

## AUDIT COMMITTEE

### Minutes of a Meeting 10.00am on Wednesday 11<sup>th</sup> May 2016 Gordon Canning Room

**Present:** Mr David Seymour (DS) (Chair)  
Mr Graham van der Lely (GvdL)  
Mr Graham Papenfus (GP)  
Mr Paul Reynaert (PR)

**In Attendance:** Mr Graham Ledden (GL)  
Ms Lynne Baber-PwC (LB)  
Mr Jon Sawyer-PwC (JS)

**Apologies:** Mr Russell Marchant  
Dr Lawrence Ware  
Mr Paul Putnam– Grant Thornton

**Minutes:** Mr Rob Lee

		ACTION	ACTION DATE
1.	<p><b>Apologies</b></p> <p>Apologies were received from Mr R Marchant, Mr L Ware and Mr P Putnam (the external auditors do not normally attend this meeting).</p>		
2.	<p><b>Declaration of Interest. Paper A02/05/16</b></p> <p>The Clerk advised that members' interests would be taken as those disclosed in the Register of Members Interests. There were no further declarations of members interests for agenda items.</p>		
3.	<p><b>Minutes of the Last Meeting. Paper A03/05/16</b></p> <p>Minutes of the meeting held on the 17<sup>th</sup> November 2015 were agreed to be a true and accurate record and signed by the Chair.</p>		

		ACTION	ACTION DATE
4.	<p><b>Matters Arising.</b></p> <p>There are no matters arising.</p>		
5.	<p><b>Discuss Internal Audit Reports.</b></p> <p><b>5.1. Discuss and approve Report on Strategic Planning. Paper A05.1/05/16.</b></p> <p>JS advised that audit of the strategic planning process has been completed and the report has been classified as “low risk” and therefore finding that there is only minor impact on the Colleges operational, financial, regulatory or reputational performance. JS explained that the audit had looked at the plans in place to achieve the 2020 vision and advised that very often he does not find consistency and the correct levels of engagement but this was not the case in the findings of the audit for the College. JS believed that whilst a lot has happened in the last couple of cycles he found this to be a strong area with good consistency and comments from those involved. JS advised that their work had generated one medium risk and two low risks and outlined these findings. JS explained that low risk did not give real risk exposure. JS outlined a number of additional findings and believed there was a positive message around the strategies and what the College wanted to achieve. DS noted the persons that had been interviewed and asked that as strategic planning was a clear responsibility of the Corporation why the Chair, previous Chair or Clerk had not been involved. JS advised that there was no good reason for this and they had only spoken to persons who had put the strategy together. DS believed that there had been clear advances in our strategic planning particularly the FE and HE core strategies but was not sure the process was working with the way the other strategies fit with these. LB confirmed that there remit looked at the processes but not outcomes. GvdL agreed with DS in that the Corporation takes overall ownership of strategy and therefore should have been involved. GvdL advised that a much more integrated strategic process had been agreed when the new Principal had been appointed. GvdL was concerned over timescales as the FE and HE core strategies have now been agreed but this has taken 2/3 years but the enabling strategies are still behind. GvdL believed that the 2020 Vision is still not fully supported by our strategic documentation but this is not raised in the audit report. GvdL stated that there still needs to be more clarity between core and enabling strategies which currently we do not have. GF agreed that there is a need for these longer term strategies to get funding in place and DS agreed that investment was the key and governors can only make these decisions from the agreed strategic plans. LB advised that this will need to be debated by the Governing Body and dependent on the risk appetite linked to strategy and then holding the management to account. GvdL believed that KPIs are still an issue as the enabling strategies have not been completed to support the FE and HE strategies. DS agreed and felt that GL had been surprised by the projected student numbers outlined at the Governors</p>		

	ACTION	ACTION DATE
<p>Strategic Planning Day and whether we had the funds to support these numbers. GL advised that he had been aware of the numbers but felt they may be more aspirational than achievable but had updated his financial strategy and had outlined this to governors at the planning day. GvdL believed that there needs to be a follow up to ensure that we meet timescales. The Clerk advised that the People, Performance and Development and the Place, Estate and Infrastructure Enabling Strategies to support the FE and HE core strategies will be discussed at the next Board Meeting.</p>		
<p><b><i>The actions agreed by management of the College in the Report will be implemented and the comments raised in the above discussion considered as part of this implementation.</i></b></p>	RM	08-12/16
<p><b>5.2. Discuss Report on Managing Risk in Higher Education. Paper A05.2/05/16.</b></p>		
<p>JS advised that there is an annual summary of risks across the educational sector and this report dealt with HE and there will a similar report for FE available shortly. JS advised that they have reviewed risks across 13 Russell Group universities, 21 other universities and 10 FE colleges with HE provision. The five most significant risks are student recruitment and impact on financial stability; government policy, public funding and sector reform; investment in IT, cyber security and management information/data quality; estates investment and institutional-wide change programmes and research quality and funding. JS referred Members to the charts showing the higher education sector risk profile against the Russell Group risk profile. The top risk of student recruitment appeared on both charts. DS noted that areas around IT were seen as a high risk and GL agreed that the College had believed this also to be a risk area and had set up a Digital Steering Group and he believed the risks were around connectivity and innovation. GvdL believed that one of the main drivers is academic outcomes and there are tremendous battles between universities to continually improve their league table positions</p>		
<p><b><i>The Report on Managing Risk in Further Education will be sent to the Clerk for uploading to the Governors Website and the Report on Higher Education will be uploaded at the same time.</i></b></p>	JS/Clerk	When Available
<p><b><i>It was agreed to check the availability of comparative reports on IT in universities and colleges for distribution to Members.</i></b></p>	JS/Clerk	When Available
<p><b>5.3. Discuss 2016 study on the State of Internal Audit Profession. Paper A05.3/05/16.</b></p>		
<p>LB advised that this is an annual study and this year focuses on leadership. The Report was noted.</p>		

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6.	<p><b>Discuss progress on recommendations from Internal Audit Reports. Paper A06/05/16.</b></p> <p>GL advised that the Report shows all recommendations from previous internal audit reports that are still outstanding. Those that have been completed since the last report are marked completed and will not be on the next report. GL advised that there has not been as much progress as he would have liked and this was down to resource issues. GL confirmed he was discussing this matter with the Principal and would particularly benefit from someone who could maximise the benefits of the new IT procedures.</p>		
7.	<p><b>Discuss and approve Internal Audit Progress Report and Audit Plan for 2016/2017. Paper A07/05/16.</b></p> <p>LB advised that the Report outlined the progress to the agreed annual plan and gave the areas to be covered next year and in the remaining three years of the agreed plan. LB confirmed that progress this year was in line with the plan although Risk Management Audit has been completed but has not come to this meeting as scheduled due to ongoing discussions with GL concerning best way forward for the Risk Management Register. LB referred Members to the previously agreed plan for next year. In response to DS LB advised that Value for Money audits cover areas of the College that the Committee feel they need further assurance. Business continuity had been selected for next year and GL confirmed that this had not been looked at for some years. LB requested governors to confirm the plan for next year. A discussion took place on areas of the College that may need greater focus. GvdL felt that in line with our earlier discussions on strategy our estates strategy particular student accommodation was an area that could have more focus. In response to the Clerk LB outlined the process for the strategic and operational governance audit scheduled for 2017/2018 and he felt that this can replace the AoC audit that was to be commissioned in 2016/2017.</p> <p><b><i>The Internal Audit Plan for 2016/2017 (year2) was amended to include the Estates Strategy and Capital Programme Assurance from 2017/2018 (year 3) with the Value for Money audit on Business Continuity Planning moving from 2016/2017 (year 2) to 2017/2018 (year 3).</i></b></p>	LB	2016/2017 Plan
8.	<p><b>Discuss Business Continuity Plan. Paper A08/05/16.</b></p> <p>GL advised that at the last Board Meeting it had been agreed to review the process for communicating the College Business Continuity Plan. GL confirmed that the plan had been in place for a number of years and was regularly reviewed by the Risk Management Group which reported through to this Committee. As discussed earlier the process will be audited by our Internal Auditors. GL outlined the process and confirmed that the procedures had been tested by a mock disaster staged at the College by external representatives</p>		

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	<p>from Myerscough College. GL also advised that lessons had been learnt from the fire at the new College Learning Centre.</p> <p><b><i>It was agreed that the Business Continuity Plan will be uploaded to the Governors' Website.</i></b></p>	Clerk	Immediate
9.	<p><b>Risk Management.</b></p> <p><b>9.1. Discuss and approve Risk Management Register. Paper A09.1/05/16.</b></p> <p>GL confirmed that the Register is reviewed at each meeting of the Risk Management Group and regularly by the College Executive. Amendments are marked in red and are all from the top 10 risks which is the next item on the agenda. GL confirmed that these changes are brought about by where we are in the annual cycle in such areas as recruitment, finances and events. GvdL believed that the first risk in the register relating to failure to act within the Instruments and Articles of Government also applied to Senior Management not just governors. GL agreed and believed this to be the reason why the Risk Register had become an unwieldy document. We split the document in to sections such as Governance, Finance, Academic, Management etc. and the same risk is duplicated in different sections. GL advised that as reported earlier our Internal Auditors have issued a Report on the process and the outcomes are being discussed.</p> <p><b><i>A review of the Risk Management Register is taking place and the next meeting will be updated.</i></b></p> <p><b>9.2. Review Top 10 College Risks. Paper A09.2/05/16.</b></p> <p>GL outlined the changes that had been made at the last Risk Management Group Meeting and the discussions that had led to these changes. GL confirmed that this is a live document and the probability and impact of each risk will change throughout the year.</p> <p><b><i>The amendments to the College Top Risks were approved.</i></b></p> <p><b>9.3. Note minutes of Risk Management Group. Paper A09.3/05/16.</b></p> <p>The minutes were noted.</p>	GL	21/09/16
10.	<p><b>Review Purchase Order Compliance. Paper A10/05/16.</b></p> <p>GL advised that there was only one order that did not comply but this was agreed as it was through the Velcourt Farm Contract.</p>		

		<b>ACTION</b>	<b>ACTION DATE</b>
<b>11. Any Other Business</b>	There was no other business.		
<b>12. Dates of future meetings all at 10.00am unless stated.</b>	<p>Wednesday 21<sup>st</sup> September 2016  Tuesday 22<sup>nd</sup> November 2016</p> <p>Thursday 4<sup>th</sup> May 2017  Wednesday 27<sup>th</sup> September 2017  Thursday 16<sup>th</sup> November 2017</p>		

**Mr David Seymour**  
**Chair Audit Committee**

**21<sup>st</sup> September 2016**