



**CALDERDALE COLLEGE
AUDIT COMMITTEE MEETING**

**Minutes of the Meeting held on 13 June 2019, 17.00
Boardroom, C Floor, Calderdale College**

Present:

Jenny Grainger	External Governor (Chair for the meeting)
Adrian Furness	External Governor
Chris Reeve	Co-opted Governor

In Attendance:

Denise Cheng-Carter	Deputy Principal (Finance and Resources)
Jonathan Creed	ICCA
Callum Flanagan	Grant Thornton
Jonathan Hambling	Head of HR and Workforce Development (for item AC/19/116 deep dive)
Jane Taylor-Holmes	Clerk

Agenda: There were no changes to the agenda.

1	<p>AC/19/112 - Apologies for absence</p> <p>Apologies were received from; Rachel Court, External Governor (Chair) Richie Dunk, External Governor Helen Culshaw, ICCA Mike Redfern Grant Thornton</p>	
2	<p>AC/19/113 – Confirmation of eligibility, quorum and declarations of interest</p> <p>No notice had been received of any member becoming ineligible to hold office.</p>	
3	<p>The meeting was quorate. There were no declarations of interest in agenda items.</p>	
4	<p>AC/19/114 – Minutes of the previous meeting; 21 March 2019</p> <p>Resolved – The minutes of the previous meeting held on 21 March 2019 were approved as a true and accurate record.</p>	

	<p>AC/19/115 – Matters Arising</p> <p>5 In relation to the action arising from item AC/19/107 of the previous meeting, due to the significant number of PIB external audits it was agreed that the Health and Safety update reports would document the number of PIB reports undertaken in the period and provide an exception report against the compliance register.</p> <p>6 In relation to the second action arising from item AC/19/107 of the previous meeting, Mrs D Cheng-Carter, Deputy Principal (Finance and Resources) confirmed that this issue related to learners undertaken work placements. Mrs Cheng-Carter explained that DBS checks are undertaken by administrators in the curriculum areas. All checks are undertaken before the learner commences the placement.</p> <p>7 In relation to the action arising from item AC/19/110, Mrs J Taylor-Holmes, Clerk, explained that Audit Committee meetings had been scheduled at the end of the cycle of Committee meeting where possible. Where this was not possible, feedback from the consideration of risks related to each Committee could be done at Corporation Board meetings.</p> <p>8 All further matters arising from the previous meeting were complete or on the agenda for consideration.</p>	<p>Action: Mrs Cheng-Carter Health and Safety Report September 2019</p>
	<p>AC/19/116 Risk Management Update</p> <ul style="list-style-type: none"> • Risk Management Policy 2019 <p>9 Mrs Cheng-Carter presented the Risk Management Policy 2019.</p> <p>10 Committee members discussed how the risk appetite was determined. It was agreed that there was a conservative approach taken to risk within the College and that it had been agreed that the Committee Chairs would review the current appetite statement. It was agreed that this would be considered further and referred to the Board for approval.</p> <p>11 Committee members approved the Risk Management Policy 2019.</p> <ul style="list-style-type: none"> • Risk Register 2018/19 <p>12 Mrs Cheng-Carter presented the Risk Register 2018/19.</p> <ul style="list-style-type: none"> • Anti-Bribery Policy 2019 	<p>Action: Committee Chairs Autumn 2019</p>

13	It was agreed that a gifts and hospitality register would be established and that the process to declare gifts and hospitality would be combined within the interests' declaration.	<p>Action: Mrs Taylor-Holmes Autumn 2019</p>	
14	<p>Committee members reviewed and approved the Anti-Bribery Policy 2019</p> <ul style="list-style-type: none"> • Deep Dive – Non-Compliance with Legislation (GDPR) 		
15	The Committee welcomed Mr J Hambling, Head of HR and Workforce Development. Mr Hambling provided a presentation which provided an overview of the General Data Protection Regulation (GDPR) and Freedom of Information (FOI), the measures undertaken in the College to ensure GDPR compliance, information about information requests made to the College and planned improvement activity.		
16	It was noted that there had been no data breaches in year and that the majority of information requests, either under FOI or subject access requests were linked to potential litigation.		
17	Further information was provided in relation to the referral to the Information Commissioners Office and the response following the consideration of the internal appeal.		
18	The role of Weightmans solicitors to support the College in looking at data in data rich areas was noted along with the use of the data guides to identify areas of potential risk and associated measures to ensure compliance.		
19	In terms of staff training, Committee members noted that 94% of staff had completed the training, this was against a key performance indicator of 97%. The aim was to achieve 100% compliance with training.		
20	Mr Hambling explained that responding to requests was very resource intensive and that there had been a slight increase in requests from the previous year. Activity in this area was used to develop internal processes to support continuous improvement.		
21	Committee members noted the planned improvement action, including holding one to one reviews in service areas and the implementation of the Information Security and Governance Group. Mr Hambling explained that the College was in the process of identifying a model to support continuous improvement of data management. Mr C Reeve, Co-opted Governor commented on the NHS data security protection tool and that some elements may be		<p>Action: Mr C Reeve to share information on the NHS model</p>

	able to be used to support continuous development.	
22	Committee members asked whether there was any benchmark data available in this area. Mr Hambling explained that the possibility of establishing a local network looking at information governance with local Colleges was being considered, supported by the Association of Colleges.	
23	Mrs Taylor-Holmes commented on two instances where the College had been contacted by individuals in relation to potential misuse of data. The College had investigated the issues and the data breaches were not within the College but through external providers. Awareness of the public was increasing in this area. It was agreed that future reports would reference such potential issues.	Action: Mr Hambling June 2020
24	Committee members discussed the risk register entry in relation to this area and it was agreed that the cost impact would be reviewed to reflect the potential fine should the College be found to have breached GDPR.	Action: Mrs Cheng-Carter September 2019
25	Committee members thanked Mr Hambling for his presentation.	
	AC/19/117 – Audit Recommendations and Actions	
	Follow-Up of Previous Recommendations	
26	Committee members noted the progress made against the implementation of audit recommendations.	
27	Committee members received the Internal Audit Progress Report.	
28	It was noted that the final sign-off of the report 04, Sub-Contracting Certificate – External Assurance Review would complete and finalise the Internal Audit work for 2018/19.	
29	Committee members noted the content of the report.	
	AC/19/118 – Internal Audit Reports	
30	Mr J Creed, ICCA presented the Internal Audit Reports. <ul style="list-style-type: none"> Advisory Audit Report – Sub-contracting Certificate (External Assurance Review) 	
31	Mr Creed explained that the advisory report had been commissioned to meet the ESFA guidance; four advisory recommendations had been made.	
32	Mr Creed provided detailed information about the how the review had been undertaken and this linked to how the	

	College had to report to the ESFA in this area.	
33	Mr Creed explained that the College report was extremely atypical of other reports in the FE sector due to the College significant external funding unit and through this the large number of sub-contractors. It was noted that there were no sub-contracting arrangements in place for core provision.	
34	Mrs Cheng-Carter confirmed that the information in relation to non-core sub-contractors is also audited monthly by the ESFA.	
35	Committee members asked how the risk of non-compliance was referenced within the risk register. Mrs Cheng-Carter explained that this was under risk 2.	
	<ul style="list-style-type: none"> • Income Diversification Strategy 	
36	Mr Creed explained that Substantial Assurance had been provided and that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses. There was good design and good application / compliance identified. There were no recommendations made.	
37	Mr Creed explained that this has been reviewed due to the expectation that ESF funding would reduce, this risk had not materialised however, the External Funding team remained committed to diversifying income which was evident by some recent gains in this area.	
	<ul style="list-style-type: none"> • Higher Skills Strategy 	
38	Mr Creed explained that Substantial Assurance had been provided and that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses. There was good design and good application / compliance identified. There were no recommendations made.	
39	Mr Creed explained that the College works with three Higher Skills providers; Pearson, Huddersfield University and the Open University. The College had developed a higher skills strategy that was focussed on a narrow curriculum and aligned to local need. This was felt to be an appropriate strategy in light of an increasingly competitive market.	
	<ul style="list-style-type: none"> • ESFA Mock Funding Audit 	
40	Mr Creed explained that two audits had been completed, one in relation to the 16-18 study programme and one in	

	<p>relation to AEB and apprenticeships. Mr Creed explained that the College had not been audited by the ESFA in a significant time. The lack of ESFA audit usually means that Colleges are deemed to be a low risk.</p>	
41	<p>ESFA Funding Audit (i) - 16-19 Study Programme Mr Creed explained that Substantial Assurance had been provided and that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses. There was good design and good application / compliance identified. There were four low recommendations made.</p>	
42	<p>Mr Creed explained the process undertaken to complete the audit, including the sample size (typically 30 out of a total 1650 learners) and how this would relate to an ESFA audit. Committee members noted the areas for improvement identified at section 2.3 of the report.</p>	
43	<p>ESFA Funding Audit (ii) - AEB and Apprenticeships Mr Creed explained that Reasonable Assurance had been provided. There was good design and adequate application / compliance identified.</p>	
44	<p>There were four recommendations made, two high, one medium and one low.</p>	
45	<p>Mr Creed explained where issues had been identified and in particular the challenges and focus nationally on apprenticeships. The action plan at section three of the report was noted.</p>	
46	<p>The high priority action identified at 3.3 of the report was discussed in detail and Mr Creed explained that this recommendation was not uncommon. Mrs Cheng-Carter explained that action had already been taken to address the recommendation and review all paperwork in relation to start date, attendance and participation.</p>	
47	<p>The second high priority recommendation identified at 3.4 of the report was also discussed, Mrs Cheng-Carter explained that action had been taken to address the recommendation and review the files of those learners in receipt of Learning Support.</p> <ul style="list-style-type: none"> • Post Implementation Review of the Finance System 	
48	<p>Mr Creed explained that Substantial Assurance had been provided and that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses. There was good design and good application / compliance identified. There</p>	

<p>49</p> <p>50</p> <p>51</p> <p>52</p>	<p>were three low recommendations made.</p> <p>Mr Creed explained that the new Finance System had been implemented in August 2018 and there had been some challenges with the implementation provider. This had resulted in a change of implementation provider around Christmas 2018. The College was working through some implementation issues to ensure full functionality.</p> <p>Committee members noted the three recommendations and Mrs Cheng-Carter confirmed that the majority of issues identified would be resolved by the commencement of the new academic year.</p> <p>Committee members asked how IT System issues linked to IT risks on the risk register and how failure of the core systems such as finance or payroll might impact on the College. It was agreed that this would be considered.</p> <p>Committee members received the Internal Audit reports.</p>	<p>Action: Mrs Cheng-Carter September 2019</p>
<p>53</p> <p>54</p> <p>55</p> <p>56</p> <p>57</p> <p>58</p> <p>59</p>	<p>AC/19/119 – Internal Audit Strategy and Annual Plan 2019/20</p> <p>Mr Creed presented the Internal Audit Plan 2019/20.</p> <p>Mr Creed explained that the Plan had been created following a review of the risk register and in response to risks facing the sector and organisations generally.</p> <p>Committee members were referred to section four of the report and proposed plan.</p> <p>It was noted that the plan was flexible and could be changed through Audit Committee approval to respond to new, emerging risks or those which have an increased rating.</p> <p>It was further noted that once the Plan was approved, the scope of the audit would be considered and agreed.</p> <p>The plan was for 30 days work, which was consistent with the provision for 2018/19.</p> <p>Committee members approved the Internal Audit Plan 2019/20.</p>	
<p>60</p>	<p>AC/19/120 – Financial Statements Audit Plan for 2018/19 Financial Statements</p> <p>Mr C Flanagan, Grant Thornton presented the External Audit Plan for year ending 31 July 2019.</p>	

61	Page three of the report detailed the systems used.	
62	Committee members noted the approach to be taken, the timetable and the significant risks under auditing standards and other more College related risks (at page six).	
63	Mr Flanagan explained that there was a requirement to confirm that the College would be a going concern for twelve months following the date of signing the financial statements. The approach to materiality and regularity assurance was also noted.	
64	Committee members noted that the fees were applicable to last year with a small increase applied.	
65	The audit work was planned during from the second week in October to ensure that the financial statements would be considered by the Joint Audit and Finance Committee meeting on 21 November 2019 for recommendation to the Corporation meeting in December.	
66	Committee members received the external audit plan for year ending 31 July 2019.	
	AC/19/121 – Health and Safety Update	
	<ul style="list-style-type: none"> Health and Safety Update – June 2019 	
67	Committee members received the Health and Safety update and commented on the fact that there had been no RIDDOR reportable incidents in the last five years. Committee members were pleased that this continued and asked Mrs Cheng-Carter to relay this to the Health and Safety Committee.	Action: Mrs Cheng-Carter September 2019
68	Committee members noted the Health and Safety update.	
	<ul style="list-style-type: none"> Health, Safety and Wellbeing Policy 2019/20 	
69	Committee members recommended the Health, Safety and Wellbeing Policy 2019/20 to the Board for approval.	
	<ul style="list-style-type: none"> Health & Safety Annual Report 2018/19 and Development Plan 2019/20 	
70	Committee members noted the Annual Report and supported the Development Plan for 2019/20.	
	AC/19/122 – Terms of Reference	
71	Committee members reviewed the Terms of Reference for	

72	<p>the Audit Committee and the main changes. Mrs Taylor-Holmes explained that some further changes had been agreed following the meeting of the Search and Governance Committee and feedback from the Chair. These had been incorporated.</p> <p>Committee members recommended the Terms of Reference to the Board for approval.</p>	
73	<p>AC/19/123 – Items to be reported to the Board</p> <p>Items to be recommended to the Board for approval;</p> <ul style="list-style-type: none"> • Health, Safety and Wellbeing Policy 2019/20 • Terms of Reference 	
74	<p>Items to be reported to the Board;</p> <ul style="list-style-type: none"> • Noted progress with the implementation of Audit Actions and Recommendations and received the Internal Audit Report. • Received a number of Internal Audit Reports and responses to recommendations where given. • Received a Deep dive on GDPR and information issues in the context of risk 9. • Review of Risk Register with a recommendation to consider the risk of IT systems failure to core systems. • Approved Risk Management Policy and Anti-Bribery Policy. • Approved the Internal Audit Plan for 2019/20 and the Financial Statement Audit Plan for 2018/19 Financial Statements. • Received the Health and Safety report, Annual report and development plan for 2019/20. 	
75	<p>AC/19/124 – Date of Future Meeting</p> <p>Audit Committee – 26 September 2019; 5.00pm</p>	
76	<p>AC/19/125 – Meeting in the absence of Management</p> <p>There were no items to discuss.</p>	

Signed as a true and accurate record

Jenny Grainger

Acting Chair for 13 June 2019 meeting

Date 26 September 2019