Herefordshire,
Ludlow & North
Shropshire College

	MINUTES
	of the Audit Committee **held on Monday 10 June 2019**

Present: -   Mr Norman Moon (Chair)
                          Cllr Sebastian Bowen
                          Mr Tony Ford

In attendance: -   Mr Edward Gwillim (Director of Finance)
                           Mrs Clare Perez (Finance Manager)
                           Mrs Linda Watkins (Clerk to the Corporation)
                           Ms Louise Tweedie (RSM)
                           Ms Laura Goodwin (RSM)
                           Mr Jon Marchant (Mazars)

The meeting was quorate as three members were present.

		Action
5.	**Apologies for Absence** Mr Kevin Tong	
6.	**Declarations of Interest** None declared.	

7.	**I. Approval of the Minutes of the Meeting**
	      The Chair signed the minutes of the meeting held on 18
	      March 2019 as a true and accurate record.
	
	II. Matters Arising
	       These would be covered on the agenda.
	
	The Committee agreed: -
	• To approve the minutes	

8.	**General Data Protection Regulation (GPR) Update from the DPO** The Director of Finance updated Governors that progress to embed GDPR had been delayed partly due to awaiting guidance from AoC as the College adopts AoC model policies where possible which ensure compliance. JISC will undertake security testing in September. There will be a single system for communication networks between each site. A data audit on software had been completed. The College received five FOIA requests which were addressed. There has been one data breach by letter resulting from human error. This had been reported to the ICO who had recommended carefully checking addresses in future. Independent reports would be brought to the Committee and the Clerk would include a summary of the	E Gwillim

number of data breaches in the Audit Committee's annual report.	L Watkins

9.   **Internal Audit Progress Report**

Laura Goodwin presented the following reports.

I.   Progress report: Five draft reports were presented to either the March or June meeting which required management responses before finalizing. Reports required finalizing before the Auditor's annual report could be completed. Briefings were provided for information.

II.   Follow Up: This showed little progress including nine medium level actions from reports which had not been implemented. These were specifically discussed during the meeting including preparing an IT strategy linked to the College's strategy. A new Smoothwall firewall system has been installed with systems merged at HLC and NSC and virus software for Windows 10. A Governor asked for assurance that the main server had robust systems and anti-virus software which was confirmed. The risk management policy required updating which would be addressed as part of the budget to be approved by the Board in July. Risk management training would be provided for staff using Smartlog. The approved contractor list in estates required updating which would be addressed. The new MIS system will ensure the timely process of student withdrawals. A consistent template for risk assessments if DBS checks are not completed in time was required.

The Chair commented that CMT appear stretched and expressed concern that several actions are allocated to estates and IT for action. The Estates and IT Manager had also not attended Audit Committee which the Committee had requested previously. The Committee agreed to escalate its concern to the Board as there are some risks in crucial areas.

N Moon

III.   Key financial controls: Reasonable assurance was provided with one high and three medium recommendations. The high level recommendation related to claims for top-up floats for banking, cash and treasury which did not reconcile and had not been signed by a member of staff. Segregation of duties had been an issue which would be addressed with a new member of staff appointed following merger and processes changed. Governors agreed that this had been categorized as high as it related to cash control.

IV.   Internal Auditor's Strategy 2019/20-20/21: Governors agreed that this covered key areas but were mindful of the tremendous amount of work. The Director of Finance stated that some additional staff

appointments had been made including a Head of Holme Lacy, Head of Walford College and Farm Manager at Walford College. The merger had increased work and pressure in key areas particularly on the finance team to allocate funding within time constraints. It was anticipated that once the new finance and MIS systems have been embedded workloads will become more manageable later next year.

The Committee agreed: -
- To note the internal auditor's reports
- To recommend the Internal Auditor's Strategy 2019/20-20/21 for approval by the Board

10.	**Mazars Audit Strategy Memorandum 31 July 2019** Jon Marchant presented the strategy outlining Mazars approach to the audit, significant audit risks and areas of key judgements. Pension actuaries are required to test TPS and LGPS schemes for GNP pension equalisation for men and women. Its impact is unknown and could be included in the P&L account if quantifiable. The audit will test if the College is a going concern for 12 months from December 2019 which will include the impact of increased TPS employer contributions. The Insolvency Regime has been introduced with thresholds which will be difficult for some college's to achieve. Key briefings were appended to the strategy including the Insolvency Regime, the new College Accounts Direction with increased disclosure on the executives' remuneration and Brexit impact. The Committee agreed: - - To recommend the Board approve Mazars Audit Strategy and Memorandum to 31 July 2019	
11.	**Audit Recommendation Tracking Report** This report would be carried forward.	E Gwillim
12.	**Risk Management Register** The Director of Finance had highlighted revisions to the risk management register in the report which were discussed. Sub contracting provision had increased which included provision delivered by NSC. There was discussion about risks associated with embedding the new MIS and finance systems concluding that this should be added as a new risk: 'Concentration of projects leads to major failure of delivery'. A further new risk was requested: 'Safeguarding and reporting of assets' which would be mitigated by the annual verification of the asset register.	 E Gwillim E Gwillim

There was a question about IT back-up systems with confirmation that the College has robust systems and back-up at different sites which is regularly tested.

13.   Supply Chain Policy
The Director of Finance confirmed that this had been incorporated in the sub contracting policy which had been approved by the Corporation at the April Board meeting.

14.   Fraud Risk Assessment and Policy
This was deferred to the next meeting.   E Gwillim

15.   Annual items for Committee
The Chair informed Governors that this was his last meeting as he would be resigning from the Board and moving to France. There was a vote of thanks to Norman Moon for effectively chairing the Committee for several years.

The Committee agreed: -
- To defer appointing a Chair of the Committee for 2019/20   L Watkins
  until next year
- The Committee self assessed its performance concluding that it was effective and adequately met the requirements of its terms of reference
- No changes were required to the terms of reference

16.   Any Other Business and comments
No items.

17.   Date and time of next meeting
The next meeting of the Audit Committee was arranged for Monday 2 December 2019 commencing at 4.00 pm.

Signed as a true record of proceedings

Chair: …………………………………………………Date: ……………………………