



MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON WEDNESDAY 10 OCTOBER 2018

Present

Angela Briggs	Governor
Greg Clarke	Governor
Paul Grinell	Governor
Madeleine Keyworth	Governor
Paul Senior	Governor

The quorum for the meeting was three Members.

In attendance

Peter Doherty	Chief Operating Officer
Jo Garrison	Clerk to the Corporation
Chris Williams	RSM
Lisa Smith	RSM
Denis Burke	BDO (by telephone Item 10)
Rachael Wright	Mazars (by telephone Item 10)
Terry Hutchinson	Head of Registry, Doncaster College (Items 6 and 9)

The meeting was held in the Boardroom Doncaster College and commenced at 5.30 pm.

Item	Minute	Action
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1 Apologies

Apologies for absence had been received from Mathew Lynds, Harold Osborne, Richard Lewis (RSM), Narinder Sandher (Mazars).

3 Appointment of Chair and Vice Chair 2018/19

Members were invited to nominate a Chair and Vice Chair for the Audit & Risk Committee. Members nominated A Briggs to continue as Chair in a unanimous vote. Three nominees were submitted to act as Vice Chair; M Keyworth, P Grinell and G Clarke. Names were put into a ballot. A Briggs selected a ballot paper.

Resolution: Members agreed that A Briggs would act as Chair of the Audit Committee. The ballot confirmed P Grinell to act as Vice Chair.

It was agreed that a reordering of the agenda would take place to allow attendees to leave after their agenda items, and to assure quoracy for any approval items.

6 ESFA Funding Audit

T Hutchinson advised members that Doncaster College had been selected by the ESFA for a Data and Funding Audit of its 2017-18 provision, based on its submitted Individualised Learner Record (ILR) data return. Doncaster College had not been selected for audit, since 2012/13. PWC were selected by the ESDA as the external Auditors to undertake the activity. The audit work took place during the week of the 3 September 2018. The main

samples comprised of 50 learners on 16-19 ESFA funded study programmes, 50 learners on Adult Education Budget courses (classroom provision) and pre-May 2017 apprentices. In addition 30 apprentices who started post-May 2017 (levy and non-levy funded) and 30 advance learner loans-funded learner. Key emerging priorities were identified, which included:

- Ensuring all withdrawals had been actioned appropriately, checking ILR data against registers of attendance
- Checking apprenticeship prices against the ILR and employer co-investment payments
- Scrutinising apprenticeship reviews for completeness
- Collating off-the-job plans and delivery for post-May 17 apprentices
- Collecting details of costs, including total negotiated price for post-May 17 apprentices
- Checking timetables and registered attendance hours, against study programmed planned hours and funding bands
- Regular comprehensive review and responses annotated against the PDSAT reports
- Checking and resolving ESFA Business Intelligence Funding and Monitoring (BI FAM) reports and use of Drake Lane data checking software (SCORE)

44 individual issues/errors had been identified, 30 related to the same matter of tracking off-the-job training. The auditors initially stated none of the errors constituted a funding issue and that the financial impact should be £0, however this had been revised to a potential claw back of £140. There were some further queries around the PDSAT reports and further work has been undertaken to respond to the issues found. T Hutchinson confirmed since drafting the report the current position shows 33 issues remain including 30 issues around off-the-job training.

Members were advised that a date had not been agreed for the ILR return deadline; however the final claim would be submitted w/c 15 October. The claim will be submitted electronically to close the 2017-18 return.

P Grinell enquired why learners had not attended English/maths as part of the study programme and was there any concern of risk that required mitigation. T Hutchinson advised members that special dispensations were considered and permitted in exceptional circumstances and a 5% tolerance was acceptable for some learners to delay one subject until the second year.

A Briggs asked if there were any risks and areas for concern around attendance to complete the study programme hours. Members were reassured that issues have been identified throughout the College and termly checks were being undertaken in December once the ILR is submitted against individual timetables to mitigate any risk. T Hutchinson confirmed term two reporting will provide a robust overview. RSM colleagues assured members that the issues raised through the ESFA audit were not cause for concern.

17.55pm P Senior joined the meeting

RESOLUTION: A Briggs thanked T Hutchinson and his team for the work undertaken to achieve the ESFA audit outcomes. P Doherty echoed thanks to T Hutchinson for completing the audit with such a positive outcome, and whilst the team were also implementing the new student record systems which was no easy task.

2 Declarations of Interest

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

9 Personal Data Breach

Members were updated on the personal data breach incident, which occurred as a result of human administrative error on 11 July 2018. This was reported to the Information Commissioner's Office (ICO) with the submission of a personal data breach form on 13 July 2018. The breach was perceived to be of minimal risk of personal damage or distress and the ICO replied on 19 September stating no further action on their part was considered necessary, but recommended that the cause of the incident be investigated.

The incident had been caused by basic human error and had been discussed with the individual concerned and their line manager. Further guidance had been provided in an effort to prevent further instances, highlighting additional checks and care need to be taken when handling personal data.

Members asked if Students had picked up on the breach. T Hutchinson confirmed several Students rang to enquire why they had received a postcard with personal data for another Student, but as an enquiry. No complaints were received in this breach. Students who had contacted the College were informed of the breach and were comfortable with the rationale provided by staff. Members were advised how the breach has occurred and whilst proportionate measures have been put into place, there needs to be reasonable adjustment to ensure that general day to day business is not affected.

RESOLUTION: Members thanked T Hutchinson for the update and assurance given to mitigate any further breaches of this nature.

10 Internal Audit Reports

- Doncaster College Contracting and Tendering

D Burke dialled into the meeting.

Members were advised that the report highlighted good practice throughout the College as well as, highlighting key findings and themes for improvement in the report, such as College procurement strategy, procurement policies and procedures, contracting activity, High Melton procurement, contract register, conflict of interest and training. The report provided limited assurance for the design and operational effectiveness of management controls, with nine recommendations of medium significance and 1 recommendation of low significance. D Burke advised members the follow up report supersedes the findings.

- Doncaster College Follow-up Report 2017/18

D Burke advised members the 24 recommendations were tested in total, six of which were high priority, 11 medium and seven were low priority. Members were advised that of the 24 recommendations, 11 are completed, eight are in progress and two are outstanding. D Burke did comment that the sample of IT general controls review had skewed the findings.

P Doherty informed members that the Interim Group Director of Digital Technologies is working through the IT strategy and implementing work plans to address the priorities. P Doherty will continue to report to members as part of the follow up.

- Doncaster College Internal Audit Annual Report 2017/18

D Burke referred members to the recommendations summarised in the report and to the annual statement of assurance. Work will focus on these areas throughout the academic year. C Williams confirmed that internal audit work for 2018/19 will follow up all recommendations.

D Burke left the meeting

Rachael Wright dialled into the meeting

- DN Colleges Group New Finance & MIS Systems Data Migration Report

R Wright advised members that overall there is satisfactory assurance of systems and good housekeeping whilst testing the integrity of data migration across both systems. There had been a reconciliation of the ILR value and housekeeping test of user access.

A Briggs enquired if there were any significant priorities. P Doherty confirmed the handover of student records to ProSolution and the issue of correct data when systems were migrated was not documented in hard copy evidence from ProSolution. Therefore the College was unable to present this to the auditors and it has not been signed off. P Doherty continues to source the evidence to sign off for this report.

R Wright left the meeting

- DN Colleges Group Annual Report 2017/18

P Doherty advised members the report concluded appropriate framework for risk controls and processes was in place.

P Grinell sought clarification that the Annual Report was very brief, given the length and complexity of the reports. P Doherty clarified this is a summary of reports presented throughout the year and overall conclusions. C Williams (RSM) confirmed the report is fairly typical to condense the information that has been presented through the year.

- Recommendations Tracker

The tracker is a follow up of recommendations from the auditors with each responsible Manager to update. The tracker captures issues that are open and this will be updated and revised with a completion date set. C Williams (RSM) asked for confirmation that the recommendations not signed off are reflected in the tracker. P Doherty confirmed this.

M Keyworth asked for a point of clarification on wording with regards to Students' access to the network once they have left. P Doherty confirmed access is removed in a timely manner once Students leave.

4 Minutes of a meeting of the Audit & Risk Committee held on 20 June 2018 and any matters arising

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

Matters Arising

Item 9 (from 19 March) – the local Stakeholder Boards will be discussed at the Search and Governance Committee on 17 October. Clerk

Items 9 and 10 – (from 20 June 2018) – both actions completed.

Item 11 – the funding control framework would be considered and evidenced at future meetings. COO

Item 14 – staff members were invited to attend the meeting to discuss risks and mitigating action.

4i Confidential Minutes of a meeting of the Audit & Risk Committee held on 20 June 2018 and any matters arising

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

5 Review of Committee 2017/18

Members were asked to review the membership of the committee and the performance in 2017/18, particularly in relation to the transition period post-merger. Members were asked to consider any areas of improvement or enhancements required for the 2018/19 academic year, which may require amendment to the work plan.

P Doherty raised Terms of Reference 6.14 clause to be revised with the Clerk having responsibility for GDPR, now in post.

RESOLUTION: Members agreed the 2017/18 academic year was an abnormal year, due to the merger. A Briggs suggested that improvements and enhancement be considered as an agenda item during the next committee meeting and review the work plan alongside the Post 16 Audit Code of Practice. Clerk

The Clerk will conduct a cross reference activity of the Post 16 Audit Code of Practice against the Audit & Risk Committee work plan to identify any gaps or recommendations for improvement. Clerk/
All

Terms of Reference clause 6.14 to be revised with Clerk to the Corporation being responsible for GDPR as the DPO. Clerk

7 Sub-Contracting Controls 2017/18

Members were informed in accordance with the Education and Skills Funding Agency (ESFA) funding agreements for 2017/18 providers who subcontract a certain level of provision are required to obtain a report from an external auditor on the arrangement in place to manage and control their subcontractors.

DN Colleges Group had four subcontractors, via Doncaster College and North Lindsey does not have any subcontractor provision. RSM's report was submitted with the DN Colleges Group certificate that is submitted to the ESFA providing satisfactory assurance and there is an implementation plan in respect of identified recommendations.

L Smith (RSM) assured Members this is a fundamental ESFA annual requirement as part of the funding rules, where parties have contracted arrangements. Members were advised controls are to be improved around the tender process of subcontractors and the requirement for financial and non-financial due diligence to be strengthened. Members sought confirmation that the action plan had been submitted to the Board. P Doherty advised it had not been submitted to the Board, but was to be presented to the Board

meeting on 15 October 2018.

COO

L Smith (RSM) advised Members that the 2018-19 procedures need to be effective against the overall strategy and confirmed decisions should have already been adopted to ensure processes are in place.

P Grinell asked if there was any risk of second tier subcontracting. L Smith (RSM) confirmed no and assured Members that prior consent from the ESFA would have to be authorised to allow second tier subcontracted provision.

8 Teachers' Pensions end of year certificates 2017/18

DN Colleges Group is responsible for producing the information, maintaining proper records complying with the terms of Teachers' Pensions Regulations 2010, as amended and for preparing the End of Year Certificate (EOYC) for 31 March 2018.

Two EOYCs were prepared for the year ended 31 March 2018 one for Doncaster College and one for DN Colleges Group. In both cases, RSM identified no exceptions or errors and through audit, gave assurance that the contributions shown on EOYC were paid in accordance with the rules of the Teachers' Pensions.

P Doherty informed Members that the current level of DN Colleges Group is 16.48% employer contribution of salary. The provision is set to rise to over 23% with effect from September 2019. It was confirmed this is a 7% increase. The total payable in March of £1.8M provision was included in the budget. Government had advised in the comprehensive funding review that until 2020 help will be provided to fund this for Schools and Colleges, if required.

11 Risk Register

Members were asked to review the individual risk registers for Doncaster and North Lindsey colleges. A bottom up approach to risk identification has been adopted by the Group. This first stage of process involves the consolidation of department risks leading to the formation of the college specific risks registers. The second stage which has to be developed and formalised is the consolidation of college-based risks to form a Group level register, focusing on the strategic nature of problems identified within the organisation.

Members were advised that whilst significant training has been provided to colleagues, the attached reports highlight the differing approaches undertaken by each college, which suggests a lack of common understanding. Further training and development will be required. At this stage there are no adverse issues.

P Doherty informed Members that the Interim Group Director of Finance will follow up the arrangements for risk management, extending Doncaster's model to a group register. This will include strategic risk registers at department level at both colleges. Members agreed there is the need to continue to link the group register but have individual registers underpinning this.

RESOLUTION: P Doherty to present individual risk register and overarching risk register at the next meeting.

COO

12 Annual Report of Fraud, Irregularities and Whistleblowing

Members were advised there have been no significant items brought to the Executive concerning fraud or irregularities. A protected disclosure was received at North Lindsey in April 2018 and the College's Whistleblowing procedure was followed. The claim was

determined as unsubstantiated.

13 Internal Audit Strategy 2018-21

Members were informed that DN Colleges Group have appointed RSM to provide an internal audit service for the three years 2018/19 to 2020/21. RSM have prepared an internal strategy for three years, including an internal audit plan for 2018/19.

RSM advised members that the strategy will be revisited annually to provide assurance of the current year and the context of the three years ahead. The plan links to the key drivers to pull out areas such as the IT reviews of respective IT infrastructures and systems to provide assurance that systems are innovative and the DN Colleges Group is maximising the benefits of technology. RSM advised that whilst Stakeholder Engagement has not been included in the internal audit plan for 2018/19, a review of Stakeholder Engagement has been included for 2020/21. The Internal Audit Strategy provides Governors with assurance that the risk profile is appropriate with focus on key areas.

Over the coming months, RSM will identify areas for review to obtain balance. Areas discussed were Safeguarding and Prevent, the project management of IT systems, ESFA funding assurance, ensuring risk management controls are monitored.

Members were advised that the Strategy from 2018/19 to 2020/21 will continue to review the risk profile and provide assurance on an annual basis, including Stakeholder reviews, and Estates Management Strategy. Regular meetings will review all activity, ensuring a flexible approach in a time of infancy and change.

RESOLUTION: Members gave P Doherty authorisation to seek Board approval.

COO

14 Draft Annual Report 2017/18

The Audit & Risk Committee Report is a requirement of the Post-16 Audit Code of Practice 2017 to 2018, to assist the Chief Executive and the Board with their respective responsibilities for the Group's systems, controls, and risk management, which underpin the strategic objectives. The Report is required to be submitted to the Corporation before the statement of corporate governance and internal control in the annual accounts is signed.

Members were advised the draft will be presented at the joint Audit & Risk/ Finance & Resources meeting on 26 November to seek agreement to present to the Board on 12 December for approval.

P Doherty informed Members that a good level of assurance has been provided throughout the year and the draft does require further revision around outstanding audit opinions and conclusions, e.g. there is no ESFA audit report at this stage in the draft; once finalised this will be incorporated into the Report.

Members suggested staff be invited to attend the Audit & Risk Committee meeting to discuss the robustness of audit requirements and what the Committee seeks as assurance, which will assist in staff development and expectation.

RESOLUTION: Draft Annual Report 2017/18 to be tabled at the joint Audit & Risk/Finance & Resource meeting on 26 November 2018 for approval to proceed to Board approval in December.

COO

15 Health & Safety Annual Report 2017/18

P Doherty informed Members the Health & Safety Annual Report 2017/18 was for

information only and any Health and Safety issues were brought to the Committee termly. The paper is a summary of the Annual Report for Members to approve.

16 Procurement Annual Report 2017/18

Members were presented with the Annual Procurement Report 2017/18 and advised there are no adverse issues or recommendations reported. The report provides the committee with an overview of the Group's procurement activities during the financial year ending July 2018.

17 Any Other Business

None.

18 Date and Time of Next Meeting

A joint meeting of the Audit & Risk and Finance & Resources Committees will be held on Monday 26th November 2018 at North Lindsey College.

The next Audit Committee meeting is scheduled for Wednesday 13 March 2019, at Doncaster College.

The meeting closed at 7.45pm

Jo Garrison
Clerk to the Corporation

Signed: (Chair)

Date:

TABLE OF ACTIONS			
Date	Minute	Action	Responsibility
19.03.18	9	The work plan and strategy of the Local Stakeholder Boards was not yet finalised	PD/Clerk
20.06.18	11	The funding control framework would be considered and evidence of compliance shared with Members are future meetings (e.g ILG, DSAT reports)	PD
10.10.18	5	Work plan to be reviewed against Post 16 Audit Code of Practice to align any areas for improvement and enhancement during 26 November meeting	Clerk/All
	5	Committee's Terms of Reference – clause 6.14 to be revised and incorporate GDPR responsibilities to the Clerk	Clerk
	7	Subcontracting action plan to be presented to Corporation Board on 15 October 2018	PD
	11	Present individual and joint risk registers	PD
	13	Internal Audit Strategy to be tabled at the Corporation Board for approval	PD

	14	Table Draft Annual Report 2017/18 at the joint Audit & Risk / Finance & Resource meeting	PD
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