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| **MINUTES** |
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| *Audit and Governance Committee No 17* |
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| Date: |   | *18/06/2019 (Tuesday)* |   | Time: |   | *18:00–20:00* |
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| Venue: |   | *Rural Business Centre* |   | Committee: |   | *Audit and Governance* |
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| Notes: |   | *Meals will be available in the restaurant with a voucher and tea and coffee will be available in the meeting.* |
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| Present: |   | *Barbara Godby, Garry Payne (Vice Chairman), Gerry Corless (Chairman), Jane Booker and Karen Birchall* |
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| Attending: |   | *Alison Robinson (Principal) and Richard Morris (Deputy Principal)* |
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| Clerks: |   | *Ron Matthews (Clerk)* |
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| Guests: |   | *Kashif Azeem (Internal Auditor)* |
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| ***Public* Minutes** |
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| Item number: | Item description: |
| (and category) |   |
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| **20.19** | ***Attendance of College Management Staff & Auditors*** |
| ***Decision*** | Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee states:"The Principal or any other senior manager who is responsible for the College's internal control and representatives of the External and Internal Auditors shall normally attend meetings at the invitation of the Committee, and the Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary".Members welcomed Kashif Azeem, internal auditor, to the meeting.**Resolved:****That College Management staff and auditor attend the meeting.** |
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| **21.19** | ***Apologies for Absence*** |
| ***Record*** | Apologies for absence had been received from Barbara Godby.   |
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| **22.19** | ***Minutes of Previous Meeting*** |
| ***Decision*** | The public minutes of the Audit & Governance Committee meeting number 15 held on Tuesday 5 February 2019 (published on the Governors Extranet) were agreed and signed as a true and correct record of the meeting. |
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| **23.19** | ***Declarations of Interest*** |
| ***Record*** | There were no declarations of interest made in respect of the public items on the agenda. |
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| **24.19** | ***Financial Statements Audit Plan and Regularity Audit Plan for the Year Ending 2019*** |
| ***Decision*** | Consideration was given to the Audit Plan prepared by RSM, the College Financial Statement and Regularity Auditors, for audit work relating to the year ending 31 July 2019. There was no representative from RSM external audit at the meeting. The purpose of the document was to explain the scope of the audit of the financial statements and the regularity assurance engagement, the proposed approaches, and to highlight the key risks that the auditors would be focusing their work upon.**Financial Statements -**The primary responsibility of the external auditors, as detailed in the engagement letter dated 19 November 2015, was to form and express an opinion as to whether the financial statements of Myerscough College prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (F&HE SORP 2015) and UK GAAP show a true and fair view.**Regularity Assurance –**Auditor responsibility is to form a conclusion that ''during the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and the income received has not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them''In addition, RSM would provide an independent reasonable assurance report in connection with the Teachers’ Pensions Contributions for the year ended 31 March 2019.Audit & Governance Committee noted the timetable had been agreed.Key risks affecting the Audit Plan were identified. The audit plan would go to the full Board highlighting the emerging issues section to ensure maximum coverage.The Audit Plan showed that the fee agreed for 2018 had been fixed for the length of the contract.With no Auditor presetent the Deputy Principal, Finance and Corporate Services responded to questions from Governors regarding the Plan.Following discussion Audit & Governance Committee concluded that the proposed Financial Statements and Regularity Audit Plan were satisfactory and gave value for money.**Resolved:****That the Financial Statements / Regularity Audit Plan for the Year Ended 31 July 2019 be recommended to Corporation for approval.** |
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| **25.19** | ***Internal Audit Reports May 2019*** |
| ***Decision*** | The Committee considered three Internal Audit reports.  Recommendations were graded according to their level of importance with Grade 1 being of high importance, 2 of medium importance and 3 of low importance. The first report was the **FE Students Health & Safety** and focused on students undertaking work experience placements.   The report found that overall the College had a framework in place in relation to the controls surrounding health and safety processes for FE students undertaking work experience placements. No management actions were raised.The second audit related to the College’s **Safeguarding Framework**. The audit recommended three actions two medium and one low.The first medium recommendation related to the fact that the recently appointed Director of Student Support and Welfare was reviewing the Safeguarding, Prevent and Missing from Education Policy and Procedure at the time of the Audit. Management accepted this recommendation whilst noting that a policy was still in place for the current year agreed by Corporation in September 2018.The second medium recommendation related to occasions when risk assessments were undertaken when employees commence employment prior to the receipt of a DBS disclosure. Once the DBS disclosure had been received the risk assessments had been destroyed leaving no record that this had taken place. Management agreed to instigate the maintenace of a record of risk assessments undertaken prior to the receipt of a DBS disclosure.The low risk recommendation was the failure to include in the College Safer Recruitment Policy or the Recruitment of Staff or Volunteers Policy any reference to the fact that in the event that a DBS disclosure had not been received prior to the appointment of staff or volunteers that a risk assessment would be required to be undertaken. Management accepted the risk and undertook to update all policies.The last report was the **Internal Auditors progress report** and showed performance against plan which had been undertaken within the agreed programme.The Follow Up Report from RSM was not considered as it had not been received on time to publish with the agenda.The Committee was satisfied that all issues raised by the audits had been addressed or would be in the future by management. The Committee also wished to thank Jackie Hough for her excellent work on the provision of work experience for students as reflected in Health and Safety Audit.**Resolved:****That the Internal Audit Reports be received.** |
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| **26.19** | ***Apprenticeships Audit Progress Report*** |
| ***Decision*** | The Committee considered the report of the Deputy Principal, Finance and Corporate Services, on the audit of the Apprenticeship programme, programmed in June 2018, when it was agreed that "a review focusing on the contracting and enrolment process for apprenticeships be undertaken". In November 2018 the ESFA conducted a Funding Audit, which identified weaknesses particularly relating to Learning Support and English/Maths within the apprenticeship programme.The scope of the audit was agreed as a "Apprenticeship - mock funding assurance review". The audit was subsequently undertaken in May 2019. The draft audit report and recommendations covered the original scope of the audit but also 16-19 FE Education, including sub-contractor provision, Adult Learner Loans and Adult Education Funding Streams.It would appear that the scope of the audit had widened but had not been agreed with senior management at the College. The Draft Audit report was not therefore complete and potentially not an accurate reflection of the position. This also meant that further work may be required depending on the agreed outcomes between the College and RSM.Management requested that Committee authorise officers to work with RSM to minimise the costs of completing the audit and agree the necessary fees.**Resolved:****That Management work with RSM to conclude the audit with minimal cost to the College and report back to the next meeting of the Committee.** |
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| **27.19** | ***Internal Audit Progress Report and Summary Report*** |
| ***Decision*** | The Committee considered the Internal Audit Progress and Summary Report Incorporating the Internal Audit Reports of May 2019. For 2017/2018 the Committee noted that of the 21 recommendations proposed, 17 (81%) had been implemented, 2 (10%) were on-going, 2 (10%) was no longer required and no items were outstanding. For 2018/2019 of the 6 recommendations proposed, 1 (17%) had been implemented, 5 (83%) were on-going and no items were outstanding. A separate report on General Data Protection Regulations highlighted breaches of the legislation and the investigations conducted by the Data Protection Officer. None of the breaches had warranted reporting to the Information Commissioner. The basis of the report was to provide the Committee with assurance that possible breaches of the legislation were identified and investigated.The Committee welcomed the report particularly the report on progress with GDPR.**Resolved:****That the report be received**.  |
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| **28.19** | ***Internal Audit Plan 2019 - 2020*** |
| ***Decision*** | The Internal Audit representative presented the report and responded to Committee member questions.The plan had been driven and agreed by management, based on the College’s risk profile and the view of priorities for coverage for the forthcoming year.The suggested Audit Plan assignments for 2019/2020 were:      1. Student Recruitment and School Liaison       2. Student Tracking/Monitoring      3. Cash Handling  4. Student Mental Health    5. Follow UpGovernors questioned the level of cash handling and the need for this to be included in the Plan. Following the response from the Deputy Principal, Finance and Corporate Services, the Committee agreed to keep the item in the Plan.The Plan included a follow up allocation, which would be utilised to test the degree of implementation achieved in relation to actions agreed by management in the previous academic year, and would serve to inform the adequacy of the College’s own action tracking process.The Committee retained the opportunity to amend the Plan during the year, should the need arise.**Resolved:****That the Internal Audit Plan 2019/20 be submitted to Corporation for consideration and approval.** |
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| **29.19** | ***RSM Information Reports*** |
| ***Decision*** | The Committee gave consideration to a number of reports provided by RSM for the information of the College:             Further Education Risk Management;             Cyber Security for Staff; and             Do You Have up to Date Information on Your Actual Income?The Committee welcomed the report and suggested the one on 'Cyber Security for Staff' be given wider circulation to all College staff.  The Committee thanked RSM for the reports.**Resolved:****That the reports be received.** |
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| **30.19** | ***ESFA Provider Assurance Audit*** |
| ***Decision*** | The Committee considered the report of the Deputy Pricipal, Finance and Corporate Services, on progress following the recommendations of the above ESFA audit.The audit covered 16-19 Provision, Learners Funded in Advanced Learner Loans, Adult Education Funding, 16-18 Apprenticeships and ESF (European Social Fund) Match Funding.The report on the audit had been considered by the Committee at their meeting on 5 February 2019. The report indicated that 12 of the 16 recommendations had been completed and detailed progress on the remaining four recommendations.**Resolved:****That the report be received.** |
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| **31.19** | ***Strategic Risk Register*** |
| ***Decision*** | The Audit & Governance Committee gave consideration to the Strategic Risk Register report for 2018/2019.The registers were categorised as: **Strategic Risks, Operational Risks, Financial Risks, Curriculum Risks, Estates Risks, Human Resources, Risks Governance Risks, and Cross College Risks.**Updates were highlighted and mostly related to notes to provide assurance. The Deputy Principal, Finance and Corporate Services, reported two areas of amended risk:**Risk 5E** - Inability to recruit high quality Governors. This risk had increased from 6 to 9 following the FE Commissioner's letter requiring Colleges to have two financially qualified Governors. With the forthcoming retirement of the Chair of the Audit and Governance Committee the College would be down to just one such Governor. This resulted in the risk moving from ''low'' to ''moderate''.**Risk 7C** - Technology Failure/ Loss of data. This risk had reduced from 12 to 8 following recent significant investment in the IT Infrastructure during 2018/2019. This had reduced the risk from''High'' to ''Moderate''. **Resolved:** **That the Risk Register be received.** |
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| **32.19** | ***Data Returns Report*** |
| ***Decision*** | The Committee gave consideration to the Data Returns Report noting the completion of all the statutory data returns to the required time frames.**Resolved:****That the Data Returns Report be received.** |
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| **33.19** | ***Instrument and Articles of Government*** |
| ***Decision*** | The Committee considered the report of the Clerk on a review of the Instrument and Articles of Government. Changes highlight were mainly related to expanding on some of the current contents with no new issues.He pointed out that the review had been delayed due to the Office for Students requiring assurance on Academic Freedoms. This had been removed from the Articles a few years earlier and replaced by a wider Freedom of Speech Policy covering all staff and students.The Office for Students had recently confirmed that this would meet their requirements.**Resolved:****That the Corporation be recommended to approve the revised Instrument and Articles of Government.** |
| **34.19** | ***Post 16 Audit Code of Practice 2018 - 2019*** |
| ***Decision*** | Members gave consideration to the recently published Education and Skills Funding Agency document, ''Post-16 Audit Code of Practice'', regarding assurance and accountability requirements for post 16 education providers. Initial indications were that there were no new requirements in the documentation for the College or the auditors although the document did strengthen some existing provisions.**Resolved:****That the Post 16 Audit Code of Practice 2018- 2019 be received.**  |
| **35.19** | ***Governor Vacancies*** |
| ***Decision*** | The Clerk reported receipt of a letter from the FE Commissioner dated May 2019, which amongst other matters, indicated that Colleges must include two financially qualified members on their board. Whilst the College currently complied the impending retirement of the Chair of the Audit and Governance Committee would reduce this number to one.The Clerk reported on current actions to recruit a suitably qualified Governor.**Resolved:****That the report be noted.** |
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| **36.19** | ***Governance Quality Improvement Plan 2018/ 2019*** |
| ***Decision*** | Audit & Governance Committee gave consideration to the Governance Quality Improvement Plan for 2018/2019 and noted progress on the actions. **Resolved:****That the Governance Quality Improvement Plan 2018/2019 be received**. |
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| **37.19** | ***Timetable of Meetings 2019/2020*** |
| ***Decision*** | Audit & Governance Committee gave consideration to a draft timetable of meetings for the next academic year which was based on current practice, although the dates of some meetings had changed to facilitate the provision of up to date information.Following discussion it was **Resolved:****That the draft timetables of meetings for 2019/2020 be submitted to Corporation for approval.** |
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| **38.19** | ***Committee Membership 2019/2020*** |
| ***Decision*** | Audit & Governance Committee gave consideration to the recommendations for Committee Membership for 2019 - 2020.The report indicated a vacancy on the Audit and Governance Committee following the resignation on 31 July 2019 of the Chair of the Committee.**Recommended:****That Committee Membership be considered by the Corporation.** |
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| **39.19** | ***Audit and Governance Committee Annual Cycle of Business 2019/2020*** |
| ***Decision*** | The draft Annual Cycle of Business for the Committee for 2019 - 2020 was attached for consideration.**Resolved:****That the Annual Cycle of Business be approved.** |
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| **40.19** | ***Retirement of the Chair of the Committee*** |
| *Decision* | Members referred to the impending retirement of the Chair of the Committee, Gerry Corless, noting that this would be the last meeting of the Committee he would attend.They thanked him for his service over the years and the way he had ensured the effective and efficient management of the meetings.Gerry responded accordingly.  |