

## **Audit Committee**

### **Minutes of the meeting held on 29<sup>th</sup> April 2019 at City Centre Campus**

#### **Present**

Julian Young (JY), Chair	External Governor
Andrew Furse (AF)	External Governor
Andrew Parker (AP)	External Governor (by telecon)

#### **In attendance**

Richard Bott (RB)	Financial Statements Auditor, Mazars
Martin Harrison (MH)	Internal Auditor, ICCA-ETS
Laurel Penrose (LP)	Principal
Anne Roberts (AR)	Head of Governance
Jo Whistler (JW)	Director, Finance & Corporate Services

#### **1. Apologies for Absence and Welcome**

There were no apologies. Anne Roberts, Head of Governance and Jo Whistler, Director Finance & Corporate Services, were welcomed to their first meeting.

#### **2. Declarations of Interest**

None

#### **3. Confidentiality of Items**

[The following reports were confidential: items 5, 6 and 7].

#### **4. Minutes of the meetings held in November and December 2018**

The minutes of the meetings held on 26 November and 17 December 2018 were approved as an accurate record.

#### **5. Internal Audit**

##### **5.1 Internal Audit Progress Report 2018/19**

MH reported on the high-level summary report of internal audit progress. All audit reports were either in progress or had been completed apart from one, the fieldwork for which would start in June 2019.

The performance of internal audit against the agreed key service delivery indicators thus far was noted as having exceeded the targets set. It was noted that both the turnaround times for responses from both internal audit and the college were good.

The Chair thanked MH for the progress report and for the clear internal audit reports

that enabled the Committee to easily see the summary of assurance opinion and actions required. The Committee considered the following 3 final internal audit reports that had been previously circulated:

#### **5.1.1. Human Resources Management**

The Committee considered the audit opinion on HR management procedures and noted the 'reasonable assurance' conclusion, with 13 recommendations (of which 2 were high). The majority of the work related to design and the HR Strategy was key to this. HR policy updates needed regular refreshing (every 3 years or when a change of legislation) and further work was needed on the performance management framework. It was noted that appraisals were linked to employees start date and consequently did not necessarily fit with the College's strategic plan.

LP reported on the work taking place with staff on the strategy and the intention to delay the annual appraisal review to the start of the calendar year to tie in with the Strategic Plan and better reflect performance from the previous year. The Chair asked about the timescales for completion of the actions identified as these appeared to be challenging. LP confirmed that she had agreed these with the Director of HR and OD and progress would be reported as part of the Action Tracker.

#### **5.1.2 GDPR**

The Committee considered the audit opinion on compliance with the GDPR from May 2018. It was noted that there was a 'reasonable assurance' conclusion, with 6 recommendations, none of which were high. MH reported that the majority of the sector was in a similar position, with the College having done a lot of work in this area although staff training was slightly behind compared to others. It was noted that the training would be monitored monthly by Senior Management and mandatory training would form part of the performance review process. The Chair asked that this training was also included in the induction process.

The information audit that had been held in the college was discussed, including the penalties for non-compliance with GDPR. LP reported that the Director of HR & OD was currently the College's Data Protection Officer (DPO). The Chair raised a concern that the DPO also had a large number of actions from the HR Management audit. LP reported that she would be supported by an HR team, by the Head of MIS and the Head of ICT.

#### **5.1.3 Key Financial Controls**

The Committee considered the audit opinion on the effective and efficient controls governing financial systems. It was noted that there was 'Substantial assurance' with 3 recommendations (low and advisory). It was reported that the College had changed its process for debt management and that this had had a positive impact. Thanks were given to LP for effecting this.

Members asked about the systems in place in respect of gaining quotations for contracts and it was noted that further education and training would be implemented, as well as better system controls. LP and JSW confirmed that all orders were being

scrutinised very closely. AP asked about the authority levels. LP confirmed that the financial regulations had been subject to review and would be closely monitored.

Thanks were given to MH for a positive and timely report.

## **5.2 Internal Audit Revised Schedule 2018/19**

MH reported that at the request of Senior Management, the Apprenticeships Delivery audit would form part of the 2019/20 internal audit plan and a Health & Safety audit had been scheduled this academic year instead. This was agreed.

## **5.3 Internal Audit Actions Tracker**

JSW provided a verbal update on the previously circulated audit actions. She reported that MH had been very helpful in consolidating the previous outstanding actions and she hoped that most would be cleared by the end of this financial year. The actions and their deadlines were reviewed regularly by the SMT and would be reviewed at the next Audit Committee. The last 2 actions needed to be updated in terms of a revised date for completion. MH confirmed that he would be reviewing outstanding actions and would report back on their status.

JSW flagged the actions on fixed assets. The Heads of Finance, Estates and IT would be undertaking verification samples between May and July, to be followed by software upgrades in the Summer. The Chair asked that the basis of land valuation at SVC was revisited in relation to the accounts; JSW confirmed that she would liaise with RB on this matter. Thanks were given to JSW for the report. **ACTION: JSW**

## **6 External Audit**

RB gave a verbal update on the previously circulated report on FE sector themes and learnings. He highlighted the new insolvency regime, the changes to college financial protection and the importance of good governance. It was reported that the banks were taking a harsher stance in terms of covenants, which was starting to have an impact in the sector. RB also reported on the risk to colleges of compliance with the GDPR. Thanks were given to RB for this useful report.

## **7 Risk Register**

JSW provided a verbal update on the previously circulated strategic risk register. The register had recently been discussed by the SMT and a dedicated risk management group (wider than SMT) had been formed. The top 10 risks identified were all on the register, except for one relating to staff capacity. JSW summarised the key changes to update the risks, which included:

- (i) Funding risk - a lot of work had taken place on the Adult Education Budget, information and management systems. The outcome of this would be reflected in the management accounts/financial forecast;
- (ii) Estates Strategy - updated in view of the funding from WECA;
- (iii) Emergency response risk - training and procedures were being put in place, with an exercise to take place in the Summer. The insurance had been re-tendered;
- (iv) IT/Cyber Security - a focus on training and systems was being undertaken;

- (v) HR recruitment and capability - the ability to recruit at an affordable cost and capability to deliver the curriculum had been updated; and
- (vi) Staff capacity -- a new risk had been added. This was particularly relevant in relation to new projects. Project Management expertise had been sourced.

Members welcomed the work being done in this area and also recognised the challenges it presented. The Institute of Technology would require a different set of recruitment challenges and would require careful scrutiny given the risks of a joint venture and need for excellent quality of delivery.

Thanks were given to JSW for a comprehensive summary.

## **8 Health & Safety**

JSW provided a verbal update. There had been several incidents that had been reported to the Board. Some of these were around the ageing infrastructure of buildings. Members noted that the reported incidents had all been picked up by the normal processes in place, which indicated that systems were working effectively.

Audit fieldwork would take place in May with a report coming to the July meeting. The Health & Safety Committee would be meeting shortly with a focus on training and development and the Board would receive a written update in May. In future, Health & Safety would be a standing item on Board agendas.

## **9 Any other Business**

Members agreed that the meeting using both telecon and face to face as well as the use of Board Intelligence for committee papers had worked well. One member asked that wherever possible reports should be as concise as possible.

## **10 Date of next meeting**

8 July 2019 at 16:45