

Minutes Part I

Audit Committee – Minutes	
Meeting Time and Date	0830 on 5 March 2018
Meeting Location	Room H2, Enfield
Present	Robert Howard (Chair) Paul Campbell Guy Jones-Owen (Independent) Paul Goddard (Scrutton Bland)
	Susanne Datta (HR) Damien Fallon (Finance) Malcolm Goodwin (Principal) Lynn Hart (Academic) Richard Prowse (Facilities) Joanne Coffey (Clerk)
Apologies	Beryl de Souza Mark Smith (Scrutton Bland)
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<p>1. Apologies</p> <p>1.1. Apologies were given for Beryl de Souza and Mark Smith. Paul Goddard joined the meeting prior to Item 6.</p>
<p>2. Declaration of Interests</p> <p>2.1. None.</p>
<p>3. Minutes (Decision)</p> <p>Resolved to</p> <p>3.1. Approve the minutes of the Audit Committee meeting held on 21 November 2017 as a correct record and authorise the Chair to sign them.</p>
<p>4. Matters Arising</p> <p>4.1. Electronic and online payments, as currently utilised by the College in the canteen and for events, to be further employed as appropriate to ensure alignment with current technological trends. (Minute 7.3, 21 November 2017)</p> <p>4.2. To explore and facilitate a potential future bursary fund, to support students seeking financial assistance, systems are being progressed to monitor charitable donations' purpose and impact. (Minute 13.4, 21 November 2017)</p>

- 4.3. The election of the Vice Chair of Audit to be progressed at the Summer Audit Committee meeting. (Minute 3.i, 6 March 2017)

5. Report of The Director of Finance (Decision)

- 5.1. The College continues to receive a quality service from the external auditors, Buzzacott.
- 5.2. The audit of the Teachers' Pension Scheme requires an analysis of a larger sample size of employees and this equates to a 40% fee rise to £1,500 plus VAT, which the Committee were satisfied was valid and fair.

Resolved to

- 5.3. **Agree and recommend to the Governing Body the appointment of Buzzacott to audit the deductions and contributions the College has made in respect of the Teachers' Pension Scheme for the 2017-18 tax year.**

Paul Goddard joined the meeting.

6. Internal Audit Reports – Year to date 2017-18 (Decision)

- 6.1. Paul Goddard presented the high profile reporting of Scrutton Bland's Internal Audit Reports.

Report on Debtors

- 6.2. Total debt of £764k stood at 4 December 2017 of which £69k related to the previous year. The reduction is due to forward looking controls and earlier monitoring of debt.
- 6.3. STA International, the College's debt collection agency, recovered £77k of £111k (70%), demonstrating a robust achievement, facilitated by the College's rigorous issuance of accurate invoices.
- 6.4. The Committee discussed debt management reporting and it was agreed that the Finance Director would share the outcome of their report verbally with the Finance and General Purposes Committee.
- 6.5. To monitor any impact apprenticeship reforms might have on College systems and future debt. The Finance Director to liaise with Scrutton Bland who will share best practice that they identify from their work with other clients.

Report on Safeguarding and PREVENT

- 6.6. A Green (Strong) assurance opinion demonstrated highly effective controls and training compared to the sector, including bespoke Level 1 training which was employed across all sites.

- 6.7. No recommendations were made for improving the College's Safeguarding and PREVENT risk and assurance mechanisms.
- 6.8. One added value point, to include confirmation of having read the College's safeguarding policy to be added to individual CPD records, to be communicated by the new Safeguarding team. The HR iTrent system is now updated to collect this information.
- 6.9. PREVENT training to be revised in autumn 2018, following analysis of the current forms of crime and any new information gathered.
- 6.10. PREVENT training for Governors to follow in autumn 2018.

Report on Risk Management

- 6.11. Risk Management given a Green (Significant) assurance due to clear risk management framework
- 6.12. No recommendations were made and four added value points were advised:
 - a) Incorporating the impact on teaching and learning into the risk scoring severity definition was completed in February 2018.
 - b) Audit Committee to take on an oversight of risk to improve communication of risk through all committees whereby:
 - i. Audit Committee to receive the Risk Register to oversee the overall effectiveness of the risk strategy
 - ii. Audit Committee to consider the High Risk Action Plan and Policy at all meetings

Note: Amended since March 2018 Governing Body, as previous minute suggested Audit Committee was taking management of risk

- c) Audit Committee to be renamed 'Audit and Risk Committee' to reflect their enhanced oversight role on risk.

Note: This was not accepted by the Governing Body
- d) The language of "Cause and Effect" will be used to describe risks to make the risk and the potential harm clearer and easier to evaluate. All current know risks are to be re-written using this methodology under the new policy and presented at the summer 2018 Audit Committee prior to consideration by the Governing Body.

Resolved to

- 6.13. **Accept the Risk and Assurance Reports on Debtors, Safeguarding and PREVENT and Risk Management issued by Scrutton Bland as part of the College's Internal Audit Plan 2017-18.**

<p>6.14. Accept the proposal raised by Scrutton Bland within their report on Risk Management: to consider how communication between the Audit Committee and other Committees could be developed further in respect of risk oversight.</p> <p>6.15. Verbally advise the Search and Governance and F&GP Committees of the intent that the Audit Committee be renamed the 'Audit and Risk Committee' prior to recommendation to the Governing Body. <u>Note: The proposed renaming was declined by the Governing Body.</u></p>
<p>7. Risk and Assurance Progress Report 2017-18 (Decision)</p> <p>7.1. The Risk and Assurance Progress Report from Scrutton Bland awarded Green assurances to Debtors, Safeguarding and PREVENT and Risk Management, demonstrating that risks are well managed.</p> <p>Resolved to</p> <p>7.2. Confirm the Internal Audit Plan for 2017-18 remains appropriate to the current needs of the College.</p>
<p>8. Financial Statements Auditor (Evaluation of Performance 2016-17, Annual Reappointment 2017-18) (Decision)</p> <p>8.1. Buzzacott performed well in the previous year, providing an excellent service with good value for money.</p> <p>8.2. Scrutton Bland shared their assurance work with Buzzacott and open communication existed between them, if required or deemed to be beneficial to the College.</p> <p>8.3. A re-tender will be conducted in 2018-19 as good practice.</p> <p>8.4. The Committee were satisfied to reappoint Buzzacott automatically for a further year prior to the tender.</p> <p>Resolved to</p> <p>8.5. Confirm the evaluation of the performance of the financial statements and regularity audit service for 2016-17 as good (the highest grade).</p> <p>8.6. Recommend to the Governing Body that they confirm the appointment of Buzzacott to provide the financial statements and regularity audit service to the College for the 2017-18 year at a negotiated cost of £25,290 for the year, exclusive of VAT.</p> <p>8.7. Instruct management to conduct a tender for the financial statements and regularity audit service for 2018-19 onwards.</p>
<p>9. Risk Management (Decision)</p> <p><u>Risk Review Schedule (Risk Register) and Action Plan (High Risk Action Plan)</u></p>

- 9.1. The Risk Review Schedule currently has various names and is to be renamed the 'Risk Register' and the Risk Management Action Plan is to be renamed the 'High Risk Action Plan' to clarify its purpose.
- 9.2. Risk Appetite has been more clearly integrated into the Risk Management Policy and practice and Risk Assurance has been added to ensure that the controls in place are implemented effectively.
- 9.3. The structure of the new Risk Register is clearer and more informative. This will help risk managers with understand risk management and the actions they need to take or monitor.
- 9.4. New risks included in the Risk Register include compliance with the General Data Protection Regulations (GDPR), the succession planning of staffing and the gender pay gap.
- 9.5. Updated risks include the changing needs of Child Protection and Safeguarding and cyberattack.
- 9.6. A high level risk relating to lease negotiations was discussed and the need for careful risk assessment.
- 9.7. The application and use of Risk Appetite in the Risk Register was discussed. It was confirmed that the use of a Target Risk, in addition to the Risk Appetite and as a benchmark as to how high the risk could go, was needed in the Risk Register.
- 9.8. Paul Goddard and the team at Scrutton Bland were thanked for their assistance in helping the College restructure and simplify risk management.

Risk Policy

- 9.9. The Committee considered the draft Risk Management Policy document in detail and recommended the following revisions:
 - a) Improved graphic on the cover page
 - b) Additions to the wide-ranging risks faced by the College included: funding, weather, information security, transport, financial distress and ethical failure (Page 3)
 - c) Black Swan Risks to be classified as 'knowable unknowns' (Page 3)
 - d) The graph of Roles and Responsibilities updated to include all sub-committees and noted to be 'an indicative and not a comprehensive list' (Page 4)
 - e) The Roles and Responsibilities of the committees and SLT were expanded for clarity (Pages 5-7) and rephrased in paragraphs 73 and 74 (Page 10)

- f) The embedding process is described in paragraph 80 (Page 11)
- g) The Risk Rating was amended to demonstrate a score greater than 9 was a High Risk (Page 15)
- h) The scoring of Catastrophic was raised from 4 to 5 to ensure an appropriate presentation of High Risk on the Risk Rating Matrix (Page 15).

Resolved to

- 9.10. **Recommended to the Governing Body that the attached Risk Management Policy 2018 (Appendix I) is adopted, so that current risks on the Risk Review Schedule are transferred to the Risk Register and current actions in the Risk Management Action Plan are transferred to the High Risk Action Plan.**
- 9.11. **Familiarise managers with the new Risk Management Policy 2018, Risk Register and High Risk Action Plan prior to implementation from 1 August 2018.**

10. AOB

- 10.1. Scrutton Bland provided a sector update which explained the impact on financial statements of the insolvency regime changes which may result in a greater value for money focus being reported in financial statement in the future.
- 10.2. In this regard, the auditors reiterated the importance of demonstrating accountability of value for money through rigorous self-assessment.
- 10.3. The new General Data Protection Regulations (GDPR) come into effect on 25 May 2018. No formal AoC guidance currently exists and auditors advised a thorough overview of current College practice via a data audit.
- 10.4. The College's retention policy has been revised and the latest HR system upgrade (10.26) has the new GDPR data request form factored in.
- 10.5. The College's Data Protection Officer to be the responsibility of the Head of MIS.
- 10.6. If the College deems value in employing external consultancy to assist with GDPR preparation, this to be considered by the Finance and General Purposes Committee and the Governing Body.

11. Date of next meeting

- 11.1. The next Audit Committee meeting will take place on Monday 18 June at 0830.