



Meeting of the Audit Committee
held on Thursday 3 March 2016 at 8.00am
In Room 814
at Matthew Boulton Campus

Present:	Apologies:
Andrew Madden (AM)	Kathryn James (KJ)
Anthony McCourt (AmC)	
Taher Hussain (TH)	
In Attendance:	
Andrew Cleaves (AC)	
Louise Jones (LJ)	
Helen Ainsbury (HA)	
Ben Connor (BC) PwC	
Liam Nevin (LN)	

Apologies & Declarations of Interest

Apologies were received from Kathryn James and Andrew Madden agreed to take the Chair for the meeting.

There were no declarations in addition to those recorded on the register of interests.

Item 1 – Open and confidential Minutes of the meeting held on 3 December 2015

The minutes were approved as a true and accurate record of the meeting.

Matters Arising and Action Log

LJ advised the Committee that the update in respect of security and anti-terrorism work would be followed with a detailed implementation plan and this would be reported back to the committee.

AmC noted that the staging of an emergency event was proposed to be undertaken in the next twelve months, and asked for clarification on the reason for that timescale. LJ advised that there was significant work to do in readiness for this and that firmer implementation dates would be included in the project plan in respect of this matter and business continuity generally.

AM noted that the December minutes referred to the need for the College to ensure that certain assets were listed on the College's insurance policy. LJ confirmed that the assets that were subject to the report had now been serviced and were back in operational use. A more detailed piece of work was being done with Curriculum teams to ensure that all assets were properly recorded and managed in accordance with the College's obligations under the insurance policy.

AM asked whether a decision had been made to include the student journey work in this year's internal audit plan and what the transitional arrangements would be if the Corporation resolved to change its internal auditors following the recent tender exercise. In relation to the student journey work LJ advised that the Executive focus was on re-designing the business planning and curriculum planning cycle and that the internal audit

work would be more beneficial if the operation of the process was reviewed from September 16. With regard to the transitional arrangements LJ advised that the PwC work would be managed so that the annual plan completed in July.

Item 2 – Risk Register Update

LJ introduced the report and advised that the second iteration of the Recovery Plan was now being developed. It was noted that the committee were keen to understand the relationship between the risk register and the strategic plan and LJ advised the College's annual plan would bring together strategic risks and college and faculty plans.

AM queried the position with pay costs and estates risks and LJ advised that the report only addressed risks that were RAG rated as "red" or "amber" and these risks had now been downgraded to housekeeping matters.

AM proposed and it was agreed that where risks were re-rated as "green" they be reported to the subsequent audit committee before being removed from the report. This would allow the committee to assure itself that it was appropriate to downgrade the risk

LJ noted that KJ had challenged that the mitigating actions needed further development so that they were SMART, and agreed that this was an issue which would be addressed through the development of the annual plan.

AmC noted that there were 10 departmental risk registers awaiting completion and asked for an update on these. LJ advised that the majority of these were in the Curriculum areas and she was satisfied that much of the work had been done. However, it was necessary to ensure that the information was integrated into the annual plans.

AC proposed and it was agreed that a further report be presented to the next meeting of the committee to address these issues.

Accordingly it was

RESOLVED

- **That the Committee notes the report.**

Item 3 – Progress on Delivering the Internal Audit Plan 2015-16

BC delivered the update and advised that the Marketing and PR Strategy Review had been completed, that work was being undertaken on the new curriculum planning processes for 16/17 and scoping was being undertaken for the remaining reviews in the programme.

AM noted that monthly student surveys had been proposed previously and asked for an update on progress. AC advised that some trialing had been done and it had been decided that to ensure good response rates, staff would approach students directly. This would be fully implemented upon the imminent completion of the Big Teaching and Learning Survey.

Accordingly it was

RESOLVED

- **That the Internal Audit progress report be noted.**

Item 4 – Internal Audit Recommendations – Management Actions

LN introduced this item and advised that the IT issues were substantive agenda items. It was also noted that there was a typographical error in relation to the "Student Records" entry and the actual completion date was 18/12/15.

Accordingly it was

RESOLVED

- **That the Committee note the report**

Item 5 – Update on BDO Review of Internal Controls

LJ summarized the report and advised the Committee of the three outstanding recommendations and the steps being proposed to implement these.

AM asked whether the College asked contractors to confirm whether they had a business or personal relationships with the College and it was agreed that this question would be added to the standard form of tender used by the College.

In relation to recommendations 2 and 3 LJ advised that a Payroll Manager had been appointed in December and was now introducing the documented processes. It was noted that recommendation three required some system changes and which were therefore reflected in the slightly later completion date.

AmC questioned whether the College planned to commission a similar review on an annual basis and LJ advised that the report was exceptional and designed to address the significant weaknesses in internal controls that she had inherited as the CFO. However, financial controls would feature in the annual audit plan.

AM noted that the report reflected significant improvement and hard work, and thanked LJ for overseeing these positive changes.

Accordingly it was

RESOLVED

- **That the report be noted**

Item 6 – Review of Subcontracting Process

LJ introduced the report and advised that the audit report by BDO was a new annual requirement for the College to obtain external assurance of its sub-contracting controls. The covering report identified six outstanding recommendations, it being confirmed that the other recommendations had been implemented during the audit.

LJ confirmed that as Accounting Officer AC had signed the necessary certification and thereafter showed the proforma to the Committee.

AM noted that the findings in relation to recommendation 9 and asked LJ to comment on the adequacy of staffing arrangements. LJ advised that a teaching and learning coach had been approved for this area of the business and that directors with high volumes of sub-contracting work had allocated staff to lesson observations.

AmC noted the findings in relation to recommendation 1 and asked how the College would deal with a sub-contractor that did not have a Prevent Strategy. LJ advised that a judgement would be made prior to agreeing a contract to decide whether the College was prepared to enter into a sub-contract on the understanding that the sub-contractor promptly developed a strategy that was acceptable to the College.

Accordingly it was

RESOLVED

- **That the report be noted**

Item 7 – Operation of IT Security Controls

HA introduced the report and advised that it was prepared in response to a debate at the Corporation meeting. Thereafter she described the control and monitoring of IT systems in use in the College and the proposals to review and develop these.

More specifically, it was planned to expand keyword usage monitoring to College owned student devices and to revise the College's Acceptable Use Policy.

Thereafter, in response to questions from AmC and AM it was confirmed that the College systems did not currently provide automatic notifications if prohibited search words were used but the College could run reports to identify such usage and this was one of the issues under review in the Acceptable Use Policy for students and staff.

TH advised that it was important for such controls to be sensitive to context and the language that students use.

AM proposed and it was agreed that HA would take further advice from the AoC on best practice in this area, and this would be used to inform the further development of policy and practice.

Accordingly it was

RESOLVED

- **That the report be noted.**

Item 8 – Data Protection and Information Governance Headline Review

HA presented the report and advised that this was an interim report towards an annual assurance review for the Committee and the Corporation. It was explained that this work had not been done before and the organizational understanding of information governance was not well developed. The report highlighted what HA had identified as critical compliance issues and others that whilst important, were secondary priorities. The main issues to be addressed were to implement an effective information governance framework by October 2016, to ensure robust data quality by September 16, to ensure that the recent security recommendations made by PwC were implemented by the end of March 2016 and that the Data Protection Policy had been reviewed with an implementation plan by the end of March 2016.

AM stressed that the issues with data quality required attention as a matter of priority and this point was accepted with HA assuring the committee that work on stabilizing the College's data was ongoing with the aim of ensuring that the College's data quality would be fit for audit by July 2016.

AC noted and endorsed the committee's concern around data quality and offered to bring an interim report to the next meeting setting out the steps taken to ensure robust data reporting and quality as distinct from the wider development of Information Governance.

AM asked whether the staffing resources in the area were adequate to address the challenges and HA advised that whilst staffing numbers were adequate, there were some skill gaps and potential single points of failure. These were being addressed as part of a re-design of the service and which would be resolved by the end of the calendar year. The Corporation were being asked to consider the service design issues at their next meeting.

Accordingly it was

RESOLVED

- That the Committee endorse the proposals set out in the report
- That a further report be presented to the June Audit Committee setting out the steps taken to address and improve data quality.
- That the proposed Data Protection Policy and implementation plan be considered by the Audit Committee in its June meeting.
- That a further report be presented to the Committee on the content of the Information Governance Framework following its completion in October 2016.

Item 9 – Whistleblowing Policy Review

LN introduced the report and advised that it was timely to review the Policy as it had not been considered by the Corporation for three years. In addition, recent litigation in which the policy was tested had identified weaknesses in its application.

The policy had been benchmarked against best practice guidance issued by the Charity Public Concern at Work and it was clear that there were currently insufficient points of contact for staff. In addition, there was a need for greater clarity around decision making and the circumstances in which it was appropriate for an independent governor to be the designated decision maker.

AM commented that he thought that the policy changes were sensible and noted that it would require communications with staff and students in respect of the changes. LN advised that initially training would be provided to managers through the Management Development Programme and the key messages would be cascaded to students and staff following this.

Accordingly it was

RESOLVED

- That the amended policy is recommended to the Corporation
- That the Corporation is recommended to appoint an independent governor to discharge the responsibilities in the revised policy.

Item 10 – Fraud Report

This item is recorded in a confidential minute

Item 11 – Appointment of Internal and External Auditors

This item is recorded in a confidential minute

Item 12 - Investigation into Allegations Made to the SFA

This item is recorded in a confidential minute

Any Other Business

There was no other business

Date of next meeting: Thursday 30 June 2016

Signed.....
Chair

Date..... 3 August 2016.....

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