



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Audit Committee held on Tuesday 8th October 2019 from 5.00pm.

Confirmed Minutes

Present: Mr A Nelson, Mr N Uppal, Mr G Wright and Mr K Webb, Ms H Haigh (joined by phone) (attendance 83%)

In attendance: Ms A Williams (agenda item 4 only), J Thomas (from agenda item 5), Mr P Harrison (Tiaa), Mr A Hogg (Wylie & Bisset LLP; joined by phone)

Clerk: Mrs C Coupland

1. Apologies for Absence/ Declaration of Interest

Apologies were received from Ms K Fleming.

Mr Harrison was in attendance at the meeting on behalf of Mr A McCulloch. Mr Harrison was welcomed to the meeting, time was taken for introductions to be made.

There were no declarations of interest.

2. Minutes from Meeting held on 11th June 2019

Resolved:

- That these be accepted as a correct record

3. Matters arising

Appraisal Review of Marketing (March 2019)

Mr Harrison advised the committee that Ms Thomas & Mr McCulloch have since reviewed the marketing appraisal. It was confirmed that substantial assurance has been reassigned to this audit as it remains to be a priority 3 level recommendation. The committee noted that the updated report is to be formally presented to members under agenda item 7.

Auditor letters

The Clerk confirmed that formal letters have been sent to both external and internal auditors to confirm in writing the contract variation agreed on behalf of the corporation. The Clerk advised the Committee that both audit firms had confirmed agreement and acceptance to the contract extension. The revised timescale for implementing a full tendering exercise will therefore now commence from September 2021; for tendering to be completed and auditors appointed by September 2022.

General Data Protection Regulation (GDPR) & Data Protection (June 2019)

The Committee noted that the final audit report is to be presented at tonight's meeting (agenda item 7). The relevant risk assurance report has also been resubmitted at members request for the committee to undertake a further formal review in light of audit findings (agenda item 8)

4. Confidential item.

Ms Haigh & Ms Williams left the meeting

5. Post 16 Audit Code of Practice Self - Assessment questionnaire

The Clerk reminded the Committee that the Post 16 Audit Code of Practice is relevant to accounting periods ending on or after 31 July 2019.

To support corporations in drafting the statement of regularity, propriety and compliance, the Education and Skills Funding Agency (ESFA) have again published a self-assessment questionnaire. The self-assessment questionnaire is a required element of the Regularity Audit.

Members duly considered the self-assessment questionnaire. Members were in agreement with the colleges responses, however minor clarification points were sought on a small number points raised within the questionnaire.

The Committee was in agreement for the Principal as Accounting Officer and the Chair to the Corporation to sign and date the self-assessment, with the agreed amendments, prior to forwarding it onto the College's External Auditors.

Resolved:

- **That the report be received**
- **For the Chair and Principal to sign and date the Self-assessment Questionnaire, once updated with the required amendments, prior to forwarding it onto the College's External Auditors.**

6. Teacher Pension Scheme audit year ended 1st March 2019.

The Committee received the external Auditors certificate to confirm that contributions had been made in accordance with the TPS Employer's Guide for the year ended 31 March 2019.

Mr Hogg verified that the end of year certificate and their unqualified audit opinion had been provided to the Teachers Pension in advance of the deadline.

Resolved:

- **That the report be received.**

Mr Hogg left the meeting.

7. Internal Audit Reports

Appraisal Review of Marketing (redraft) (March 2019):

The Committee recalled that the appraisal reviewed the arrangements for marketing the College. The review also looked at how the effectiveness of marketing actions are monitored and measured and considered opportunities to improve processes in line with best practice.

As a result of the audit – 1 routine action point was recommended and accepted by management; for which an implementation date and responsible officer has been identified and listed within the final report. No Operational Effectiveness Matters were identified

Assurance Review of GDPR Compliance (July 2019):

Mr Harrison confirmed that the review assessed compliance with the key [EU] GDPR elements of:

- Privacy Impact Assessments;
- Data Subject rights (e.g. Right to be forgotten);
- Data Classification and Asset management;
- Data Security & Breach Management;
- Governance & Consent;
- Data Controllers & Processors.

As a result of the audit – 3 important and 2 routine action points were recommended and accepted by management; for which short implementation dates and responsible officers have been identified and listed within the final report. No Operational Effectiveness Matters were identified.

Time was taken by the committee to consider the comparison of Key Controls of GDPR across TIAA Education Client Base 2018/19. Members noted that HNC had performed in line with the other benchmarked colleges for this risk area.

Resolved:

- **That the reports be received.**
- **To record the committee's thanks to all staff that contributed towards the Audits.**

8. BAF Assurance Review: Failure to manage effectively the new GDPR (General Data Protection Regulation)

The committee recalled that in March 2019 it was resolved for amber assurance to be assigned to this specific risk area at that current time. The committee made it clear that the assurance level assigned at that time did not reflect an absence of management activity but rather reflected the limitations to the range of external assurance sources currently available. Members at this meeting noted that a GDPR compliance review was to be undertaken by internal audit during the summer term and were therefore of the view that a further assurance review should be undertaken at a future meeting when audit findings were to be presented.

Members noted that the audit report confirms that the College continues to manage this area well by identifying, analysing and securing continued compliance with legislation requirements. The Committee was therefore of the opinion that the college community understands and implements effectively GDPR requirements and that green assurance is to now be assigned to this risk.

Resolved:

- **That the risk be awarded green assurance**
- **For the Clerk to update the Master BAF**

9. Annual Internal Audit Report 2018-19

Mr Harrison presented the 2018/19 Annual Report on the internal control environment at HNC. He explained to members that the annual internal audit report summarises the outcomes of the reviews that TIAA have carried out on the organisation's framework of governance, risk management and control. This report is therefore designed to assist the Corporation in making its annual governance statement.

Mr Harrison confirmed to the committee that TIAA is satisfied, that for the areas reviewed during the year, that HNC has reasonable and effective risk management, control and governance processes in place. Also there is evidence to support the College's achievement of value for money with regard to economy, efficiency or effectiveness of the systems reviewed.

Resolved:

- **That the report be received.**

10. Internal Audit Strategy for 2019-20

Mr Harrison explained to the committee that the proposed Audit Plan for 2019/20 had been developed by carrying out and update audit risk assessment to ensure that the planned coverage for the year is focussed on the key audit risk areas and that the coverage will able Tiaa to provide an overall audit opinion on the overall adequacy and effectiveness of the college's framework of governance, risk management and control as required for the Audit Committee's Annual Report.

Mr Harrison explained that the proposed strategy is based on the inherent risks facing HNC as well as those within the sector. Mr Harrison advised the Committee that the rolling strategic plan for 2019 /20 to 2021/22 had been drafted with Ms Thomas. The College Senior Leadership Team has also considered, and is in agreement with the proposed audit plan. The areas to be audited during this academic year are:

Finance:

- Ordering, Receipt and Payments (dedicated follow up Compliance Audit to 2018/19 audit)
- Payroll (assurance audit)

ICT:

- High Level Health Check including Cybercrime (Assurance Audit)

Operational Performance and Infrastructure:

- Continuous Professional Development (Assurance Audit)

- Staff Performance Management (Assurance Audit)
- Quality Assurance of Teaching, Learning Assessment (Assurance Audit)

Management and Planning:

- Follow up Audit

Governors were of the opinion that the Strategy for Internal Audit covers the College's key risks and assurance needs. The Committee was therefore agreeable to the proposed internal audit plan for 2019/20 based upon 20 days of audit activity.

Resolved:

- **That the Internal Audit Plan for 2019 – 2020 be approved**
- **For the Internal Audit plan to be shared with all Governors**

11. Recommendation tracking

Ms Thomas presented her report to the Committee.

She explained that all recommendations from audits undertaken during 2018/2019 have been incorporated into the tracker. It was noted that all outstanding recommendations are reported to be on track for being completed by the recorded implementation date.

All completed recommendations will however remain on the tracker until confirmed as completed by the Internal Auditors' follow up review in 2019-20. There are no other items from other external, TPS or other audits to follow up.

Resolved:

- **That the report be received.**

12 Board Assurance Framework 2019/2020:

Ms Thomas presented the Board Assurance Framework for 2019/20; which included all the key business risks as identified with the college's risk register approved by the committee at its last meeting.

Ms Thomas confirmed that assurance reviews planned throughout the academic year have been assigned, in liaison with the Clerk, to meetings where associated management reports are to also be presented.

The Clerk also took this opportunity to confirm that all strategic risks identified throughout 2018/19 were 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.

Resolved:

- **To receive the Board Assurance Framework (BAF) Overview**

13 Any other Business.

Letter to Chairs of Governors (dated July 2019) :

The Clerk drew members attention to the letter received from Elieen Milner, Chief Executive. It relates to the recently published Bourneville College investigation report which raises issues in relation to the oversight of the proper use of public funds by college governing bodies.

The Clerk advised the Committee that she is currently undertaking a compliance review of the issues raised within the letter and will report on findings to the Audit Committee at its next meeting.

- **That the report be received.**

14 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 Committee continues to focus, scrutinise, challenge and support the college leadership team in sustaining and improving (where necessary) cyber developments.**
- **The Audit Committee has fulfilled its statutory and delegated responsibilities.**
- **Internal scrutiny of the operation of the college by clarifying the explicit lines of accountability to facilitate managed succession planning provides assurance to Governors that appropriate procedures are available and accessible to more than one staff member to ensure continuity and accountability of key business processes.**
- **The committee is assured that the college is taking a realistic approach to resources supporting counter fraud and effectiveness of counter fraud arrangements is being tested.**
- **Assurance received that the college has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for ‘the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets’.**
- **Assurance received that the college has adequate resources to continue in operational existence for the foreseeable future.**
- **Effective risk management increases the probability of successful outcomes, whilst protecting the reputation and sustainability of the College.**
- **The Committee recognises that the Corporation has a responsibility to manage internal and external risks as a key component of good corporate governance and is committed to embedding risk management to help achieve the College’s strategic objectives**
- **Assurance that the college has compliance with laws and regulations**
- **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.**
- **Ensuring that the college remains to be proactive and legally compliant in known and emerging external themes and challenges e.g. GDPR compliance; changes to the audit code of practice (emphasis on anti-corruption measures),**

11. Determination of confidentiality

All supporting papers and minutes relating to agenda item 4 are deemed to be confidential. Supporting papers relating to the Board Assurance Framework are also to be deemed confidential.

12. Date of next meeting: 26th November 2019 at 6pm.