



CALDERDALE COLLEGE
JOINT AUDIT & FINANCE AND RESOURCES COMMITTEE MEETING

Draft Minutes of the Meeting held on 19 November 2020, 17.35
Remote via MS Teams

Present:

Fiona Armer	External Governor (F&R)
Peter Clark	External Governor (F&R)
Rachel Court	External Governor (A)
Pat Drake	External Governor (F&R)
Richie Dunk	External Governor (A)
Adrian Furness	External Governor (A)
Jenny Grainger	External Governor (A)
John Rees	Principal & CEO (F&R)
Chris Reeve	Co-opted Governor (A)
Malcolm Rogers	External Governor (Chair) (F&R)
Andrew Wright	External Governor (F&R)

In Attendance:

Katherine Disley	External Governor
Richard Laycock	External Governor
Sharon Bowker	Executive Director (Finance and Funding)
Rob Rawlinson	Director of Operations (for Item FRA/20/103)
Jonathan Creed	ICCA
Mike Redfern	Grant Thornton
Callum Flannagan	Grant Thornton
Jane Taylor-Holmes	Clerk

Agenda: There were no changes to the agenda.

1	FRA/19/101 - Apologies for absence No apologies were received, all Committee members were present.	
2	FRA/19/102 – Confirmation of eligibility, quorum and declarations of interest No notice had been received of any member becoming ineligible to hold office.	
3	The meeting was quorate.	
4	There were no declarations of interest in agenda items.	

	FRA/20/103 IT Security Deep Dive presentation	
5	Committee members welcomed Mr R Rawlinson, Director of operations to the meeting.	
6	Mr Rawlinson provided a presentation.	
7	Mr Rawlinson commented on the structure and responsibilities of the TSU Team. It was noted that the team was relatively new and there had been a number of changes. Some of changes included the appointment of a helpdesk supervisor to manage the help desk which had improved customer service.	
8	A new post had been introduced, an infrastructure technician. This had not been budgeted however, the appointment had been made to strengthen our capacity to respond to the increased cyber security risk. It was felt that this was an important post to respond to dependency on key personnel risks and concentrate on key cyber risks.	
9	At the recent business unit self-assessment process, the TSU team were assessed as performing well, there were some areas that require improvement regarding information and access. Mr Rawlinson commented on the really encouraging aspects such as the fact that the culture in the team had been graded as exceptional which was seen as positive for moving forward with the customer service focus.	
10	The important role played by the team during the lockdown to ensure that staff and students were supported and students could continue with their learning when the move had been made to online learning, had been recently acknowledged with an award at the staff conference.	
11	Mr Rawlinson referred to IT projects undertaken in 2019/20. Capital investment in the server and greater backup capacity was noted. The investment in the CCTV server had been really beneficial for the estates team as this enabled them to retain more CCTV footage and there was improved speed in process to access CCTV investigations. Mr Rawlinson commented that currently 45% of CCTV was on analogue and there was a plan to move all CCTV to digital CCTV and the investment made in the server would support this.	
12	Mr Rawlinson commented on the role of the TSU Team in moving staff and students online during the pandemic. 350 laptops had been brought in and reconfigured securely to staff to utilise for mobile working.	
13	A number of items of equipment had been delivered to	

	staff and students at home during the lockdown to support mobile working.	
14	In relation to IT projects planned for 2020/21, Mr Rawlinson referred to two really important projects which were risk rated as red. In response to efforts to increase cyber security and in response to the data breach, multi factor authentication was being rolled out. Although this had no cost to the College, there was a cost in terms of the time of TSU Team members enabling users. Mr Rawlinson explained that the team was currently working through priority teams.	
15	Mr Rawlinson referred to the capital investment grant and the ability to invest to replace the server and storage infrastructure. This would be part funded by the college and capital grant. The project was progressing and was currently at the tender stage.	
16	Future investments were reviewed and included investment in infrastructure and digital systems and the risks and estimated costs were provided. Prior to lockdown, there was a digitally enabled strategic priority, this had reviewed the age profile of the PC's across the college. 65% of equipment falls within 5-10-year-old bracket. The TSU Team had done some work to replace hardware however, this does impact on their time. The replacement costs of the equipment is large and it was hoped that there may be some funding available to support investment in this area.	
17	Mr Rawlinson also referred to the replacement of Wi-Fi systems, again this was a large cost but would support the digital ambitions of the college.	
18	Mr Rawlinson explained the current single point of failure with the phone system and how staff had become confident in using MS Teams, the replacement would be cost neutral and would provide ongoing cost savings.	
19	Mr Rawlinson commented on the HR and payroll systems and explained that there had been little investment in these areas for a significant time, a lot of manual processes were currently being used. This was an area that would be considered in the future to realise some efficiencies.	
20	An online booking system was also discussed and how this would provide an online booking and payment system for whole range of services such as commercial sports facilities and commercial services operation such as training event or seminars and the RISE ambitions.	
21	Committee members noted the usefulness of a Student App, which had been identified as a gap in the set of tools	

	and how we communicate with students. This was available from the current MI system, Tribal, and students will be able to gain access to timetable in real time and would provide the College with the opportunity to communicate directly with students on mass and individually.	
22	In relation to External assurance, Mr Rawlinson referred to the cyber threat, the testing of systems and the third party conducted vulnerability assessment.	
23	Since 2019, the College had held the Government backed Cyber Essential accreditation. This was a Self-assessment process to provide a level of reassurance. The college aspired to move to Cyber essentials plus which would involve an independent assessment onsite of the systems and process.	
24	Mr Rawlinson explained that a cyber specialist, ECSC who had been engaged to conduct a wider assessment of the college systems and response to a cyber threat. The formal report was due week commencing 23 November however, no red flags had been raised.	
25	Mr Rawlinson referred to the internal audit which had been conducted last year, this had been really useful and had complemented the other assurances received.	
26	Mr Rawlinson explained that significant progress had been made when reviewing the vulnerability test results from 2015 to 2019. The college had significantly reduced the number of vulnerabilities. The next independent vulnerability test was due in September 2021.	
27	Mr C Reeve, co-opted Governor asked about progress against the long-standing internal audit action due for completion by the end of November regarding IT Policies and asked about progress and any risks associated with this.	
28	Mr Rawlinson commented that the IT audit identified 15 policies in total, all of which were written, so there was no adverse operational risk to the college. Eight were complete with the remaining seven in draft. The completed policies were prioritised based on importance, they include, Data Backup and Recovery, IT Business Continuity, Firewall Administration and Password policy.	
29	Committee members commented that it was useful to see the external assurance on this issue.	
30	Mrs J Grainger, External Governors asked whether the college had considered moving stuff into the cloud? Mr Rawlinson explained that the college does have some	

	systems that were cloud based. There was no specific strategy to migrate systems to the cloud, this was assessed against the risk of having the information available on a cloud and the costs and skills within the team assessed before the team move anything to the cloud.	
31	Resolved – Committee members received the deep dive presentation.	
	FRA/19/104 – Financial Statements 2019/20	
32	Mr M Redfern, Grant Thornton, presented the Financial Statements for 2019/20 and the Audit Findings document together with the Management Letter.	
33	Specific questions had been raised in advance. It was agreed that pension statement questions would be considered in that part of the section when considering the accounts.	
34	There had been questions in relation to senior staff and senior postholders sections and background and key personnel numbers.	
35	It was noted that following the new SLT structure in February 2020, the SLT membership increased from 3 to 6. The reason that there was 9 noted in the accounts was due to some personnel leaving in year. It was the number of people who held posts in year, not the number of posts themselves. E.g. Deputy Principal Finance and Resources was one post in year and the Executive Director Finance and Funding counted as another.	
36	Also, in relation to the restructure of the leadership team, both Mrs Carter-Cheng and Mrs Bowker had been in post for a period of time and overall, there was a move from 3 senior postholders to 4.	
37	It was agreed that further information would be provided to refer to the increase in Principal and Chief Executive pay referring to median of comparator college data and the structure changes to the leadership team.	Action: Mrs Bowker / Grant Thornton December 2020
38	Mr Redfern referred Committee members to the status of the audit at page 4 of the Report and confirmed that all outstanding testing matters were complete.	
39	In relation to work undertaken, the pension work was largely complete, there remained a small number of reconciliation of data. Going concern work was also largely complete. Work was substantially complete; some controls would be tested over the coming days but the audit was	

	close to being done.	
40	In relation to revenue recognition, confirmation from the ESFA to confirm all the income from them was expected in the first or second week in December. It was noted that there had been an extension this year to submit financial statements to the end of January 2021.	
41	All journal information had now been received, no items of concerns had been raised in relation to the work undertaken.	
42	Mr Redfern commented that pensions has had a significant impact on the accounts again, in the draft accounts circulated, there were some items that required updating from the previous year's information.	
43	In relation to FRS 102 retirement benefits, it was noted that the discount rate was falling from 2.1% to 1.4%, an increase in future years was likely.	
44	Mr Redfern also reference to another big impact; the current service cost, this had increased by 66% for the Yorkshire pension scheme.	
45	Showing range of 1.4% to 1.6% currently, if look at where are in the ranges and compared to the mean, assumptions are lined up to the assumptions and towards the conservative end of the assumptions. All were within an acceptable range.	
46	There was some concern noted about the increase in the service cost as this may be a driver to lead into increase contribution rates in future years.	
47	Mr Redfern confirmed that testing on employer payments had been completed and there was confidence in the figures.	
48	Committee members commented on the challenges around going concern when making losses, Mrs Bowker mentioned the bank approach to the loan, that no covenants had been breached and this was a technical issue with the loan. Advice had been sought in relation to insolvency and there were no challenges anticipated in this area.	
49	Committee members questioned if there was a need to refer to a risk around increased contribution? Mr Redfern commented that it would not be appropriate to make this statement now due to the volatile state in the market, COVID and Brexit. People were being very cautious. Contributions were set for the next two years. Looking at 12-18 months' time for a review and then a more informed	

	response could be given.	
50	Mr Redfern referred Committee members to the overview of audit findings at page 2 of the Audit Findings document.	
51	Mr Redfern explained that there had been no significant audit findings in any of the accounts reviewed as part of the audit work undertaken.	
52	The audit had included testing for management bias and override, unusual policies and transactions had been reviewed and journal entries tested.	
53	Committee members asked about the ability to sign off the Financial Statements at the December Board meeting. There was a question about whether the ESFA would provide information in time. In previous years when this has not been available. Board approval can be given that the sign off can be delegated.	
54	Committee members reviewed the Draft Financial Statements for the year-ended 31 July 2020.	
55	In relation to the Report of the Members of the Corporation, it was noted that this was based on the published template document.	
56	Resolved – Committee members recommended to the Board for approval	
57	<ol style="list-style-type: none"> 1. The Financial Statements for the year-ended 31 July 2020 2. The Audit Findings for the year-ended 31 July 2020 	
58	<p>The following would be recommended to the Board; In the event that there was some delay in the receipt of the ESFA reconciliation, final sign off would be delegated to Mr Clark, Mrs Court and Mr Rogers. As long as the result doesn't differ by £5k delegated authority to sign would be provided.</p> <p>Audit Code of Practice – the Self-Assessment Regularity Questionnaire 2019/20</p>	
59	It was noted that this was discussed at the September Audit Committee meeting, amendments were highlighted within the report.	
60	Resolved – the Audit Code of Practice was approved for recommendation to the Board.	
	FCA/20/105 – Items to be reported to the Board	

61	Items recommended to the Board for approval; <ul style="list-style-type: none"> • The Financial Statements for the year-ended 31 July 2020 • The Audit Findings for the year-ended 31 July 2020 • Audit Code of Practice Self-Assessment Regularity questionnaire 	
62	The meeting had received an IT security deep dive presentation.	
	FCA/20/106 – Date of Future Meeting	
63	Joint Finance & Resources and Audit Committee – November 2021 – TBC	
	FCA/20/107 - Meeting in absence of Management	
64	Committee members discussed the change in senior staff personnel and the challenges in conducting the audit remotely.	
65	No issues of note or concern were raised.	

Signed as a true and accurate record

Rachel Court (Chair)

Date 18 March 2021