



Confirmed Minutes

Present: Mr A Nelson (Chair), Mr N Uppal, Mr K Fleming and Mr K Webb

In attendance: Mr A Shaw, Mr T Norris (Tiaa), Ms J Pryce and Mr G Wright

Clerk: Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest

Apologies were received from Ms H Haigh who remains on maternity leave. Mr Norris attended the meeting on behalf of Mr McCulloch; time was taken for formal introductions to take place.

Declarations of interest were subsequently made by Mr T Norris for agenda item 11.

Mr Nelson informed members that the Search & Governance Committee are to recommend to the Corporation at its meeting on 3rd July 2018 for Mr Wright to be appointed as a co-opted member.

Mr Webb, with Mr Nelson's permission – as Chair, explained that he would like to resurrect a point he had made at a previous corporation meeting (November 2017) with regards to executive reporting on aspects of staff training and professional development opportunities. It was agreed for this to be raised under agenda item 6: Board Assurance Framework 2018/19.

2. Minutes from Meeting held on 20th March 2018

Resolved:

- **That these be accepted as a correct record, subject to the two minor amendments.**

3. Matters arising

Internal Audit Report: Appraisal Review of Governance Structure and Process.

It was noted that this report is to be addressed under agenda item 4.

Members were advised by Ms Pryce that the report was to be considered as draft format only as it was yet to be approved by the Senior leadership Team. The Clerk apologised for this – the Clerk confirmed that she had 'signed off' the report as final with Tiaa unaware that the SLT had not had sight of it. Members noted this but acknowledged that the overall assurance assessment for this appraisal review was substantive and that no recommendations or operational effectiveness matters had been raised within the report.

4. Internal Audit Reports

Mr Norris presented Tiaa's reports to the Committee.

Appraisal Review of Structure and Process

This review considered the role and operation of the Corporation and Senior Management groups; standing orders and financial regulations; and delegated authorities.

The overall assurance assessment assigned was substantial. Tiaa was of the opinion that there are appropriate controls in place to facilitate the effective operation of the Corporation, sub-committees and Senior Leadership Team for:

- Direction is robust in the form of the Instrument and Articles, Standing Orders, Formal Scheme of Delegation and Code of Conduct.
- The processes adopted are operated in a uniform manner that provides Governors opportunity to review papers prior to meetings and to provide appropriate challenge at meetings.
- New governors are provided with access to guidance and assistance to ensure that they can become effective in their role.

No recommendations or operational effectiveness matters were made.

Assurance Review of Budgetary Control

The review considered the processes in place for setting annual budgets, including the involvement of budget holders, assumptions and approval within the agreed timescale. The review also considered how budgets are monitored throughout the year, how variances are highlighted and addressed and the reporting processes to budget holders, senior managers and governors.

The overall assurance assessment assigned was substantial. No recommendations were made. No operational effectiveness matters were identified. It was noted that there are appropriate budget monitoring arrangements in place to ensure that the income and expenditure targets within the Financial Plan are achievable. In particular:

- The Assistant Principal, Finance and Resources, in conjunction with the SLT, develops the draft annual budget prior to this being approved by the Corporation.
- Commentaries regarding variances to budget are provided by the Assistant Principal, Finance and Resources and are reported to the Finance and Resources Committee.
- Testing undertaken relating to the forecasting of expenditure on departmental IT projects showed that the final costs accorded with the original estimates.

Assurance Review of Board Assurance Framework

The review considered the Board Assurance Framework, with specific focus on risks are identified, monitored and reported to Corporation/Committee. The review also considered the effectiveness of mitigating controls for two risks selected during the audit.

The overall assurance assessment assigned was substantial. Tiaa was of the opinion that there are appropriate arrangements are in place to ensure that strategic risks are identified and mitigating controls put in place. Of particular note were:

- Through the Board Assurance Framework, confirmation is provided to the Corporation of the forms of internal and external assurance obtained.
- Each strategic risk is reviewed regularly to ensure that the scoring assigned and the controls in place remain appropriate.
- Operational risks are identified by departmental staff and included within Quality Improvement Plans.

No recommendations or operational effectiveness matters were made.

The committee noted that all of the audit findings report did not provide any relevant benchmarking data for comparative purposes. Mr Norris explained that it was exceptional for him to be reporting back on significant reviews all having secured substantial assurance where no recommendations had been made or no operational effectiveness matters had been identified. Normally Tiaa would only provide benchmarking data for reviews attracting recommendations. The committee asked for all future reports to include comparative data regardless of the number of recommendations made. Mr Norris agreed to feed this back to Mr McCulloch.

Follow up Review 2017/18

As part of the approved internal audit periodic plan for 2017/18 Tiaa have undertaken a review to follow up progress made by Huddersfield New College to implement previous internal audit recommendations. The audits considered as part of the follow up review were:

- Teaching, Learning Assessment
- ICT High Level Health Check
- Payroll
- Quality Assurance
- Follow Up (2016/17)
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Staff members responsible for the implementation of recommendations were interviewed to determine the status of agreed actions. Where appropriate, audit testing has been completed to assess the level of compliance with this status and the controls in place.

Through the work performed the Auditors were able to confirm that 6 recommendations from the 10 recommendations followed up had been fully implemented at the time of the review. 3 recommendations had not been completed by original implementation date but were on course to be completed by a revised implementation date. One recommendation had been recorded as not having been completed.

The committee ascertained the progress made to date on all outstanding recommendations from the ICT High Level Health Check Audit undertaken in March 2017. Ms Pryce explained that a new Control Framework has been put in place, which is awaiting review and approval by the Systems Group in late June 2018. The framework is also supported by other related policies which have been reviewed and updated. Ms Pryce advised members that implementation of the recommendations related to holding back-up data offsite had been delayed due to additional focus on cyber security and malware threats. Due to the risks associated with cloud storage, the approach to implementing this recommendation has been revised by the Senior Leadership Team. A tape backup system is now to be introduced with the tapes being taken off-site. Quotes for this service have since been received from suppliers.

A revised timescale of September 2018 has now been agreed. Ms Pryce advised the Committee that a full assurance report on IT data security and service would be presented to members at the next meeting. The Committee was satisfied with the approach taken by the Senior Leadership Team.

Due consideration was now given to the recommendation recorded as no progress having been made by the implementation date of 01.06.17. Ms Pryce explained that the recommendation had two parts to it the first element—to install smoke detector in central building machine room - had been completed immediately. The second element – for consideration to be given to installing environmental monitoring devices in the machine – had been undertaken in so far as that the Estates Director had at the time considered and decided against installation. Mr Norris explained that with hindsight the recommendation should have been more directive to clearly stipulate that environmental monitoring devices had to be installed in each of the machine rooms. Ms Pryce explained to members that the Estates Director had since been made aware of this misunderstanding and that she could now confirm that accompanying software was to be installed by end of July 2018, as per the information included within the recommendation tracker (agenda item 5).

Mr Norris agreed for the report to be updated to better reflect progress made to date by the college and to ensure that the second element of this specific recommendation is re-phrased to indicate that it is a mandatory requirement.

Resolved:

- **To receive the reports**
- **To congratulate all staff on the positive audit findings**
- **For the follow up report (recommendation 5) to be updated and reissued to the Clerk for circulation.**

5. Recommendation tracking

The Committee accepted the Audit Recommendation Tracker.

Following on from earlier discussions, time was taken to consider how to better record internal checks made on the action being taken to address audit recommendations. Members agreed it necessary for the tracker to clearly distinguish the original implementation date and the subsequent review dates and any revised implementation dates so as to better track the progress being made (RAG rating).

Resolved:

- **To receive the report**
- **For the Clerk to update the format for the Recommendation Tracker for the next meeting.**

6. Board Assurance Framework (BAF) : full review.

Ms Pryce presented the proposed key business risks (strategic, financial and operational) as identified by the Senior Leadership Team for 2018/19. The Committee viewed the identified strategic risks as relevant and necessary going forward.

The Committee was satisfied that the major risks impacting the college are to remain subject to timely assurance reviews by the Corporation or its Committees. The timeframe is to again be agreed by the Clerk and the College Risk Management Group. Ms Pryce also explained to the committee that current risk owners may need to be re-assigned once the current Senior Leadership Team restructure had been undertaken. Ms Fleming questioned whether Link Governors should be identified as risk owners alongside assigned staff given the limited accessibility to all relevant information required for risk management and assurance purposes. The committee agreed that only staff should be assigned as risk owners going forward and that collective responsibility should remain with the full corporation when monitoring and reviewing effectiveness of all link areas. Assigned Link Governors can however continue to offer assurance where appropriate. The Clerk was asked to review the current Link Governor role responsibilities to ensure that they are not too onerous with regards to risk management and assurance.

The Clerk also took this opportunity to confirm that all current strategic risks identified throughout 2017/18 will, by the end of the academic year, have all been subject to assurance reviews at committee or corporation level. The Committee remained satisfied that the Board Assurance Framework, in its entirety continues to provide an adequate and effective framework for risk management.

Mr Webb took the opportunity to remind the committee that at the Corporation meeting in November 2017, when considering the annual Staff Performance Management Report, he had asked for future reports to include additional relevant information on how the college continues to promote amongst all staff 'professional and personal development' including an indication of the budget spent, areas of training addressed and the links to strategic planning. The Clerk explained that she had been absent from this meeting (recovering from surgery) but would ensure that this year's report includes relevant data. Mr Webb expressed an interest to the Clerk in attending the relevant SAR validation meeting for staff training and development.

Resolved:

- **That the key business risks identified within the colleges risk register be approved,**
- **For the Clerk to ensure that the Master BAF is updated to ensure that risk ownership is only assigned to staff (not Link Governors).**
- **For the BAF overview for 2018/19 to be shared with all Governors.**

- **For the Clerk to review the Link Governors role responsibilities and to report back to the Committee at its next meeting.**
- **For the Clerk to liaise with the author of the Staff Performance Management Report and provide feedback on requested changes to format.**

Mr Nav Uppal & Ms J Pryce left the meeting at this point.

7. Code of Practice and Procedure on Whistleblowing

The Clerk informed the committee that the existing policy reflects good practice initiatives and is currently procedurally compliant with relevant legislation for how the college is to manage and respond to any raised concerns.

The Clerk however proposed the following additions to the existing policy:

- to make clear that disclosures need to be 'in the public interest', this means it must affect the general public, to be protected. Personal grievances (e.g. bullying, harassment, discrimination) are not covered by whistle blowing law, unless the particular issue / case is in the public interest. (section 1.2.1 page 1)
- As required by the Post 16 Audit Code of Practice 2017 to 2018 to include within the whistleblowing policy the process to be followed when suspicion arises of potential irregularity, including fraud, bribery, corruption, theft, any impropriety or major weakness or breakdown in the accounting or other control framework. (section 6.1 page 5)
- As required by the Post 16 Audit Code of Practice 2017 to 2018 to include reference to Action Fraud (section 7.1 page 6)

The committee endorsed the proposed changes to the existing policy.

The Clerk confirmed that the revised policy (once approved by the Corporation) shall be made available to all via the website and via Moodle (the college's virtual learning environment). The Clerk shall also email all students and staff members directly advising them as to the purpose of this policy and where to access it.

Resolved:

- **To recommend to the Corporation that it approves the revised Code of practice and procedure on whistleblowing.**

8. Post 16 Audit Code of practice 2017 to 2018

The Clerk reminded the Committee that the post-16 audit code of practice for 2017 to 2018 (published March 2018) sets out the Education Skills Funding Agency (ESFA) revised assurance and accountability requirements for post-16 providers for all periods commencing on or after 1 August 2017.

The Post 16 Audit Code of Practice includes updated guidance on the annual assurance arrangements for sixth-form and further education colleges and their auditors. Changes in this version include:

- emphasising reporting accountants may, by exception, write to ESFA and ask for a summary of any matters relevant to regularity
- confirming that colleges will share their completed regularity self-assessment questionnaires with reporting accountants
- clarifying that staff governors should not be members of an audit committee
- clarifying that significant fraud now includes that which is systematic or unusual

- simplifying reporting arrangements so that all identified significant or material fraud is disclosed in the assurance report on regularity
- highlighting to external auditors their reporting responsibilities on matters of material significance

The Clerk confirmed that the ESFA has published a self-assessment questionnaire which again is a required element of the Regularity Audit. This shall be presented to the Committee for consideration at its next meeting in September 2018.

The Clerk confirmed that the Audit Committee's current terms of reference continue to reflect the accepted good practice for audit committees of publicly funded organisations as set out within the Post 16 Audit Code of Practice 2017-2018. Two updates to the current terms of reference are however required to ensure full compliance with the Code of Practice. The Committee endorsed these changes.

The Code also states that Corporation's must have policies and procedures, including a whistleblowing policy, on the process to be followed when suspicion arises of potential irregularity. The Clerk confirmed that the College's Whistleblowing Policy has been duly updated.

Resolved:

- **That the report be received**
- **For the Corporation to approve the recommended changes to the committee's terms of reference.**

9. Self-Assessment of Committee Work/Business and Annual Review of Terms of Reference.

The Committee reflected upon its work throughout the academic year and agreed that it is fully covering its delegated responsibilities. No changes were proposed to the Committees terms of reference.

Members also considered how the Committee's work has impacted/ contributed to the overall work of Governing Body during this academic year. Members contributed their opinions for the Clerk to insert into the committee's self-assessment report which will be distributed to all Governors.

Resolved:

- **That the Committee has complied with its terms of reference**

10. Any other Business.

There was no other Business.

Mr Norris left the meeting at this point.

11. Performance Indicators for Auditors (reserved item)

The Clerk advised the committee that the College's External and Internal Auditors were both appointed by the Corporation in April 2015. Both contracts are for three years in the first instance, extendable in annual increments thereafter, subject to satisfactory performance up to a maximum duration of 5 years.

Each provider was assessed positively against their performance agreed indicators, members were also satisfied that both auditors were providing appropriate assurance. The Committee also

agreed that the External Auditors and Internal Auditors had fulfilled the agreed service requirements.

The Committee agreed to recommend to the Corporation the continued appointment of the auditors (external and internal) for 2018/19. However members were mindful that a full tendering exercise is to be undertaken during 2019/2020 for auditor appointments for 2020/2021 onwards. The Committee asked for the tender process to be considered at its November 2018 meeting.

Resolved:

- **For the Corporation to approve to the continued appointment of the auditors (External and Internal) for 2018/19.**
- **For the tender process for audit providers to be included on the agenda for the November 2018 meeting.**

12. Learner Impact Reflection

The impact of discussions and scrutiny of the Committee work in improving the outcomes and experience for all learners was considered and the following agreed:

- **The overall audit opinion provides assurance that the college has an adequate and effective framework for governance, risk management and internal control.**
- **Ensuring that the College is maintaining the quality of learning to maximise the Student Learning, Experience and Outcome.**
- **Ensuring that the college provides a safe environment for students, staff and visitors.**
- **Assurance received that the college remains compliant with regularity and propriety requirements as per the terms and conditions of funding.**
- **Critical review of annual performance ensures that the committee continue to focus, scrutinise, challenge and support the college leadership team in sustaining and improving the outcomes and progress of all students and enable students and staff to learn and work in an outstanding institution**
- **Auditors ensure that the college has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for the effectiveness and efficient use of resources, the solvency of the institution and the safeguarding of its assets.**
- **Effective auditing services help governors understand student experience and learning outcomes.**

13. Determination of confidentiality

Supporting papers relating to agenda item 11 are to be deemed confidential.

14. Date of next meeting: to be confirmed.