



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Audit Committee held on Tuesday 13th June 2017 from 5pm.

Confirmed Minutes

- Present:** Mr A Nelson (Chair), Mr N Uppal and Mr K Webb (75%)
- In attendance:** Mr A Shaw, Mr A McCulloch (Tiaa), Ms J Pryce, Mr P Kennedy and Ms L Summers
- Clerk:** Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest

Apologies were received from Ms H Haigh.

Mr McCulloch declared an interest in agenda item 11.

Mr Nelson welcomed Ms Summers and Mr Kennedy to the Committee meeting. Mr Nelson explained that Ms Summers had been specifically invited to the meeting to maintain continuity in the BAF development as it was subject for review at tonight's meeting. Ms Summers was previously the Chair of the Audit sub-committee that had initially championed the Board Assurance Framework; all present welcomed the opportunity for Ms Summers (Chair of the Corporation) to offer her opinions on the developments of the BAF in view of the Senior Leadership's major review of the College's key risks.

2. Minutes from Meeting held on 21st March 2017

Resolved:

- That these be accepted as a correct record, subject to the two minor amendments.

3. Matters arising

BAF Assurance Review: Breaches to IT security, Unlawful access to data loss of network connectivity or service.

Ms Pryce explained to the Committee that the Senior Leadership Team are to explore all options available to the college with regards to off site databack up systems - this will include consideration of viable options available through the Collaborative Learning Trust as well as purchasing college owned Disaster Recovery Sites. The Committee was satisfied with this response.

4. Internal Audit Reports

Mr McCulloch presented his reports to the Committee.

Assurance Review of the Payroll Arrangements

This review considered the arrangements for; the creation, amendment and deletion of payroll records; the payment of allowances and pay awards; and the payment of salaries. The review also included month and year end disciplines, severance payments and reimbursement of travel and

subsistence expenses, including for Board members. The scope of the review did not include determination of salary scales, appointment and removal of staff or the pension arrangements.

The overall assurance assessment assigned was substantial. No recommendations were made and only one operational effectiveness point was raised which has been duly considered by the Senior leadership Team. The Management comment in response to this point was accepted by the committee and by Tiaa.

The Committee also welcomed the comparison data of Key controls of payroll across Tiaa FE Client base 2016/17.

Assurance Review of the Quality Assurance Arrangements:

The review considered the arrangements for providing assurance to the Corporation and senior management through the systems that are used to track and manage the attainment of the College's Targets. The scope did not include consideration of the accuracy or completeness of all reports presented to the committees/groups or the appropriateness of all decisions taken.

The overall assurance assessment assigned was substantial. No recommendations were made. No operational effectiveness matters were identified. It was noted that there is a robust and well managed assurance framework that provides a coordinated approach across all areas of the College. The audit noted that regular and detailed updates are provided to senior management and Governors in relation to the Quality Improvement Plan. Scrutiny and validation had been undertaken in a way that provides both challenge and independent review. Comprehensive audit trails are provided through the processes adopted that demonstrate transparency in the information being provided to Governors and senior management.

The committee noted that the audit findings report did not provide any relevant benchmarking data for comparative purposes. Mr McCulloch explained that at the time of the report no other comprehensive quality assurance reviews had been undertaken. However, Mr McCulloch informed members that elements of the colleges Quality Assurance framework will be shared with other FE clients as good and effective practice.

Follow up Review 2015/16

As part of the approved internal audit periodic plan for 2016/17 Tiaa have undertaken a review to follow up progress made by Huddersfield New College to implement previous internal audit recommendations. The audits considered as part of the follow up review were:

- Follow Up (2014/15)
- MIS and Funding
- Student Experience
- Estate Management
- Ordering, Receipt and Payment

Staff members responsible for the implementation of recommendations were interviewed to determine the status of agreed actions. Where appropriate, audit testing has been completed to assess the level of compliance with this status and the controls in place.

Through the work performed the Auditors were able to confirm that all 10 recommendations followed up had been fully implemented at the time of the review.

Resolved:

- **To receive the reports**
- **To congratulate all staff on the positive audit findings**

5. Recommendation tracking

The Committee accepted the Audit Recommendation Tracker.

Resolved:

- **To receive the report**

6. Risk Management Policy

Ms Pryce explained that the Risk Management Plan was subject to bi-annual reviews (last approved 2015). Ms Pryce informed the Committee that a comprehensive review of the policy has been undertaken and a full re-write has been deemed necessary.

The Committee were of the opinion that the revised policy is simple and effective in identifying the key processes of risk identification and risk management. Members however asked for the policy to make explicit that the Corporation has the responsibility to seek assurance of the *adequacy, not just the effectiveness* of the College's Risk Management procedures, as is currently cited

The committee was also of the opinion that the policy should make clear that the whole college community has a responsibility to adopt good risk management practice and that all staff should have the opportunity to identify risks, via appropriate channels, to the Risk Management Group and that this valuable input should also feature in the visual diagrams used within the policy. The Committee also noted that the policy tries to make clear that risk management is not only associated with the financial impacts on the college, however, members were of the opinion that this message should be strengthened within the policy for all staff to be able to relate to.

Mr McCulloch expressed an opinion that the risk appetite of the college, as determined by the Corporation, is not sufficiently clear within the policy. The Committee agreed with this observation and were of the view it would be timely for the Corporation to review the level of risk that it is prepared to accept in pursuit of its objectives. Members therefore agreed it necessary to gather views on risk appetite from various sources including Tiaa and Eversheds in order to enable the committee to submit a formal risk management statement for approval by the Corporation.

Resolved:

- **For the revised risk management policy to be submitted for consideration at the next audit committee.**
- **For the Clerk to provide a supporting paper on 'risk appetite' to inform discussions at the next committee meeting.**

7. Disaster Recovery and Critical Incident Plan

Mr Kennedy explained that the Plan was subject to bi-annual reviews (last approved in 2015). The significant updates proposed have however been necessary to reflect recent nationally occurring events and associated amendments to internal procedures.

The Audit Committee welcomed the opportunity to review and make comments on the draft Disaster Recovery and Critical Incident Plan as submitted by the Senior Leadership Team. The committee asked for the plan to detail how staff training is to be implemented to ensure that all staff know what to do in case of an event. Members also asked for consideration to be given as to the benefits of 'real life testing' in order for the college to trial the policy and procedures as well as staff and students responses.

Members were also of the opinion that clear visual instructions (such as flow chart diagrams) may be useful to serve as an appendix to the plan in order to provide a reference summary on how to respond quickly to an emerging/happening incident.

The Committee enquired as to whether the recent national incidents had also prompted a review of the separate Prevent Risk Assessment Action Plan.

Mr Kennedy agreed to report back the Committees comments to the relevant staff. It was agreed that the final version of the plan is to be submitted at the next Audit Committee meeting for consideration.

Resolved:

- **To receive the Disaster Recovery and Critical Incident Plan**
- **For the final version of the plan to be re-submitted for consideration at the next Audit Committee Meeting.**

8. Board Assurance Framework (BAF) : full review.

Ms Pryce presented the proposed key business risks (strategic, financial and operational) as identified by the Senior Leadership Team in light of the new strategic plan and objectives for 2017/18. The Committee viewed the risk titles favourably as they were short and to the point. However, all members were in agreement that the risk register and submitted assurance reports needed to fully describe the causes and impact of the individual risk in order to provide necessary context to governors when undertaking high level reviews.

The Committee considered the proposed assurance review template for 2017/18; Governors, like staff, welcomed the brevity of the report for all acknowledged that the information currently being presented could, at times, be unnecessarily detailed making it difficult for the reader and time consuming for the report author. Members were of the opinion however that a section for recording the mitigating actions already or planned to be in place needed to feature within the report. A robust discussion was had on whether risk reviewers needed to capture all mitigating actions being taken within the BAF. Mr Kennedy informed the committee that mitigating actions featured significantly within the Colleges Quality Improvement Plan (as well as curriculum and cross college departmental QIPS) and he felt that to include this information within the BAF for the purposes of the assurance reviews was not therefore necessary. Members were however of the opinion that this information was fundamental in order for them to be satisfied that appropriate and effective systems are in place to manage against the significant risks faced by the college. The committee noted that it would not be necessary in every case to record in the assurance reports every detail of every mitigating action but a summary of the main mitigations would likely be sufficient. It was therefore agreed that mitigating actions are to continue to feature within the BAF and future assurance reports. Members also viewed it appropriate for the assurance review template to continue to include the option for the Corporation / Committee to assign a red assurance level to any individual risks reviews undertaken with an opportunity to articulate the reasons for concerns – at present under the revised template this did not feature as an option.

The BAF operational process for 2017/18 as proposed by the Risk Management Group (Senior Leadership Team) was also submitted for consideration by the committee. Members were of the opinion that the college risk register needs to be fully populated by the start of the next academic year to ensure it remains to be a functioning and developing document to support the assurance process. The Committee was however satisfied that the approach to be taken by the college will ensure that

the major risks impacting the college are to remain subject to timely assurance reviews by the Corporation or its Committees.

In summary, the Committee remained satisfied that the Board Assurance Framework, in its entirety continues to provide an adequate and effective framework for risk management. Members however welcomed the opportunity to further review the risk register for 2017/18 at its next meeting.

Resolved:

- **That the key business risks identified within the colleges risk register be approved.**
- **For the BAF and Assurance review templates be updated as agreed.**
- **For the updated BAF to be re-presented to the Committee at its next meeting.**

9. Self-Assessment of Committee Work/Business and Annual Review of Terms of Reference.

The Committee reflected upon its work throughout the academic year and agreed that it is fully covering its delegated responsibilities. No changes were proposed to the Committees terms of reference.

Members also considered how the Committee's work has impacted/ contributed to the overall work of Governing Body during this academic year. Members contributed their opinions for the Clerk to insert into the committee's self-assessment report which will be distributed to all Governors.

Resolved:

- **That the Committee has complied with its terms of reference**
- **For members to email the Clerk with any additional impact statements by the end of term.**

10. Any other Business.

There was no other Business.

Mr Kennedy, Ms Pryce and Mr McCulloch left the meeting at this point.

11. Performance Indicators for Auditors (reserved item)

The College's External and Internal Auditors were both appointed by the Corporation in April 2015. Both contracts are for three years in the first instance, extendable in annual increments thereafter, subject to satisfactory performance up to a maximum duration of 5 years.

Each provider was assessed positively against their performance agreed indicators, members were also satisfied that both auditors were providing appropriate assurance. The Committee also agreed that the External Auditors and Internal Auditors had fulfilled the agreed service requirements.

The Committee agreed it appropriate to record their thanks to Mr McCulloch for his constructive and welcomed contributions in meetings and also the calibre of assurance received from all internal audits undertaken.

12. Learner Impact Reflection

The impact of discussions and scrutiny of the Committee work in improving the outcomes and experience for all learners was considered and the following agreed:

- **The overall audit opinion provides assurance that the college has an adequate and effective framework for governance, risk management and internal control.**
- **Ensuring that the College is maintaining the quality of learning to maximise the Student Learning, Experience and Outcome.**
- **Assurance received that the college remains compliant with regularity and propriety requirements as per the terms and conditions of funding.**
- **Critical review of annual performance ensures that the committee continue to focus, scrutinise, challenge and support the college leadership team in sustaining and improving the outcomes and progress of all students and enable students and staff to learn and work in an outstanding institution**
- **Auditors ensure that the college has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for the effectiveness and efficient use of resources, the solvency of the institution and the safeguarding of its assets.**
- **Effective auditing services help governors understand student experience and learning outcomes.**
- **Benchmark data, provided by internal auditors, provide additional assurance to governors that students and staff continue to learn and work in an outstanding establishment.**
- **Opportunity to review response to disaster recovery incidents assures governors that staff, students and visitors are physically safe in and around the campus**

13. Determination of confidentiality

The personal contact details listed within the Disaster Recovery Plan are to remain confidential and not to be circulated; other than amongst the DRP management team.

13. Date of next meeting: to be confirmed.