



Minutes of an Audit Committee Meeting held on 5th February 2018 at 4.00pm

Held in the Boardroom at Henley Campus

Present: John Barrett
Ieuan Blackmore
Peter Matthews
Tony Minhas (Chair)

In Attendance: Peter Brammall, Principal
Jim Edwards, Clerk to the Corporation
Martin Harrington - Finance Manager
Mr Mark Payne, Vice Principal Finance and Resources
Robin Pritchard, Gateway Assure

A1/18 Apologies for Absence

Apologies for absence were received from Dave Busst.

A2/18 Declarations of Interest

There were no declarations of interest.

A3/18 Minutes of the Last Meeting held on 27th November 2017

The minutes of the last meeting held on 27th November 2017 were approved as a true record.

A4/18 Matters arising

There were no matters arising.

A5/18 Internal Audit Block One Report

1. Mr Robin Pritchard presented Governors with the Internal Audit Block One report on Corporate Governance; Risk Management; and Key Financial Controls.
2. It was reported that the following assurances had been given:-

Area	Assurance
Corporate Governance	Substantial
Risk Management	Adequate
Key Financial Controls	Substantial

3. A small number of recommendations have been suggested by the internal auditors and accepted by College management, and these were discussed by Governors.

4. There are two recommendations meriting attention for Corporate Governance; namely, that a governance action plan should be put in place, setting out objectives for the Corporation; and that Governors' terms of office should be staggered to ensure that retirements from the Board were timed accordingly. The Clerk reported that both these recommendations were already being addressed, and that appropriate arrangements would be in place shortly.
5. In terms of Risk Management, excellent progress has been made, with a refreshed risk register in place. There are two significant recommendations in respect of the need to identify the risk appetite for each category of risk, and to ensure RAG ratings are used consistently across all management reporting processes.
6. There is one significant risk relating to Key Financial Controls; namely, that the College's Financial Regulations should be fully approved and disseminated to relevant parties as soon as possible. Governors were informed that they would be formally approved at the Corporation meeting on 6th March 2018. Two recommendations that merit attention have been agreed by College management; namely, that an Accounts Diary should be established, and that all Finance staff should be trained and be conversant with the new finance system. Both these recommendations are in progress.
7. Governors considered the internal audit recommendations, particularly in respect of the current finance systems arrangements. Each campus operates its own separate finance system, and this will continue until April 2018 when the two systems will be integrated into the upgraded system currently used at City campus. Financial data from the Henley campus will be retained until 31st December 2018, whereupon it will be archived securely for access as necessary. No maintenance licence will be required to access this legacy data.
8. Training for Finance staff on the updated system is expected to have been completed by the end of February 2018.
9. On a related matter, Governors sought assurance that the College was addressing the requirements of the General Data Protection Regulation (GDPR) which was coming into effect on 25th May 2018. The Vice Principal Finance and Resources provided Governors with information on the processes that are in place to ensure the College's compliance with the GDPR. The key issue of data security and GDPR would be the subject of an internal audit review in Block Two.
10. Turning to risk management, Governors explored the recommendations in more detail, particularly in respect of the issue of risk appetite, and whether the College was currently in a position to articulate this for each area of business and risk. Governors suggested that it would be sensible to address this as the risk register evolved.
11. The Internal Audit Plan for 2017-18 was raised by Governors, who were reassured that it was currently fit-for-purpose and covered all the requisite areas for review as previously agreed by the Audit Committee. However, it would be reviewed as the year progressed.
12. Governors resolved:-
 - i) to note the Substantial assurance given to the areas of Corporate Governance and Key Financial Controls;
 - ii) to note the Adequate assurance given to the area of risk management;

- iii) to endorse the internal auditors' recommendations for implementation by the College;
- iv) to note the arrangements in place for compliance with the GDPR.

A6/18 Risk Register

1. The Vice Principal Finance and Resources presented the updated risk register, and drew Governors' attention to the revised format of the register, the proposed risks and risk ratings, the management actions and controls in place, and a suggested risk appetite statement.
2. The register brings together the key risks from City College Coventry and Henley College Coventry, but is more succinct than previous versions, as there are fewer risks. These have been reviewed by the senior leadership team, and are recommended to the Audit Committee accordingly
3. The format of the risk register is based on a 1-4 scoring matrix for Likelihood of a risk occurring, and the scale of the ensuing Impact. Risks are thus scored by multiplying Likelihood by Impact to arrive at a rating of High, Medium or Low.
4. Each risk has an inherent risk rating, which is assessed ahead of any management controls being put in place. After such controls and actions have been put in place, the risk is updated to a residual risk rating.
5. The risks and their respective ratings were considered in detail, and Governors were reassured that they were triangulated with other relevant College reports and indicators. It was suggested that the College's progress since merger against its KPIs should be provided for the Audit Committee, and, in response, it was confirmed that the Corporation received performance reports at each meeting, which provided this information.
6. A brief update was provided on the College's progress towards compliance with the General Data Protection Regulation, which comes into force on 25th May 2018. Governors were provided with assurance that satisfactory progress is being made.
7. Governors resolved:-
 - i) to commend the format of the new risk register;
 - ii) to agree with the proposed risks and associated risk ratings, and the robust approach being adopted in terms of risk management;
 - iii) to agree that the issue of staff morale should be added into the risk associated with ensuring a resilient staffing base;
 - iv) to agree that each risk should be assigned to a lead manager, and should be overseen by a relevant Corporation Committee;
 - v) to agree that the risk register was central to Governors' decision making processes, and that all staff should receive awareness-raising training;

- vi) to agree that the effectiveness and impact of the risk register, as an integral part of the control framework, should be reviewed at the next meeting on 4th June 2018;
- vii) to note that a report on progress towards compliance with the GDPR would be presented to the Corporation on 6th March 2018.

A7/18 Internal and External Audit Key Performance Indicators

1. The Vice Principal Finance and Resources presented the proposed key performance indicators (KPIs) for the internal and external auditors.
2. Governors discussed these, and considered that the key aspects were adequately covered, such that the Audit Committee would be able to monitor the internal and external auditors' performance.
3. It was suggested that the KPI for closing out 100% of agreed recommendations by the given date should be removed, as this was not an auditor responsibility; rather it rested with the College. Instead, a KPI in respect of the number of recommendations made and approved should be established.
4. Governors resolved:-
 - i) to approved the KPIs for the internal and external auditors, subject to the suggested amendments being made.

A8/18 Publication of Documents

The publication of documents was approved without exception.

A9/18 Date of the next meeting

The date of the next meeting was confirmed for Monday 4th June 2018 at 4.00pm at the City campus.

Meeting commenced 4.00pm
Meeting closed 5.32pm

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