

## **Audit and Risk Committee**

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### **Approved Minutes**

Minutes of the Meeting of the Committee held at the Basildon Campus on Wednesday 11 November 2015 at 9.00 am.

Present: Mr R Patterson (Chairman)  
Mr B Morris  
Mr G Ocen  
Ms L Rieffel  
Mr T Thompson  
Mr P Little co-opted member

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)  
Ms D Hurst (Director of Finance)  
Mr G Spilsbury (RSM, Internal Audit Service)  
Ms S Beavis (KPMG, external auditor)  
Mr G McLeod (KPMG, external auditor)  
Mr R I Millea FCA (Clerk to the Corporation)  
Mr D O'Halloran (Chairman of the Corporation) – to item 7

Mr G Ocen was welcomed by the Chairman to his first Meeting of the Committee, following his recent appointment to the Board.

### **1. Apologies for Absence**

Apologies for absence were received from Mr Paramjit Singh Narang and Mr D Harris (RSM, Internal Audit Service).

### **2. Standing Orders**

Members confirmed that no declarations of interest arose in connection with the agenda. The internal and external auditors confirmed that they did not require to speak privately to the Committee without management being present and the Committee did not require it either.

### **3. Urgent Business**

There were no items of Urgent Business.

### **4. Minutes of the Meeting held on Tuesday 8 September 2015**

The minutes of the meeting held on Tuesday 8 September 2015 were **APPROVED** and **SIGNED** by the Chairman.

## 5. Matters Arising

The Clerk reported that the Board had approved on 5 October 2015 the Internal Audit Annual Report for 2014-15, the Internal Audit strategy for 2015-16 and the Joint Audit Code of Practice Self-Assessment Questionnaire 2014-15.

## 6. Risk Management (Paper AU.15.11)

### 6.1 Risk Monitoring

The Committee **RECEIVED** a Report updating the Committee on the high level strategic risks facing the College and the actions in place to mitigate those risks from occurring.

Two risks had been reduced and five new risks added:

- Area Review process
- Outcome of the Comprehensive Spending Review
- Impact of Voucher system for apprenticeships
- Failure to address staff sickness
- Development of Institute of Technology.

The reasoning for these new risks was documented in **the revised Register** presented to Members. The register now shows the criteria on how risks are assessed, comments on the effectiveness of controls and is sorted in order of priority.

**The dashboard** now references the number of the risk in the register.

In response to a question from a Member, it was explained that the risks are RAG rated taking into account the severity of the risk and the actions that can be taken and are being taken to mitigate the risk.

The Committee recognised that the upcoming Comprehensive Spending Review in two weeks' time is likely to have significant effect on Colleges, particularly on future adult funding but probably to a lesser extent on 16-18 funding.

The effect will have to be assessed in the context of the College and its ability to continue as a going concern and incorporated in that review as part of the final approval of the Annual Accounts at the December Board Meeting. College Management will model the implications of the CSR as soon as the results of it are known.

The current FE environment is extremely challenging and, as well as CSR, there is the Area Review process, not yet announced for Essex but likely to be during 2016. The Committee noted the continuing risks surrounding the Basildon project, not helped by the recent application by the Green Action Group to have the judicial review re-opened.

### 6.2 Audit Recommendations

The Committee **NOTED** that there were no updates to the Audit Recommendations Report as to actions taken since the last Meeting.

### 6.3 Assurance Mapping

The Committee **NOTED** that there had been no changes to the Assurance Map, which was considered at the last Meeting of the Committee. There are still elements of the Map which remain to be completed and it is hoped that a final version would be available for consideration by the committee at its next Meeting on 11 May 2016.

**ACTION: Director of Finance**

### 6.4 Risk and Disaster Management Plan 2015-16

The Committee considered the Risk and Disaster Management Plan for 2015-16, presented by the Deputy Principal & Chief Executive, noting that the Plan, together with the Risk Register itself, which supports the plan, will continue to be monitored on an ongoing basis by this Committee as part of its regular cycle of business.

The Committee received a Report on progress against the Action Plan in this area which was in place for 2014/15.

The Committee **NOTED** the Report.

## 7. Internal Audit (Paper AU.15.12)

### a. RSM (formerly Baker Tilly) Report

Grant Spilsbury from RSM presented suggested Audit Assignment Plans for work intended to be carried out by them during this academic year. These work assignments will provide assurance to the Committee for 2015/16. The work plans tabled and discussed were:

- Curriculum planning
- ESS: assets and debtors management
- Student experience: work placements and employability
- IT Circle Report: implementation of findings
- Subcontracting

The Committee raised a number of issues with RSM regarding the planned assurance engagements:

- a. Timings for the work need to be agreed
- b. The assignment on Student experience needs to include an element to cover progression/destinations of students as it says in the heading
- c. The review on Subcontracting will be process based and will not assess the quality of the subcontracting provision but will look at the College's procedures to monitor the quality of the contractors
- d. Each assignment sheet should indicate the objectives of the piece of work and it should be referenced to the Assurance Map

### b. IT/ILT Consultancy Update Report

The Committee **RECEIVED** a further update Report on the progress addressing issues raised in the Report by CircleIT, previously received and considered by the Committee. Milestones have been added where appropriate and relevant.

The Committee accepted the steps in the transformation process in IT being substitution, augmentation and foundation. It was further noted the critical role of improving the technology must be embedded in teaching and learning, including the CPD experience of teachers and other staff.

The Committee were concerned as to whether the IT provision in the College is improving and whether the recommendations made and being implemented are going to transform delivery and accessibility and sought assurances from management to this effect, including continuing update reports so that judgements can be made and assurances gained over this area of control.

### **c. MIS Consultancy Update Report**

As requested at the last Meeting of the Committee, the Committee **RECEIVED** a further update Report on progress with implementing the recommendations from the Management Information Systems Review, previously accepted by management.

The Committee reiterated the importance of the accuracy and operational effectiveness of the student records documentation into the system given its importance in supporting funding claims and that this information is subject to audit by the SFA (one is due within the next few months).

Furthermore, the Committee noted that the student records system is being upgraded and modernised and could cost £500k depending on scope of the project over the next three years – the first tranche will be £100,000 for initial set up. A tender document is being prepared now.

The Committee were informed that Richard Davies, Head of College Information Services, is leaving the College at Christmas and the DPCE reported that an interim Head has been recruited who has considerable experience in the system in FE and she will commence shortly so that there is a handover period.

### **8. Financial Statements Audit for the Financial Year 2014/15 (Paper AU.15.13)**

*This matter was deemed to be a confidential item under the Instrument & Articles and a separate minute has been prepared, which is attached to these minutes.*

### **9. Teachers' Pension Agency Return (Paper AU.15.14)**

The certificated return of contributions to the Teachers' Pension Agency for 2014-15, audited by KPMG, external auditors, and certified by the Deputy Principal & Chief Executive, was **APPROVED**.

### **10. Value for Money Policy (Paper AU.15.15)**

The Clerk tabled a draft Policy on the above subject, explaining that it was good practice to clarify and codify the College's objectives regarding achieving value for money in all its activities. This complies with the Committee's responsibility under its Terms of Reference to monitor value for money in the College.

The Committee requested that Internal Audit place specific emphasis on Value for Money in the assignments which they undertake during the year (see agenda item 7 above).

The Policy & Resources Committee will also receive this draft for information and comment next week.

The Committee **RECOMMENDED** that the Policy be approved by the Board at its Meeting on 7 December 2015.

**ACTION: Clerk**

#### **11. Code of Good Governance for English Colleges (Paper AU.15.16)**

The Clerk presented a document showing how the College complies with the Code, reminding the Committee that the Code had been adopted by the College at its Meeting last July. The document underpins the statements made in the Statement of Corporate Governance and Internal Control in the Annual Report and Accounts.

The Committee **APPROVED** the Report. It will be tabled at the December Board Meeting for information.

**ACTION: Clerk**

#### **12. Committee Matters (Paper AU.15.17)**

The Clerk tabled a paper for the information of the Committee covering the Annual Report of the Committee for 2014-15 and compliance with the Committee's Terms of Reference.

After discussion, the Committee **RECOMMENDED** that the Annual Report of the Audit & Risk Committee to the Corporation and Principal & Chief Executive be approved by the Board on 7 December 2015.

The Committee **NOTED** the Committee was in compliance with its own Terms of Reference.

**ACTION: Clerk**

#### **13. Any Other Business**

There were no items of Any Other Business.

#### **14. Date of Next Meeting**

Wednesday 11 May 2016 at 9.00 am – Basildon Campus.

The Committee asked the Clerk to explore a possible date for an additional Meeting in late February/early March 2016 but it is to be held only if there is sufficient business to transact. It was felt that, in the light of the challenges facing FE Colleges at present, an additional Meeting might be justified so that the Committee can exercise its scrutiny function fully in the light of those challenges.

**ACTION: Clerk**

There being no further business, the Meeting terminated at 10.35 am.

Signed.....Dated.....