

MINUTES

Group :	AUDIT COMMITTEE	Date:	13/03/2018.
Location:	Principal/CEO's Office, Priory House, Welsh Bridge Campus, Shrewsbury	Time:	5.30 p.m.
Membership:	Linda Carroll, Iain Gilmour, Nigel Merchant and Rex Sartain. 1 vacancy/co-opted member vacancy.		
IN ATTENDANCE:	Members of the Senior Leadership Team: Paul Partridge, Finance Director James Staniforth, Principal/CEO Clerk to the Board, Tracy Cottee		
BY INVITATION:	Jane Butterfield, Business Assurance Manager, Tiaa, College Internal Audit Service (IAS)		
APOLOGIES:	None.		

Prior to the meeting, Committee members received a Briefing from the Group Vice-Principal, Information & Strategy (GVP – I&S) on the College's preparations for the introduction of the General Data Protection Regulation (GDPR) requirements in May 2018, including –

- Explaining the key risks identified by the College; and
- How the College was managing these risks.

The Committee thanked the GVP for providing the Briefing and agreed that it had provided assurance on the robustness of the College's preparations. It commended the risk-based approach taken by the College in meeting the challenge of preparing effectively for GDPR requirements.

01/18. **Declarations of Interest**

There were no declarations of interest.

02/18. **Draft Minutes of the Meeting Held 28 November 2017**

The Minutes of the meeting held on 28 November 2017, were agreed as a true record. The Principal/CEO reported that the College had experienced a flood the previous weekend as the result of a burst heating pipe at English Bridge (EB). Students' work had been safeguarded and teaching had not been interrupted.

03/18. Internal Audit Reports (Appendices Nos. 4)

Ms Butterfield presented –

The Internal Audit Progress Report

Ms Butterfield referred to the summary report (previously circulated), updating the Committee on the progress of Internal Audit Service (IAS) work in the College. She and the Finance Director would timetable the remaining planned reports; the report on Apprenticeship provision was likely to be rescheduled, in the absence of a 2018/19 Non Levy Contract. The Safeguarding Assurance Review had been completed and the Draft Report issued in February 2018.

Assurance Review of Health & Safety

Ms Butterfield referred to the Assurance Report (previously circulated), which had provided an overall assurance assessment of 'reasonable assurance'.

The Committee noted that the College was requested to review its Health & Safety Policy to ensure it met the needs of the newly merged Group; this would be presented to the Finance & Business Operations Committee on 14 March 2018, then Full Board on 26 March 2018.

Assurance Review of Key Financial Controls – Payments

Ms Butterfield referred to the Assurance Report (previously circulated), which had provided an overall assurance assessment of 'limited assurance'.

The IAS had made one Priority 1 recommendation relating to ensuring that the person processing invoices for payment cannot both setup and amend suppliers' details. The management response was that the risk identified was accepted but the recommendation in the Report was not a workable solution. The Finance Director explained that a review of the controls in place had been undertaken and explained the changes implemented to ensure all changes were documented and verified by another Team member. These measures include obtaining confirmation in writing from the payee of any request to set up or change suppliers' details and verification that all changes to supplier bank details made in the finance system have been appropriately evidenced and confirmed by the payee. Compliance and review of this control process would be checked by the Finance Manager as part of the weekly BACS payment run preparation and approval, with payments to any supplier with unconfirmed bank changes being excluded from payment runs until these had been verified.

The Committee observed that the key risk related to a third party fraudulently seeking to change supplier details and as the weekly report could potentially be conducted after the weekly cheque run, there was a risk. It was suggested that the College introduce a fortnight period to check and verify any requested changes, going forward. Notwithstanding, the Committee was assured that the Finance Director's management actions were appropriate to mitigate risk. The Finance Director observed that the Report had been useful and, as a result, he would be looking into other College processes that involved the capture of or requests to change bank account details.

Assurance Review of Payroll

Ms Butterfield referred to the Assurance Report (previously circulated), which had provided an overall assurance assessment of 'reasonable assurance'.

A Payroll Policy was to be prepared to document the process and responsibilities.

Compliance Review of Sub-Contractor Controls

Ms Butterfield referred to the Assurance Report (previously circulated), which had provided an overall assurance assessment of 'substantial assurance'.

The College was assessed as having good arrangements in place to manage and monitor its subcontracted provision.

The Principal/CEO requested that the College's report outcomes be benchmarked, if possible, against the firm's other college clients, to be aware of any other good practice, considering the funding bodies' interest in subcontracting.

04/18. **Risk Register and Board Assurance Framework** (Appendix No. 5)

The Committee reviewed (previously circulated) the Risk Register and Board Assurance Framework (BAF) – March 2018 Update.

The Finance Director explained the 'Red' Risks identified in the Register, including -

- Risk 1.2 Achievement Rates
- Risk 1.5 Systems to support students with predicted grades
- Risk 2.0 Risk to reputation from College being unable to advise students who would normally progress to an Apprenticeship (Red Risk added since last Review)
- Risk 2.2 Adult Education Budget
- Risk 2.3 Apprenticeship Strategy
- Risk 2.4 Government funding changes
- Risk 2.5 HE Strategy
- Risk 2.12 Business Continuity Provision
- Risk 2.19 - Risk that TUS activity is reliant on a key individual (Red Risk added since last Review)
- Risk 3.4 Industrial Action
- Risk 4.3 Increased Competition

The Committee enquired if Risks 1.2 & 1.5, reflected the impact of the 2 year linear A Level programme. The Principal/CEO reported that the College's unique position may be flagged in the desk-based data assessment by Ofsted, but that the outcomes were clearly explained and contextualised in the Self-Assessment Report which Ofsted would consider alongside the raw data. The Principal/CEO also reported that he had also briefed the OFSTED FE Lead and OFSTED Regional Lead on the College's context. The Committee agreed that the risk was mitigated by the College's understanding of the issue and that external agencies had been briefed. Regarding a possible reputational risk, the Principal/CEO explained that achievement rates were largely a technical tool used in the sector; the College's communications to parents focussed on demonstrating students' progress, which reflected parents' interests.

With respect to Risks 2.0 & 2.3, the Principal/CEO explained that, whilst the impact of losing the ability to offer funded Non-Levy funded Apprenticeships could be mitigated in 2018/19, there was a greater risk in losing established connections with employers. The Finance Director explained that, to mitigate this risk, the College was exploring a number of options so it could continue to offer Non-Levy funded Apprenticeships.

With respect to Risk 2.5, the Committee requested that the launch of the Office for Students be added.

The Finance Director reported that work in relation to Risk 2.12 was not likely to be completed in Spring Term 2018, due to impact of work to deliver apprenticeship solutions.

The Committee concluded that it considered the risks to have been appropriately identified and the management actions reported were effectively mitigating these risks.

Resolved:

That it be recommended to Board that the Risk Register and Board Assurance Framework (BAF) – March 2018 Update, be approved.

ACTION: ITEM TO BOARD

05/18. Audit Recommendation Tracking Report (Appendix No. 6)

The Committee reviewed and noted the Audit Recommendation Tracking Report (previously circulated).

The Chair commented that the College was reaching a position where actions were completed in a timelier manner.

Resolved:

That the report be noted.

06/18. Irregularity and Fraud

None reported.

07/18. Risk

As part of the discussions on the College's Risk Register and Board Assurance Framework agreed at the last Board meeting (Board Min No. 67/17 refers), the Committee had requested that each committee, at each meeting, examine those risks within its remit and ensure that they had either been identified or adequately discussed at the meeting. All committee agendas now featured a final item to consider whether risks connected with that committee had been effectively addressed in the meeting.

The Committee concluded that the risks connected with the committee had been identified and that there had been sufficient discussion of the issues at the meeting; particularly with respect to the Apprenticeship Levy, with risks being effectively managed at this point. With respect to failure to comply with legislation, the agenda provided evidence. Moreover, the Committee had received a briefing on GDPR, which was evidence that the Committee was aware of emerging risks and was pro-active in seeking assurance on them.

The Committee agreed that it would wish to receive a Briefing on Apprenticeships at its next meeting, in light of the additional actions being taken.

08/18. Date of Next Meeting – Tuesday, 19 June 2018 @ 5.30 p.m. Venue – Principal/CEO's Office, Welsh Bridge Campus.

The meeting concluded at 1850.