

Oldham College
Audit Committee
Principalship Meeting Room
Tuesday 19 February 2019, 4:00 PM — 5:30 PM GMT

Present:	Anthony France	Governor
	Lorna Unwin	Governor
	Craig Wright	Governor

In attendance	Debra Woodruff	Deputy Principal
	Allan Tyrer	Finance Director
	Rebecca Johnson,	Assistant Director of Finance
	Patrick Clarke	ICCA
	Janet Frost	Clerk to the Corporation

Absent:		
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Apologies:	Michael Frankish	Grant Thornton
	Shaid Mushtaq	Governor

11/18 Appointment of Chair and Vice Chair for 2018/19

The appointment of Chair for 2018/19 was deferred to the next meeting.

Anthony France, Vice Chair took the Chair for the meeting.

12/18 Apologies

Apologies for absence had been received and were accepted from Michael Frankish, Grant Thornton.

13/18 Meeting of Auditors with Members only if required (No Officers)

Not required

14/18 Declaration of Conflicts of Interest

None declared

15/18 Permission for Officers of the Organisation to be present

It was **RESOLVED** that officers present should remain in the meeting.

16/18 Minutes of the Audit Committee 14 June 2018

The minutes of the meeting held 14 June 2018 had previously been circulated to members for consideration.

It was **RESOLVED** that the minutes be deferred to the April meeting for consideration and approval.

17/18 Minutes of the Audit Committee 18 December 2018

The minutes of the meeting held 18 December 2018 had been previously circulated to members for consideration.

It was **RESOLVED** that the minutes of the meeting be approved and signed by the Chair as a correct record of the meeting

18/18 Matters arising from the minutes of the previous meeting

None reported

19/18 Rolling Action List Update

(i) Min 69/17 14 June 2018 Risk Management Register

The Departmental Risk Register Reports will be presented to the September 2018 Audit meeting. It was **RESOLVED** that this action was complete.

(ii) Min 62/17 14 June 2018 External Audit Plan

The Corporation be recommended to approve the external audit plan and fees. It was **RESOLVED** that this action was complete

(iii) Min 64/17 14 June 2018 Programme of Presentations of Individual Risks 2017/18

The Audit Committee consider the programme of presentations of individual risks for 2018/19 at its September 2018 meeting.

It was **RESOLVED** that following discussion at the current meeting this item would be complete.

(iv) Min 70/17 14 June 2018 Internal Audit Strategy 2017/18 – 2020/21 inc. Internal Audit Plan 2018/19

The Audit Committee approve and recommend to the Corporation the Internal Audit Strategy 2017/18 – 2020/21 and Audit Plan 2018/19.

It was **RESOLVED** that this action was complete

(v) Min 71/17 14 June 2018 Financial Regulations

Financial Regulations to be presented to the Corporation at its December 2018 meeting

It was **RESOLVED** that this action was complete.

20/18 Notification of Items of Any Other Business

None reported

STANDING ITEMS

21/18 Risk Management: Presentation: Risk Management Register and Action Plans and Risk Management Policy (Item 10)

A copy of the Key Operational Risks Register as at February 2019 had previously been circulated to governors for consideration and comment. The Finance Director reported that the register had been updated to reflect the current position and reflected the changes in risk since the start of the financial and academic year.

The Finance Director continued and reported that separate risk registers for each service area now sit behind the strategic report and these are used as a monitoring tool at the Business Review meetings. Examples of these were circulated and the Assistant Director of Finance spoke to the Finance Risk Register advising of the key risks, the controls that are in place to mitigate the risk and associate net risk score.

A member questioned the change in net score on the Income Target risk (Risk A) and Salary Budget risk (Risk B) from amber (November 2018) to green (February 2019) asking for clarity around the reason for change. In reply the Finance Director advised members of the current financial position, the predicted income and payroll data, commenting that the position to date shows only a slight variation to the predicted position. The discussion continued and further clarity was sought relating to the assurances of the financial viability of the College. The Finance Director undertook to provide a detailed report at the next meeting on the medium and long term viability of the college. C

A further question was raised relating to the ability of the college to remain as a standalone organisation and whether political intervention could play a role in closing colleges or merging colleges. The Finance Director updated governors on the Area Based Review (ABR) process that colleges in Greater Manchester had been party to, and also the intervention of the FEC and the outcomes of these processes. It was agreed that AT would arrange to meet with governors outside of the meeting to provide further clarity on the financial position and budget projections. A further question was asked relating to the new construction centre and associated risks and the Finance Director reported that there is a potential risk of not securing T levels for construction, however the business plan is built on the delivery of apprenticeships, traineeships, full time and part time courses continuing at the same volumes with the potential for these to increase. It was noted that the Student Operations Risk Register document reported the inherent risk score and net risk score the same and therefore required reviewing to ensure the correct information was recorded. C

A copy of the Risk management Policy was circulated with only minor amendments reported. Governors approved the policy as presented.

It was RESOLVED that:-

- (i) members received the report as presented,**
- (i) members requested a detailed report at the next meeting on the medium and long term viability of the college,**
- (ii) members agreed that AT would arrange to meet with governors outside of the meeting to provide further clarity on the financial position and budget projections,**
- (iii) the Student Operations Risk Register document reported the inherent risk score and net risk score the same and therefore required reviewing to ensure the correct information was recorded, and**

(iv) members approved the Risk Management Policy as presented.

BUSINESS / PERFORMANCE ITEMS

22/18 Internal Audit Annual Report 2017/18 (Item 11)

The Internal Audit Annual Report for 2017/18 had been prepared by internal auditors ICCA, and previously circulated to members for consideration.

Patrick Clarke of ICCA introduced the report and advised that ICCA had provided the Internal Audit Service to the College for the year ended 31st July 2018 and that the work had been carried out in accordance with the Annual Internal Audit Plan, approved by the Governing Body and was designed so that the Auditors are able to make a statement on the adequacy and effectiveness of the College's risk management, control and governance processes.

It was reported that there had been nine audit assignment reviews and one advisory review completed by ICCA in 2017/18. PC reported that it was the opinion of ICCA that:-

- based solely on the audits completed by ICCA in 2017/18, no significant governance issues were identified,
- based on ICCA risk based coverage during the year, ICCA findings indicate that the College's risk management framework has continued to operate adequately and effectively.

A discussion took place regarding the process for audit reviews and PC informed governors that the audit team, in order to gain the necessary assurances, would understand the college processes, operational factors and the structure of the organisation. These would be taken into consideration and any gaps identified within the audit.

A governor asked what the process would be should an audit conclude that there was an area of risk that was weak, and PC reported the process for such an event. Q
It was agreed that a report be presented at the next meeting that provided details around the control environment and how it links into the processes.

It was RESOLVED that the report be approved and presented to the Full Corporation at its April meeting.

23/18 Internal Audit Assignment Reports - Presented by ICCA (Item 12)

The Internal Audit Assignment Reports had been prepared by ICCA in accordance with the Audit Plan for 2018/2019 and all had been previously circulated to members for consideration. In discussion the following reports were considered:-

24/18 Readiness for Compliance with GDPR and the data Protection Bill (Item 12.1)

The Internal Auditor introduced the report and highlighted the areas that were reviewed under the audit objective – 'To provide management and the Audit Committee with an independent assurance opinion that the College has taken the necessary steps to ensure compliance with the GDPR from 25 May 2018.'

The Internal Auditor confirmed that as a result of the work carried out they provided management and the Audit Committee with **Reasonable Assurance** that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses. He added that whilst the college was compliant there were a few areas that required further actions to improve the processes, including:-

- An online GDPR training tool to be made available for all staff to complete
- Documentation along the lines of the standard ICO template to be produced and kept along with college policies, as they are either created or reviewed
- Ensure data sharing agreements are in place with external third parties that comply with GDPR legislation.

It was RESOLVED that the report be received and the Committee accept that the Management response actions as detailed would effectively address the recommendations.

25/18 Management Information and Reporting to Board (Item 12.2)

The Internal Auditor introduced the report and highlighted the areas that were reviewed under the audit objective – ‘To provide management and the Audit Committee with an independent assurance that the College’s reporting framework supports management and Governors in their scrutiny of College performance.’

The Internal Auditor confirmed that as a result of the work carried out they provided management and the Audit Committee with **Substantial Assurance** that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses.

PC added that the dashboard information presented to governors was excellent and was some of the best they had seen in the sector. A member asked if the audit had tested the KPIs back to the source data and PC responded that this had been done as part of the field work and it had identified correct data that was reported accurately to members.

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It was RESOLVED that the report be received and the Committee accept that the Management response actions as detailed would effectively address the recommendations.

26/18 Capital Strategy and Estate Management (Item 12.3)

The Internal Auditor introduced the report and highlighted the areas that were reviewed under the audit objective – ‘To provide management and the audit committee with an independent assurance opinion that the College has a capital strategy and effective operational management of its estate and facilities functions.’

The Internal Auditor confirmed that as a result of the work carried out they provided management and the Audit Committee with **Substantial Assurance** that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses.

PC reported that the audit had reviewed the controls relating to strategy and specifically the robustness of the financial assumptions, considered the current financial position, the income

assumptions, pay and non pay position.

It was RESOLVED that the report be received and the Committee accept that the Management response actions as detailed would effectively address the recommendations.

27/18 Risk Management Annual Report 2017/18 inc. Risk Management Policy
Reported at Item 10

28/18 Audit Rolling Recommendation Tracking Tool (Item 14)

A copy of the Audit Rolling Recommendation Tracking Tool had been prepared by the Assistant Director of Finance and previously circulated to members for consideration. The Assistant Director reported that the tracking system had been developed based on the RAG rated system of reporting and included all recommendations taken from the Internal Audit assignment reports that required implementation by the College. It was noted that the report was as at November 2018 and required updating to reflect the current position.

Members discussed the report and requested that at future meetings the report accurately reflect the position of the outstanding actions.

It was RESOLVED that members received the report.

29/18 Audit Committee Members Self-Assessment Report 2017/18 (Item 15)

A copy of the Self-Assessment and Effectiveness questionnaire had been previously sent to members of the Audit Committee and the Clerk reported the findings. It was agreed that a priority is to strengthen the membership of the Committee with members that have a breadth of skills to ensure it is in the best position to provide oversight of the performance, independence and objectivity of the auditor and quality of the audit.

It was RESOLVED that members noted the report as presented.

ITEMS FOR INFORMATION

30/18 Programme of Presentations of Individual Risks for 2018/19

The Clerk reminded members that it had been agreed that at each ordinary meeting of the committee a presentation detailing the risks associated with a College area or activity and how those were mitigated would be delivered to members by a staff member or senior manager from the area/activity. This would form part of the training activity for Governors but be specifically directed at Audit members.

Members were reminded of the presentations that had been delivered during 2017/18 and supported the same process in 2018/19.

Members discussed a number of areas that they felt would give them more insight into the risks

and mitigating actions being taken by the college and these included the capital programme and financial position for 2018/19 and 2019/20.

It was RESOLVED that a presentation be delivered on the capital programme at the April meeting and financial position for 2018/19 and 2019/20 at the June meeting.

31/18 Use of Consultants (Item 17)

The Finance Director reported the use of consultants since the previous meetings as follows (a copy of the cost for each consultant was reported); Adrian Mitchell (Capital project), CBRE Ltd, Dudley College Training Ltd, Idox Software Ltd, Tenet Education Services, VatSystems Consultants (North Wales) Ltd, SHREC, Teacherhead Consulting, Marina Gaze Consulting Ltd, City in the Community Foundation, The Saddleworth Honey Company, Positive Steps Oldham and David Whaley.

It was RESOLVED that members noted the report.

32/18 Report on Tender Process for External Audit Service (Item 18)

The Finance Director reported that the college would commence the tender process for the external audit service in March 2019. The outcome of the process would be reported to the June Audit meeting.

It was RESOLVED that governors noted the timeline for the tender process of the external audit service.

33/18 Workplan and Commentary on Deviation (Item 19)

A copy of the Workplan for 2018/19 including changes to the reporting sequence for the current meeting was presented to members for consideration. Members noted all reports had been presented as planned.

It was RESOLVED that members noted the report.

34/18 Any Other Business

None to report

**35/18 Dates of Future Meetings:
Thursday 25 April 2019 at 5.00pm
Tuesday 18 June 2019 at 5.00pm**

Rolling Action List taken from the Audit Committee 19 February 2019

Meeting Date & Item No.	Rolling Action List (Outstanding actions from previous meeting(s) to be carried forward, listed below, and not removed until completed/closed.)	Actionee	Reported as Completed at meeting of
14 06 18 Min 69/17	Risk Management Register The Departmental Risk Register Reports will be presented to the September 2018 Audit meeting	Finance Director	19 02 19 Min 19/18 (i)
14 06 18 Min 62/17	External Audit Plan The Corporation be recommended to approve the external audit plan and fees of £21,750.	Finance Director	19 02 19 Min 19/18 (ii)
14 06 18 Min 64/17	<u>Programme of Presentations of Individual Risks 2017/18</u> The Audit Committee consider the programme of presentations of individual risks for 2018/19 at its September 2018 meeting	Finance Director	19 02 19 Min 19/18 (iii)
14 06 18 Min 70/17	<u>Internal Audit Strategy 2017/18 – 2020/21 inc. Internal Audit Plan 2018/19</u> The Audit Committee approve and recommend to the Corporation the Internal Audit Strategy 2017/18 – 2020/21 and Audit Plan 2018/19.	Finance Director	19 02 19 Min 19/18 (iv)
14 06 18 Min 71/17	<u>Financial Regulations</u> Financial Regulations to be presented to the Corporation at its December 2018 meeting for approval	Finance Director	19 02 19 Min 19/18 (v)
19 02 19 Min 21/18	<u>Risk Management Register</u> (i) A detailed report be presented at the next meeting on the medium and long term viability of the college, (ii) AT to arrange to meet with governors to provide further clarity on the financial position and budget projections (iii) the Student Operations Risk Register document reported the inherent risk score and net risk score the same and therefore required reviewing to ensure the correct information was recorded	Finance Director	
19 02 19 Min 30/18	<u>Programme of Presentations of Individual Risks for 2018/19</u> A presentation be delivered on the capital programme at the April meeting and financial position for 2018/19 and 2019/20 at the June meeting.	Finance Director	