

Brooklands College

Minutes of the Audit Committee held at 15.00 on 8th November 2017 in Room MC5,
Weybridge Campus.

Present: Jerry Loy Chair
Terry Lazenby
Liz Lacovara via telephone link
Gail Walker Principal
Fiona Ryder Observer

In Attendance: Shereen Sameresinghe Vice Principal
Josephine Carr Clerk to the Governing Body
Daniel Canham Mazars
Mike Cheetham Head of Internal Audit, RSM Tenon
Judith Williams NLG Observer

- Item 1**
A/11/18/1 **Action in the event of fire**
Action in the event of fire was noted.
- Item 2**
A/11/18/2 **Welcome and apologies**
The Chair welcomed Fiona and Judith to the meeting and all present introduced themselves and their respective roles. The meeting was confirmed as quorate.
- Item 3**
A/11/18/3 **Declarations of Interest**
There were no declarations of interest.
- Item 4**
Item 4.1
A/11/18/4 **Minutes**
Minutes 24th May 2017
The Chair asked for any comments. The Clerk confirmed that the decisions of the last meetings had been taken to Full Governing Body where required. The spreadsheet of College policies will be circulated to Committee members by the Principal Action: Principal
- A/11/18/5 The Committee approved the minutes as a correct record of the meeting.
- Item 4.2**
A/11/18/6 **Minutes 13th September 2017**
The Committee approved the minutes as a correct record of the meeting.
- Item 5**
A/11/18/7 **Matters Arising**
CAFM was discussed at Resources Committee on 1st November. The newly appointed Director of Estates is preparing an action plan, which will be available at the next meeting.
- Item 6**
Item 6.1
A/11/18/8 **Internal Audit**
Internal Audit Annual Report 2016/17
Daniel Canham of Mazars presented the report and advised the meeting that the College had retained the full Audit scope, which allows for an opinion to be given. The 2016/17 opinion by Mazars is clean and unqualified. The wording of the 2016/17 opinion was read out. The Chair asked for confirmation that the wording/terminology is "industry standard" for an unqualified opinion. Daniel Canham confirmed this and advised that if the audit had found an areas of significant concern then these would be highlighted within a qualified opinion. RSM Tenon, the incoming Internal Auditors advised that they use broadly similar terminology.
- A/11/18/9 A discussion regarding assurance levels and the resultant benchmarking of the College being in line with other colleges within the Mazar client group (30-35 Colleges). Generally, these benchmarks should be considered cautiously, particularly so in 2016/17 as only 3 audit reports with assurance levels were undertaken in 2016/17. The second set of graphs detailing the number of

- recommendations has greater value. It is important to note the Brooklands had no Priority One recommendations in 2016/17.
- A/11/18/10 The meeting noted that P12 summarising the work undertaken and specific recommendations was of far greater assistance than the generic/overall benchmarking. The Mazars Internal Auditor confirmed that most of the recommendations had been implemented. The Internal Auditor confirmed that "Partially compliant" for the SFA audit equated to a satisfactory assurance level.
- A/11/18/11 The Chairman asked the Internal Auditor if there were any areas that Internal Audit would have liked to cover that were not planned for in 2016/17. The Internal Auditor replied that he did not think there were. He anticipated that RSM will look at basic financial systems (follow up to 5 point action plan).
- A/11/18/12 The meeting thanked, The Mazars Internal Auditor, Daniel Canham for his contribution to the Committee over the last 5 years. Daniel Canham left the meeting at 15.20
- Item 6.2**
- A/11/18/13 **Internal Audit outstanding recommendations**
The Vice Principal distributed A3 copies of the schedule of items outstanding and confirmed that these related 2015/16 reports and assured that all recommendations generated by the 2014/15 had been implemented or superseded (i.e. completed). Outstanding recommendations from 2016/17 will be included in the next term's report.
- A/11/18/14 The CAFM implementation remains outstanding due to a number of staffing and other capital projects demanding the Facilities Team time. The new Director of Estates who commenced with the College in October 2017 has created a draft CAFM implementation plan, which will be circulated to the members of the Resources Committee once approved by SLT.
- A/11/18/15 The Vice Principal assured the meeting that the delay in implementing the CAFM system does not provide an immediate risk to College operations. The College remains compliant but is still reactive not proactive in its maintenance planning and has yet to have medium-term planning for preventative maintenance.
- A/11/18/16 Learner number systems: The Vice Principal assured the meeting that the necessary checks are being made manually. The College is still waiting for the software to be updated to enable this to be undertaken automatically and at this stage have no reason to believe that GDPR will require further alterations.
- A/11/18/17 CAFM and Learner Numbers will remain on the tracker. The Vice Principal will collate the 2016/17 outstanding recommendations and will circulate with a progress update. When asked if there were any material outstanding recommendations for 2016/17, the Vice Principal said that there were no Priority One (significant) recommendations and that all 2016/17 recommendations were listed in the Internal Audit Annual Report 2016/17.
- A/11/18/18 The Learner Number recommendations are reliant upon the software update of SCORE, a system that identifies anomalies and checks the ILR data. In turn the software company are waiting for confirmation of the rules following the merger of SFA and EFA to ESFA.
- A/11/18/19 The Principal advised the meeting that the EU Social Fund auditors left after 2 days of a 3-day audit stating that they had found nothing to report on.
- A/11/18/20 The new Internal Auditors, RSM Tenon, will review outstanding recommendations when undertaking their follow-up work.

Item 6.3

A/11/18/21

Internal Audit Strategy and Operational Plan 2017/18

Mike Cheetham of RSM Tenon presented the Plan, which has been updated from the September meeting. When preparing the plan RSM looked at the College Risk register, other Colleges, and the education and general public sectors. It is impossible to look at all areas of risk in any given year. The tasks for 2017/18 are listed in Appendix A of the Plan. Currently waiting for SFA to confirm whether they will require a specific audit for subcontracting, as in the previous two years and

what format this will take. The HR/Payroll review will look at basic core data and the function as this equates to a significant volume of expenditure.

- A/11/18/22 GDPR is not a sector or College specific risk but is a risk to all organisations. RSM Tenon will make a presentation later in the meeting.
- A/11/18/23 Due diligence on sub contracting is not an audit RSM Tenon regularly undertake but given Brooklands use of subcontracting being unusually high (£9 million), it has been included in the Audit plan and will undertake a review in January 2018. This will differ from the ESFA audit, as it will be Brooklands focussed including how the College decides to take on a subcontractor/Partner and the checks employed in advance of the agreement. With the ESFA audit, a set of criteria for all colleges is set by the ESFA. There may be some crossover of data between the two audits.
- A/11/18/24 Timings have been adjusted slightly. The HR/Payroll audit has been completed and the report will be presented at the February meeting. RSM Tenon will delay GDPR audit to allow the College more to prepare for its implementation.
- A/11/18/25 The meeting discussed whether a list of all the financial systems/functions in the form of an overall map? The meeting was advised that the principal systems are tuition fees, student record, payroll, general ledger, procurement & payments, commercial income streams; thus there is not a huge number of different financial systems to look at in a college. The College HR and finance systems are combined as part of Agresso (now Unit 4).
- A/11/18/26 RSM agreed to circulate notice of training courses and newsletters to the Clerk who will then distribute to members of the Audit Committee.

Item 7 Risk Management

Item 7.1 Risk Register 2016/17 Term 3 (as reported to June FGB for information)

- A/11/18/27 The Chair enquired whether the new members of the Committee were comfortable in reading the risk register and identifying trends? The Clerk will circulate the Risk Management Strategy, which explains the colour and scoring. Action: Clerk

Item 7.2 Risk Register 2017/18 and Heat Map 2017/18

- A/11/18/28 The Principal confirmed that in preparing the 2017/18 Risk Register SLT reviewed 2016/17 risks and looked at any new risks emerging. The 2017/18 risk register is reviewed at different levels within the College on a termly basis.
- A/11/18/29 One member of the Committee expressed concern regarding the new departmental risk reporting system and how this will be embedded. The Managers Day on 20th November will look at Risk within the College.
- A/11/18/30 The meeting asked for a reconciliation of the risk rating from 2016/17 to that of 2017/18. The meeting requested a summary of why the rating has changed; they are confident that SLT have carefully considered this. Action Vice Principal e.g. an explanation why Curriculum Provision and Student Experience has moved from 15 to 10. The Vice Principal advised that the new structure and tutorial programmes are mitigation against the risk and results have seen an improvement.
- A/11/18/31 The meeting believed that the Heat map provided a most useful summary.
- A/11/18/32 The Chair asked RSM if they had sense checked the Risk Register and whether there was anything RSM would expect to see that is not there. RSM confirmed that the generic risks together with subcontracting (4B) are included.
- A/11/18/33 The meeting enquired regarding the assessment of general compliance; not only with regard to estates, safeguarding and Health & Safety. The Vice Principal advised that these are included in individual risks and the general student experience.
- A/11/18/34 The Committee recommended to Full Governing Body the approval of the 2017/18 Risk Register albeit that it is a dynamic document which will be updated during the year (subject to an explanation of changes)

Liz Lacovara left the meeting 15.57

Item 9 GDPR Overview for Governors

- A/11/18/35 Mike Cheetham presented the RSM Tenon presentation advising the meeting that the first 10 slides cover the basic overview of GDPR but it is a moving feast particularly during the preparation for implementation phase (25th May 2018). GDPR is EU driven and Brexit does not change anything; GDPR will be incorporated in the Brexit Bill. All organisations will have to comply as at 25th May 2018.
- A/11/18/36 Principal steps in preparation: What is needed for your organisation and how to be compliant?
- A/11/18/37 Significant changes:
- Consent must now be explicit, not implied and freely given: Implications for students
 - Need to enable people to de-consent: the Right to be Forgotten
 - Identify someone indirectly as well as directly from the data; anything that may be relevant to an individual
 - GDPR includes both current and historic data; organisations should only hold data for as long as they may justify, as opposed to holding data for historic reasons.
 - Non-compliance penalties have increased dramatically: 4% of T/O or 20million euros.
- A/11/18/38 The historic data and consent will impact upon FE Colleges, in particular how long should a College hold data relating to past students? With regard to consent, students currently specifically sign a section of the enrolment form giving their consent for their data to be used by the Marketing Department with Parents signing for students under 18.
- A/11/18/35 The onus is on the College to ensure that subcontractors are GDPR compliant; this must be incorporated within the College contracts (e.g. cleaners et al and subcontractors of apprenticeship).
- A/11/18/36 The Principal advised the meeting that there is a College Working Group which meets monthly which is currently looking at data holding within the College and individual staff holding data on their own devices with the aim to understand holistically what data is being held in the College (An information audit). Policies and procedures are being reviewed to ensure GPR compliance. The Head of MIS may not be the Data Protection Officer; GDPTR states that the post holder must be separate from MIS.
- A/11/18/37 JISC are scheduled to come in and work with the College as to how to ensure compliance with enrolment processes.
- A/11/18/38 The Staff training in January will include GDPR, in particular looking to make staff aware and very practical ways of protecting the data, in particular encryption.
- A/11/18/39 The College needs to ensure that Governors and their use of College data is GDPR compliant.
- A/11/18/40 RSM undertake a review of GDPR in the College prior to May 2018. The Principal assured the meeting that GDPR is high on the College's priority list
- A/11/18/41 The Clerk to circulate RSM Tenon presentation to all Governors

Mike Cheetham left the meeting 16.33

Item 8 Regularity self-assessment

- A/11/18/42 The Vice Principal advised the meeting that the Regularity self-assessment comprised part of the of external audit work; with the template provided by the funding body. The External auditors have asked for some evidence to support the return such as details of the insurance claim, policies etc.
- A/11/18/43 P5, Safeguarding of assets: "No" is a typographical error which should be a yes and a no to subsidiary: Vice Principal to correct

Item 10 Fraud

- A/11/18/44 Nothing to report

Item 11 Freedom of Information Requests

- A/11/18/45 Three requests have been received and all have been responded to within the agreed timescales

Item 12 Draft Audit Committee Annual Report

A/11/18/46 The Vice Principal has completed the satisfaction surveys and asked the meeting for comments. Given that the College is changing its external auditors the meeting felt no need to add anything to the documents.

A/11/18/47 The meeting noted the distinct improvement in the turnaround time for responses. This had been a significant issue 2 years ago. The improvement was an indication of the relationship with auditors being significantly better.

A/11/18/48 The meeting agreed to present the Annual Report to the December FGB

Item 13 Chairs Business

Item 13.1 Review of Committee business for emerging risks

A/11/18/49 None

Item 13.2 Summary of the main issues/decisions/topics that have arisen during the meeting and that would help other governors, not at the meeting, better understand what is happening in the College

A/11/18/50 The Chair of PRG explained to the meeting that the May PRG had discussed the lack of Inter Committee communication and that not all governors were up to speed with main points being discussed at specific meetings. Committees should decide what other governors ought to be aware of and so help them in advance of FGB business. These matters should be highlighted in this item and within the weekly update circulated by the clerk.

A/11/18/51 The meeting agreed that the RSM Tenon presentation should be shared with other Governors.

A/11/18/52 The Chair of Audit suggested that he should discuss with the Chair of Resources the new approach to departmental risk and how both committees may ensure a consistency of approach. Governors need a better understanding of the new process and risks at departmental level albeit for information level not operational, in particular how risk is identified and managed at department level. Governors need assurance that the process is working. It was noted that the College is in a different place than 3-4 years ago and that the new system reflects this.

Item 14 Any Other Business

A/11/18/53 No further matters were raised.

Item 15 Date of next meeting

A/11/18/54 Joint Audit and Resources Committee Wednesday 29th November at 08.00
Audit Committee Wednesday 28th February 2018 at 08.00

The meeting closed at 4.56

Decisions taken

1. The Committee recommended the Risk Register 2017/18 to FGB
2. The meeting agreed to present the Audit Committee Annual Report to the December FGB

Action points

1. The spread sheet of College policies will be circulated by the Principal
2. The Clerk will circulate the Risk Management Strategy. Action: Clerk
3. The meeting requested a summary of why the rating has changed from 2016/17 to 2017/18; they are confident that SLT have carefully considered this. Action Vice Principal
4. The Clerk to circulate RSM Tenon GDPR presentation to all Governors
5. Regularity Self Assessment P5, Safeguarding of assets: "No" is a typographical error which should be a yes and a no to subsidiary: Vice Principal to correct

Chair:

Date :