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MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON 19 MARCH 2018

1. Present

Angela Briggs	Chair
Ian Falconer	Governor
Paul Grinell	Governor
Madeleine Keyworth	Governor
Mathew Lynds	Governor
Harold Osborne	Governor

The quorum for the meeting was four Members.

In attendance

Peter Doherty	Chief Operating Officer
David Reeve	Interim Director of Finance
Laura Clark	Clerk to the Corporation
Richard Lewis	RSM UK
Natalie Jackson	BDO
Narinder Sandher	Mazars
Jason Barnard	Head of Funding and Information (North Lindsey College) (for item 4 only)
Terry Hutchinson	Head of Registry (Doncaster College) (for item 4 only)

The meeting was held at North Lindsey College and commenced at 3.30 pm.

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2 Apologies

The Chair welcomed everyone to the meeting and introduced Jason Barnard and Terry Hutchinson as well as the auditors.

Apologies for absence had been received from Greg Clarke and Debbie Hilditch.

3 Declarations of Interest

Members should declare any personal or financial obligation, allegiance or loyalty which would in any way affect decisions in relation to the subjects under discussion.

I Falconer stated that he was a member of the Board and Audit Committee at Sheffield College.

4 GDPR (General Data Protection Regulation) Update

T Hutchinson and J Barnard introduced the GDPR presentation which comes into effect on 25 May 2018. The Information Commissioner's Office (ICO) had published a 12 step guide to the legislation and the presentation provided an update on the plans and actions taken by the DN Colleges Group under each step, preparing for GDPR. The key points based on

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the 12 steps which were covered included:

1. Awareness – including key training for staff;
2. Information held by the organisation – an audit exercise was being undertaken;
3. Communicating privacy information – ESFA have published a new privacy notice for students; highlighted that this is now an 'opt-in' requirement;
4. Individuals' rights – this now include rights to 'be forgotten' and to have 'portability of information';
5. New requirements for subject access requests;
6. The lawful basis for processing personal data needs to be determined following the data inventory;
7. New requirements for opt-in for consent;
8. The section relating to children included requirement for specific consent from parents;
9. Data breaches – it would be the decision of the DPO to refer any breaches of data to the ICO and there are a number of requirements including time limits. The College is required to establish procedures for assessing and reporting any breaches;
10. Data protection impact assessments would have to be considered when new technology was introduced (e.g. for the new finance and MI systems being introduced);
11. Data Protection Officer (DPO) – this must be a named individual and they have specific duties and responsibilities;
12. International data transfers – and the importance of identifying where data is stored.

Members were also updated on a range of other key items to take into consideration:

- The Audit will apply across the College group (i.e. on both the North Lindsey and Doncaster College campus);
- A detailed project plan is being finalised including priorities and deadlines; the personal data inventory will be a useful aid for informing the effective and compliant implementation of the new MI system.
- The level of fines would be significantly higher than under the previous legislation;
- Brexit does not change the UK requirement to comply with GDPR.

Through Governors questions it was advised that the Clerk had met T Hutchinson to discuss Governor email addresses and the use of personal computer equipment and that further consideration will be given to these matters to ensure compliance under GDPR. It was also confirmed that currently the retention of documents is 7 years, and this will remain.

Clerk

The presentation would be circulated to members for information. The Committee thanked T Hutchinson and J Barnard for their interesting and informative presentation and the assurance it provided that the college group are taking a proactive approach to the GDPR.

5 Minutes of Previous Meetings

i. 20 November 2017

The minutes were agreed as a true and correct record and signed by the Chair.

ii. 4 December 2017 (Joint Audit and Finance Committees)

The minutes were agreed as a true and correct record and signed by the Chair.

It was agreed and noted that all actions had been completed.

6 Doncaster College Audit Plan 31 October 2017

R Lewis stated that the audit plan had now been completed – there was a requirement to have the accounts audited which was completed under the standard approach. The Committee agreed and accepted the plan including the scope and key audit risks.

RESOLUTION (AC 01/18): Members agreed and accepted the Doncaster College Audit Plan 31 October 2017.

7 Doncaster College Financial Statements and Regularity Assurance 1 August – 31 October 2017 (Draft)

R Lewis provided the Committee with a brief summary of the Financial Statements, highlighting particular points to the Committee's attention including;

- Page 12 which contained information on the merger and comments on going concern, and confirmed that the key points on governance still stand including responsibility for internal control (page 17 onwards).
- The control environment has continued to operate effectively and the college has had a number of assurances during this period of time through pieces of work undertaken.
- The regularity assurance report had also been updated.
- Page 27 onwards are the financial statements themselves and show a loss on the disposal of Arthur Street but profit on the College account. The actuarial gain on the pension was c£2m. The net worth had increased from £4.4m to £5.8m. There had been a prior year error which was not deemed as material, relating to term time only staff (disclosure of £66k).
- There had been no change on the valuation of High Melton; the college had recently secured a further valuation which had been consistent, and Members were updated that the sale of the High Melton site will be further considered by the Board at its meeting later today.
- The financial statements were unqualified for this period.

R Lewis asked the Committee if they were aware of any fraud; members confirmed they were not.

The Audit Committee confirmed it was satisfied with the conclusions against audit risks; noting there were no regularity or impropriety issues, no control weaknesses, and agreed that the Financial Statements would be recommended to the Board for approval. There was no impact on RSM's opinion on the prior year error.

RESOLUTION (AC 02/18): Members recommended Doncaster College Financial Statements and Regularity Assurance 1 August – 31 October 2017 to the Board for approval.

8 Audit Recommendations and Actions (Composite Report)

P Doherty provided a summary of the way in which each college prepared this report; the Doncaster College document was an internally produced update report as assessed by the College, whilst the North Lindsey report is similar but produced by the internal auditors, Mazars. Members considered the BDO example tracker which was proposed as a way to move forwards for the group. N Jackson gave a brief overview of the tracker, and Members

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	commented positively on it particularly how it includes a 'days from original deadline' column which adds clarity.	
	In discussion Members highlighted the importance of ensuring that any lessons learnt were implemented across both college sites.	
	In response to a query it was confirmed that the Doncaster College asset register was an on-going piece of work, and that items on the tracker that were red would remain there until the internal audit determined that the work was complete, and the Audit Committee reviewed and approved removal. Members agreed on the importance of ensuring that there was an appropriate audit trail. One suggestion was to shade / highlight in a different colour, completed actions rather than deleting.	
	Members considered the North Lindsey College tracker and queried with Mazars the percentage of those 'in progress' which appeared slightly high. It was agreed that this is not overly concerning, particularly in light of the significant work involved with the merger, but that the Committee will be looking to improve this.	
	Members agreed to the use of the example tracker moving forwards, and confirmed that the approach remains that the any revised dates should be brought to the Audit and Risk Committee for consideration and approval.	PD/DR

RESOLUTION (AC 03/18): Members agreed to the use of the example tracker moving forwards.

9 Internal Audit Reports

N Jackson of BDO provided the Committee with an overview of the format of the reports, particularly for those Members who had not seen them before. It was agreed she would highlight the key points / key recommendations within the reports.

- IT

The key areas for improvement and recommendations were highlighted including, the leaver process and active EBS accounts; physical access; review of IT, back-up and change management policies and procedures; service level agreements; and the password policy. In response to Members' questions, it was confirmed by P Doherty that the Heads of IT on both sites were working closely with JISC to develop an IT plan for the College moving forwards. The limited level of assurance was noted, and it was clarified that at Doncaster College, the Audit Committee had specifically asked for the review to provide an overview / clarity on the key priorities to ensure an appropriate IT plan was developed post-merger, and to ensure that positive commentary could be included in the Annual Report on how the college was addressing the IT issues. BDO advised there would be a follow-up audit in April to cover two elements – issues that were required to be fixed immediately and a review of the longer term plan.

It was confirmed a separate report had been prepared with JISC focussing on the server issues at Doncaster. P Doherty highlighted the significant work and harmonisation required to be undertaken across the different systems the colleges had in place. It was confirmed that this should be looked at for the Risk Register.

- Budget

The moderate level of assurance in design and operational effectiveness was noted, and the recommended areas for improvement including budgetary training (including Financial Regulations training) and budget report documentation were discussed. D Reeve advised that it was mandatory for all budget holders to attend the Financial Regulations training and there would be further mandatory training once the new finance system was in place, with access to the new system only being granted once training had taken place. This practice would be consistent across both sites.

- Student Recruitment. Marketing and Communications

The moderate level of assurance the report provided was noted. Members discussed the recommendations particularly relating to HE growth areas, and marketing strategies. In response to questions, Members considered the role of marketing in planning for growth in student numbers and the importance of setting challenging yet realistic targets. It was confirmed that Marketing are involved in curriculum planning meetings now.

The Group Executive Team were developing the structure of the DN Colleges Group as a whole, and then further work will be undertaken to develop strategies for all areas, including Marketing. Processes will be developed and best practice shared. It was also noted that the Curriculum, Quality and Performance Committee should see this report.

Members discussed marketing more generally and raised questions with regards to the future strategy, including working with the Local Stakeholder Boards (LSB). It was agreed that consideration should be given to presentations to the LSB on the marketing strategy for the college. N Jackson also commented that BDO had recommended a document which can be used to effectively plan work.

PD /
Clerk

- Compliance Review

N Sandher of Mazars introduced this report, highlighting that this review focussed on compliance across a wide range of operations across North Lindsey College, and selected a number of controls to test at intervals throughout the year to provide a range of assurance. Members' attention was drawn to the performance dashboard giving an overview of results, and highlighting that controls were operational and consistent through the year. In response to a question, it was noted that six days a year were spent on compliance, and it was agreed that this type of report should be considered when completing the audit tender.

RESOLUTION (AC 04/18): Members reviewed the internal audit reports, overall commenting positively on the assurance they provide and endorsing the key recommendations for management to progress and develop.

10 Risk Management / Assurance Update

D Reeve provided a brief overview of the item, highlighting the need for the development of a strategic risk register for the DN Colleges Group. Members' attention was drawn to appendix one of the report which summarised the comprehensive processes currently in operation at each college and the variations of each approach; for example at Doncaster College each academic and support area completes a risk register which are reviewed by the Assurance Management Group and escalated to the College Risk Register if significant. North Lindsey College uses a similar RAG rating, but interpret these differently using a table. There had to be agreement on how best to take the process forward.

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	<p>A sub-group had been set up to review the processes (including scoring, interpreting the scores, how to divide up the college by areas / themes, whether there are separate college risk registers as well as Group level etc.) and recommend the most appropriate way of developing risk assurance across the DN Colleges Group. Members discussed the importance of having a strategic risk register in place for the DN Colleges Group as soon as possible, and also how this would be reported to the Audit and Risk Committee and Board. There was also a discussion on the work which had been undertaken at Doncaster College to enhance the Risk Management Group and the ownership of risk by Committees, and confirmed that it valued this approach and should continue with it. P Doherty confirmed that this be included in the review.</p>	
	<p>RESOLUTION (AC 05/18): Members considered the update report, and were assured that a process is in place to review risk management and assurance across the Group. The Committee approved the setting up of a Risk Assurance Group across the DN Colleges Group to progress risk management / assurance.</p>	PD/DR
11	<p>Term 1 Reports 2017/18</p>	
	<p>P Doherty introduced the item, explaining that this continues the North Lindsey College reporting basis. It was proposed and agreed that this process of reporting continues for the remainder of the academic year, and then depending on the agreed remit of each Committee / Terms of Reference an approach is agreed for the future.</p>	
	<p>Procurement – it was noted that key outcomes had been achieved, and Members commented very positively on the significant savings achieved to date.</p>	
	<p>Health and Safety – it was reiterated by I Falconer that this report provides positive assurance to the Committee that there is a process in place and that the Executive is reviewing all incidents and thinking about lessons for future control.</p>	
	<p>RESOLUTION (AC 06/18): Members reviewed the Term 1 2017/18 Procurement and Health and Safety reports and were assured that key outcomes had been achieved and that there are appropriate systems and processes in place.</p>	
12	<p>Internal Audit - plan</p>	
	<p>Members considered the summary of the current approach to Internal Audit, and the proposal set out in the report to continue with the internal audit service as is, for both colleges for the remainder for the academic year. This was agreed by the Committee, and agreed that new proposals would be drawn up following the tender.</p>	
	<p>There was a question regarding GDPR and the implementation of the two new systems. It was agreed that any audits undertaken on these elements would be made available to the Audit and Risk Committee as soon as they were completed. RSM confirmed that they would take account of all reviews when undertaking their work for the DN Colleges Group.</p>	
	<p>RESOLUTION (AC 07/18): Members agreed that the planned internal audit work for both colleges is continued with for the remainder of the academic year remaining appropriate to address the current assurance needs of the Group.</p>	PD/DR
	<p>The Chair thanked the auditors for their contributions to the meeting.</p>	

		Audit and Risk Committee for consideration and approval.	
	9	Members discussed marketing more generally and raised questions with regards to the future strategy, including working with the Local Stakeholder Boards (LSB). It was agreed that consideration should be given to presentations to the LSB on the marketing strategy for the college.	P Doherty / Clerk
	10	Members approved the setting up of a Risk Assurance Group across the DN Colleges Group to progress risk management / assurance.	P Doherty / D Reeve
	12	Members agreed that the planned internal audit work for both colleges is continued with for the remainder of the academic year.	P Doherty / D Reeve
	14	Members were asked to reflect and email any thoughts to the Clerk on implications of assurances received throughout the meeting.	All