding rather than learner experience

Following a question by the Committee the DP F&R provided assurances around the checking which takes place in house. In future the use of fully electronic recording will further strengthen the accuracy of records

- The learner files are selected by the internal auditors who undertake a random sampling exercise using the College ILR data

Following questioning the DP F&R provided further clarification around the processes that the college uses to record and monitor apprenticeship records in college and explained that whilst some efficiencies may be possible in the processes the college uses, there are all too often cumbersome processes which the college is required to do to meet funding agency guidelines and these are out of our control

- The Committee questioned if the college undertakes its own checking exercise to provide assurances around the accuracy of data.

The DP F&R advised that the recommendation around this will be followed up by IA and progress against meeting this will be reported to the Committee accordingly

### Risk Management

**AR/19/11** The IA explained the scope of the internal audit and the resultant analysis. This was a very positive internal audit with a positive report and no recommendations required.

The IA added that the college approach to and management of risk is very good and much more advanced than a lot of colleges in the sector.

There were no further questions raised.

**AR/19/12 Resolved: The Committee noted the internal audit reports**

## INTERNAL AUDIT RECOMMENDATIONS – TRACKING REPORT

**AR/19/13** The DP F&R presented the internal audit tracking report, which tracks the progress against fully meeting all recommendations arising from previous internal audits.

All recommendations from internal audits are populated into the report and then tracked until completion.

The following points were made:

- 12 live issues with 5 now resolved
- 7 continue to progress towards completion
- This has been reduced from 45 recommendations over the past year
- Highlights with regards to the key actions, 2 of which were overdue, one has been dealt with, relating to the Apprenticeship Strategy which is now completed. Roll out of bitlocker – implementation has been slightly delayed, but in progress and has been deployed to all the PCs in college and will be fully implemented once all computers have been upgraded to the latest version of Windows.  
It is planned to implement full usage of bitlocker over the Easter period
- Accommodation strategy – extensive piece of work which will require time and commitment to complete but will be planned in

The DP F&R drew governors' attention to the sub-report which contains the detail of all recommendations raised and as previously requested by the Committee these had been clearly identified between open and closed recommendations.

Governors noted that the only recommendation which is overdue is the one around bitlocker.

Following questioning the governors queried the completion dates noted on the report, the DP F&R advised on the process for defining the dates for completion and the link between this and the normal cycle of college business, for example a recommendation which involved curriculum planning could not take place until the college plans this during the spring term.

Governors referred to the format of the report and asked if this could be presented in such a way that the "open" recommendations could be separated from the "closed" recommendations.

Governors asked if the number of recommendations which were still open could also be noted on the report, however, it was acknowledged that it is not necessarily the number of recommendations but rather the impact of these.

Governors asked if any of the recommendations were linked to the risk management process, the DP F&R advised that where appropriate these do link into the risk management process and these are reflected in the risk management plan for the college accordingly.

**AR/19/13 Resolved: The Committee noted the internal audit tracking report and noted the progress being made in closing off any outstanding recommendations**

## **RISK MANAGEMENT REPORT**

**AR/19/14** In the absence of the Director PPQ this item was taken by the DP F&R. The Committee were referred to a number of reports which provided explanatory detail with regards to the risk register, action plan associated with the risk register and also the risk register commentary. These had been updated since the last meeting of the Committee.

Key points were:

- Risk register is monitored on a termly basis
- On an annual basis the structure of the risk register is fully reviewed

The Committee questioned the risk levels and appetite of some of the risk areas and it was suggested that an overview of the college approach to risk management could be provided at the next Committee meeting.

**Action: Clerk to note for agenda. DP PPQ to provide an overview of RM to the Committee**

Following this discussion, Patrick Clark, ICCA, raised that it is rare that colleges in the sector provide as much detail and split in the risk appetite levels as Furness College. The College's approach is much more advanced and the link between appetite and risk rating is more of an indication of the uncertainty of funding in the sector rather than a disparity in the methodology used by the college to define this.

Governors asked how the college defines risk appetite, the DP F&R advised that the Risk Management strategy group (SLT) meet on a termly basis to review the risk register and all the associated risk indicators.

**AR/19/15 Resolved: The Committee noted the risk register reports presented.**

**Patrick Clark, ICCA left the meeting.**

**WHISTLEBLOWING POLICY**

**AR/19/16** The DP F&R presented the Whistleblowing Policy for annual Committee approval and recommendation for full Board approval. There had been only very minor changes to the policy which had been refreshed the previous year. When reviewing the policy key documentation used by funding and other external agencies, such as Public Concern at Work is referred to.

Governors asked if the college used any third party agents where concerns could be raised and were advised by the DP F&R that ordinarily the approach would be via line managers or a senior member of staff but it is possible that concerns may be raised directly with the police, funding agencies, Public Concern at Work or Ofsted for example.

**AR/19/17 Resolved: The Committee approved the Whistleblowing Policy and recommended for full approval by Board.**

**ITEMS FOR NEXT AGENDA**

No items were raised in addition to the normal cycle of business items.  
Risk management approach by the college to be added.

**CONFIDENTIALITY**

**AR/19/26** The Committee considered the items and concluded that the consideration of the internal and external auditors should remain confidential. AR18-AR25 (appointment of internal and external auditors was agreed as a confidential item).

**DATE OF NEXT MEETING**

**AR/19/27** The next scheduled meeting of the Audit & Risk Committee was agreed as 5pm Wednesday 19<sup>th</sup> June 2019

**MINUTES APPROVED**

Signed \_\_\_\_\_ Chair of Audit & Risk Assurance Committee

Date \_\_\_\_\_ Subject to Amendments / No Amendments

PRE-APPROVAL