

## MINUTES

### *Audit and Governance Committee No 16*

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Date: *05/02/2019*  
*(Tuesday)*

Time: *18:00–20:00*

Venue: *Rural Business*  
*Centre*

Committee: *Audit and Governance*

Notes: *Members are asked to use the voucher circulated with the notification of the meeting to obtain refreshments from Richmond's Restaurant prior to the meeting. Tea and Coffee will be available in the meeting room on the evening.*

Present: *Barbara Godby, Gerry Corless (Chairman) and Karen Birchall*

Attending: *Alison Robinson (Principal) and Richard Morris (Deputy Principal)*

Clerks: *Ron Matthews (Clerk) and Susan Robinson (Deputy Clerk)*

Guests: *Kashif Azeem (Internal Auditor)*

Apologies: *Garry Payne (Vice Chairman) and Jane Booker*

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## Public Minutes

Item number:           Item description:

### **01.19           *Attendance of College Management Staff and Internal Auditors***

#### *Decision*

Section 8.1 of the current Constitution and Terms of Reference for the Audit and Governance Committee states "the Principal or any other senior manager who is responsible for the College's internal control and a representative of the Internal Auditors shall normally attend meetings at the invitation of the Committee and the Committee shall have the power to invite such other persons to attend meetings as may be desirable or necessary."

Members welcomed Barbara Godby to her first meeting as a full Board member following her time as a co-opted Committee member. Karen Birchall had recently been appointed to the Board and was welcomed to her first meeting of the Audit & Governance Committee.

#### **Resolved:**

**That College Management staff and the Internal Audit representative, Kashif Azeem attend the meeting.**

### **02.19           *Apologies for Absence***

#### *Record*

Apologies were received from Jane Booker and Garry Payne.

### **02.19           *Declarations of Interest***

#### *Record*

There were no declarations of interest made in respect of the items on the public agenda.

### **03.19           *Internal Audit Reports***

#### *Decision*

At the meeting, the agenda was rescheduled with item 10.19, 'ESFA Financial Audit - November 2018' being taken after item 4.19, 'Declarations of Interest'. The agenda then reverted to its published order.

Audit & Governance Committee gave consideration to the reports.

#### **General Data Protection Legislation (GDPR)**

The audit followed up on actions from GDPR and Cyber Security reports.

In October 2017, the Internal Auditors had undertaken an audit of the College's preparations to meet the requirements for the General Data Protection Regulations which would become law in May 2018. The audit had formed the basis of the action plan for the GDPR Project Group, *minute 5.18*

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*refers.* In October 2018, members noted good progress on the actions, *Audit & Governance minute 49.18* refers.

Of the 14 actions five were not yet fully implemented.

### **Third Parties**

A third party register was in place and agreements continued to be added. There were challenges with some organisations that the College has dealings with in terms of receipt of information to ensure compliance. The College was pushing ahead in liaising with these organisations and was insistent on compliance to the point of some arrangements having had to cease.

### **Data Storage and Retention**

Members noted that data protection and data storage and retention policies guided processes. In addition, a Data Protection Impact Assessment template was available on the Staff Intranet.

**Policies** - Relevant Policies would be updated to include the 72 hour notification time limit in informing the Information Commissioner's Office of a breach and detail of penalties. An updated Data Protection Policy & Procedure would be submitted to the Corporation for approval.

### **GDPR Training**

Training has been put in place though some staff still had to complete this. It was being added as part of the staff induction process to capture new staff.

**Information Asset Registers** - The register would be amended to ensure that, 'Article 9 Condition for processing' was clearly shown. This related to whether data was sensitive or not.

### **Internal Audit Progress Report.**

The report provided an update on progress against the Internal Audit Plan for 2018 / 19.

Two assignments had been completed, Procurement Framework Advisory Review and GDPR Review. The Procurement Audit had been added to the programme following a recommendation from the Finance & Resources Committee. Audits on Apprenticeships and the Safeguarding Framework would be carried out later in the year. Audits on FE Students Health & Safety whilst conducting Work Experience and the Follow Up would be carried out in March 2019.

There were 4 uncategorised recommendations not yet fully implemented for the GDPR assignment from the review in February 2018 and 12 uncategorised considerations for management from the Procurement Framework Advisory Review.

### **Resolved:**

**That the Internal Audit Reports be received.**

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**03.19**      ***Public Minutes of Previous Meeting***

*Decision*

The public and confidential minutes of Audit and Governance meeting number 15 held on Tuesday 6 November 2018, published on the extranet were signed and agreed as a true and accurate record of the meeting.

**04.19**      ***Internal Audit Progress Report and Summary Report***

*Decision*

Audit & Governance Committee considered the progress made in respect of the issues raised in the internal audit reports detailed in the College Progress Report and College Summary Report which showed that 15 actions were implemented, 3 actions were outstanding and 6 were ongoing.

From 2017 /18 of 21 actions 15 (71%) had been implemented and 6 (29%) were ongoing.

In addition, there were 3 Outstanding actions from the General Data Protection Audit held in January 2019.

Members commented on the detail in the progress report for various actions and received an explanation for the reschedule of timings around emergency procedure testing, which they fully accepted.

Audit & Governance Committee expressed satisfaction with progress made.

**Resolved:**

**That the Internal Audit Progress and Summary Reports be received.**

**05.19**      ***Strategic Risk Register***

*Decision*

Audit and Governance Committee gave consideration to the Strategic & Governance Risk Report for 2018/2019 as presented by the Deputy Principal, Finance and Corporate Services. Their deliberations were aided through reference to the risk appetite statement, risk assessment framework and risk heat map.

Risks were referenced to the College's strategic objectives, scored using a 5x5 matrix and scored according to pre mitigation actions, 'inherent' and post mitigation actions, 'residual'.  
Changes were summarised.

The risk registers for strategic risks, Governance and Cross College risks were presented for review. Two new risks had been identified and added to the register:

1e, 'Breakdown of Myerscough UCLAN Partnership'.

5g, 'Failure to meet ongoing conditions of registration for Office for Students'.

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These risks recognise the importance of higher education within the College strategy.

The Office for Students has considerably greater regulatory powers than the previous body, the Higher Education Funding Council (HEFCE).

Other changes:

Risk 1a 'Adverse effect of changes in Government Policy for FE and HE'. The residual risk had increased from 12 to 16 concerning an accounting change to student loans which could heighten the risk to post 18 funding.

Risk 5d 'Failure to monitor financial viability of the College'. The residual risk has increased from 8 to 10

Members commented on BREXIT implications and received assurance that this matter and potential impact was actively discussed at senior level and considered alongside the running commentary from the Association of Colleges.

Members commented on an excellent report with information presented in a meaningful way to aid scrutiny.

**Resolved:**

**That the Strategic Risk register Report be received**

**06.19** *Data Returns Report*  
*Information*

In compliance with the Financial Memorandum, Audit & Governance Committee gave consideration to the Data Returns report.

All submissions had been completed within time frames to the funding body. The return due for 6 February 2019 was ready to submit on time.

**Resolved:**

**That the Data Returns Report be received.**

**07.19** *Subcontracting Arrangements 2018/2019*  
*Decision*

Audit & Governance Committee gave consideration to the report on the current level of Subcontracting for 2018 / 2019 which was issued to the Committee as prescribed by the funding body. The budget for this delivery had been approved by Corporation in July 2018. Monitoring of the various activities contributes to the Board's assurance framework.

The report provided detail of numbers enrolled, the funding value, success rates and the reasons for subcontracting the provision. Audit arrangements

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ensured College complied with ESFA requirements regarding providers who subcontract to a value in excess of £100k funded provision. Members noted the subcontracted provision widened participation and served local community needs.

Members noted that arrangements with two of the providers for Veterinary Nursing would cease once current students had completed.

Members noted it was the College's intention to deliver the whole of the Adult Education Budget direct.

**Resolved:**

**That the Subcontractors Arrangements Report 2018 / 2019 be received.**

**08.19** *ESFA Financial Audit - November 2018*  
*Information*

At the meeting, the agenda was rescheduled with this item 10.19, 'ESFA Financial Audit - November 2018' being taken after item 4.19, 'Declarations of Interest'. The agenda then reverted to its published order.

The report presented the audit opinion and recommendations arising from the ESFA's Provider Assurance Audit of Myerscough College. The College had been selected as part of the ESFA's annual random sample for 2017/18.

The audit covered:

- 16 to 19 Provision
- Learners funded by advanced loans
- 16 - 18 and adult apprenticeships
- ESF (European social fund) matched funding

The audit led to the reclaim of English and maths funding to apprentices of £39k and learning support funding for apprentices of £82k.

Members were aware of previous discussions around the audit and that the reclaim of funding had been included in the accounts for the financial year 2017/18 and 2018/19.

Members had also previously discussed this matter understanding that complexities around administration had typically caused issues with providers and to a greater financial impact than Myerscough. Audit & Governance Committee received further detail on this noting a hard line on the College's decisions to place students on level 1 maths or English rather than level 2. Whilst members were keen to see evidence of these matters being resolved they were assured of a good performance from the College in the audit taking into account the national perspective.

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A series of recommendations had been agreed. Of the 16 recommendations 5 had been completed and 11 were partially complete.

The outcome was overall positive, with the ESFA finding that the final funding claims 2017 / 18 as defined had, 'in all material effects been properly compiled in accordance with the ESFAs funding rules 2017 / 18'.

In response to questions it was noted that there was no requirement to report back to the ESFA.

**Resolved:**

1. **That the ESFA Financial Audit be received.**
2. **That Audit & Governance monitor progress of outstanding recommendations until completion.**

**09.19**      ***Instrument and Articles of Government***

*Decision*

The Clerk updated the Committee on progress with the review of the Instrument and Articles of Government.

Members noted he had raised a query with Eversheds with regard to the inclusion of mention of academic freedoms even though this was covered in the College's Freedom of Speech Policy. This could result in updates to the policy.

The review would be completed by the June 2019 meeting to which a paper would be submitted with recommendations.

**Resolved:**

**That the update on the Clerk's review of the Instrument and Articles of Government be received.**

**10.19**      ***The Colleges Senior Postholder Remuneration Code***

*Information*

The AoC document 'Colleges Senior Postholder Remuneration Code', the Appendix to the Code and a note on how the Code amends the Code of Good Governance was attached to the agenda. The Code of Good Governance had been adopted by the Corporation in July 2015. The Committee was asked to consider the amended Code and associated documents and make a recommendation to the Corporation.

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## **AoC Code of Good Governance – Amendment, December 2018**

### **Changes from:**

#### **Remuneration of Senior Post Holders**

- The board must determine the pay and conditions of service of the principal, other Senior Post Holders and the clerk and may establish a remuneration committee to advise the board. Remuneration decisions should be informed by benchmarking data and by a recent performance appraisal.
- Where severance payments are under consideration, advice should be taken from the external auditor to ascertain the legitimacy of any proposed payment. The reports on matters to do with remuneration and severance should provide sufficient detail to enable the full board to satisfy itself that the recommendations and resulting decisions made have been compliant with its policies. In line with the funding agreement, the board must draw any payments to the attention of the college's regulatory auditors.

### **Changes To:**

#### **Remuneration of Senior Post Holders**

- Colleges should adopt and must have due regard to the Colleges' Senior Post Holder Remuneration Code, December 2018.
- Where severance payments are under consideration, advice should be taken from the external auditor to ascertain the legitimacy of any proposed payment. The board should comply with the Colleges Senior Post Holder Remuneration Code in relation to severance payments. In line with the funding agreement, the board must draw any payments to the attention of the college's regulatory auditor.

Following due consideration

### **Resolved:**

**That Corporation be recommended to approve the amended Code of Conduct following the adoption of the AoC's Colleges Senior Postholders Remuneration Code.**

### **11.19**

#### *Decision*

#### ***Governance Quality Improvement Plan 2018/2019***

Audit and Governance Committee gave consideration to progress against the Governance Quality Improvement Plan for 2018/2019, which contained eight items.

Greater involvement of Governors in the activities of the College was graded

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as high priority.

Members recalled that to date two training sessions had been held this academic year and briefing sessions were arranged.

Members noted progress.

**Resolved:**

**That the Quality Improvement Plan update be received.**

**12.19**

*Decision*

***Governor Vacancies***

The Clerk updated members with regard to appointing student governors, noting that the Office for Students required Colleges to have HE student representation on the Board. Two FE students had expressed interest and an interview process with the Vice Principal and Director of Student Support & Welfare was to be arranged. The Clerk would liaise with the Student Liaison Officer regarding an HE applicant.

Members expressed some urgency that student Governors be recruited and attend meetings as soon as possible.

The Clerk informed members that Richard Hughes, the Teaching Staff Governor had resigned part way through his term of office due to increasing demands on his spare time. The Clerk referred to his resignation letter in which he thanked the Board for the opportunity and wished it well. Members reflected on his excellent contributions and asked for their best wishes to be passed on.

The Teaching Staff vacancy had been advertised with the closing date for nominations being 12 February 2019. Should there be more than one nomination an election would be arranged.

**Resolved:**

**That the staff and student Governor Vacancies and progress to appoint be noted.**

**13.19**

*Information*

***Governor Training - Away Event 2019***

**Away Event** - The Governor Away Event for 2019 was confirmed as Friday 29 March 2019.

Members gave consideration to the agenda. Matters proposed included T Level qualifications, Ofsted framework, The Augar review of post 18 education, Devolution of the adult training budget and Insolvency regulations. The agenda would be finalised by the Clerk, Chair and Vice Chair of

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Corporation and the Principal

**Financial Position Briefing** - The briefing requested by the Finance & Resources Committee would be held on 28 February 2019 at 4pm.

**Resolved:**

**That the update on Governor training be received and that an item on BREXIT be added to the Agenda for the training event.**

Signed:

Date:

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