



EXETER COLLEGE FURTHER EDUCATION CORPORATION

AUDIT AND RISK ASSURANCE COMMITTEE

Meeting to be held on Wednesday 19 September 2018 at 5.30 p.m.
in the Boardroom, Tower Building, Hele Road Campus

DRAFT v1 MINUTES

Public/Confidential status to be considered and approved

- MEMBERS:** Sarah Brampton* (Chair); John Coombs* (Co-Opt);
Jo Matthews* (Co-Opt); Michelle Pugh*; Dave Underwood*
- IN ATTENDANCE:** Lily Garth* (Clerk to the Corporation)
(all meeting) John Laramy* (Principal and CEO)
Steve Campion* (Vice Principal Finance & Business Operations)
Kate Barzok* (College Accountant)
- IN ATTENDANCE:** Richard Brine* (Head of Information Learning Services and DPO)
(part meeting) Clive Fitzgerald* (TIAA - Internal Auditors)
Sam Hillman* (Assistant Principal)
Emma Woollacott* (Exam Manager)
Victoria Roberts* (Exam Manager)

** Indicates presence at today's meeting (including part-meeting attendance).*
The meeting was quorate throughout.

Minute

Action for:

1. **PRELIMINARIES:
WELCOMES, APOLOGIES AND DECLARATIONS OF INTEREST**

- No apologies
- No declarations of interest

The Chair welcomed Members to the first ARA meeting of the year and Lily Garth to her first ARA meeting as Clerk.

A software update seemed to have caused a failure in the usual Board e-paper system. College IT staff were working hard to resolve this. Governors had been supplied with additional hard copies.

2. **MINUTES OF THE MEETING HELD ON 13 JUNE 2018**

The Committee **APPROVED** the minutes as a correct public record to be published on the College website and signed by the Chair.

3. **MATTERS ARISING**

Minute 4: Subterranean server, gas extraction and building regulation. The Vice Principal Finance and Business Operations (VPFB) confirmed that the College was compliant - with a certificate signed in 2015 - but the Senior Team would be considering whether compliance truly met Best Practice. This would be returned to at a future meeting.

VPFB
Nov 2018

Minute 10: Value for Money (VFM) update At the June meeting the Committee had been concerned that the College was below the FE median for cash days in hand. The VPFB now confirmed that the June figures had assumed a number of additional payments would be made (e.g. in respect of student residential) so actually there was more cash in the bank than previously anticipated and the College (subject to audit process confirmation this term) had achieved Outstanding Financial Health for 2017/18. The Committee was pleased with the positive update.

4. **DEEP DIVE: Management of Maths and English GCSE exams**

This presentation, led by the Assistant Principal Curriculum Vocational and Applied accompanied by the Exam Managers, echoed (with an audit and risk assurance angle) the presentation given at the Quality and Standards (QS) Committee on Monday 17th September.

In discussion, two key points were made:

- Nationally, there were large numbers of young people resitting (often repeatedly resitting) these exams. ARA views reiterated and expanded those of QS, particularly noting that this was a failing Government Policy, damaging to the self-esteem and life chances of learners who could not meet the standard despite support year after year at schools and colleges.
- There were very challenging logistics associated with the clustering of many exams for large numbers of students in a short space of time. In Exeter College, this was further exacerbated because the College, due to highly-successful student outcomes and recruitment, was already extremely well-utilised in terms of physical space. The Committee cross-referenced this issue with the College's Property Masterplan which was designed in part to support the College's current and future growth/space needs.

In response to Members' suggestions, the following actions were agreed:

- Governors would be invited into College one day to see first-hand the management of the exams Principal
- SLT (who already advance-informed transport services when exams were scheduled so that buses and trains could be prioritised for learners travelling on those days) also would advance-inform Governors so that they could further publish awareness to their infrastructure networks to try to alleviate pressure on rush-hour travel into the City on major exam bottleneck days Principal
- The College would consider/research whether (and if so, to what extent) the negative experience of students under this Government Policy was further negatively impacting on the attendance, enjoyment and achievement levels on the learners in relation to the studies/vocations that they actually wanted to do. Principal

Members thanked staff for the presentations. The Committee **AGREED** that the related risk would remain classed as Red.

5. RISK REGISTER

The Committee discussed and **noted** the Risk Register. The VPFB (the College's Risk Champion) highlighted Red risks, new risks and also those items which had either stayed at the same level of risk or increased since the last report.

There was a confidential verbal report in respect of the risk of internal IT security 'hacking' with which Members were content. A further update would be given at the November meeting. VPFB

Due to the College's success in FE student recruitment growth, risk R6 had been reduced to Amber, although this might rise again in the future if competition increased.

R52 (Increased competition for HE students) was a new risk, immediately ranked as Red. The Committee and Board would be kept updated in respect of related issues and strategy. VPFB

6. GENERAL DATA PROTECTION REGULATIONS (GDPR)

The Data Protection Officer (DPO) presented this item to the Committee. Overall, taking into account the complexity of the organisation, previously-agreed targets and the DPOs other responsibilities/workload, Members were content with the implementation progress and praised the DPO for his work.

Action: thought would be given to best compliance policy and practice in respect of sending personal data - for example Senior Postholder recruitment and appraisal information - to Governors' email addresses (which included College accounts already covered by College policy, personal accounts such as Hotmail, and organisation/work accounts outside the control of the College). This was an issue for many organisations with non-executive directors or equivalents. Data would be kept within College-controlled systems wherever possible. Any emailed personal data sent to non-College accounts would be minimised and encrypted.

DPO
Nov 2018

7. INFORMATION SECURITY POLICY

The Committee **APPROVED** this Policy. It was anticipated that the Policy would continue to develop in relation to best practice and clarity (for example - information assets and ownership and "according to manufacturers' best practice"). Next review date by the Committee would be September 2020.

Clerk to
schedule

8. INTERNAL AUDIT 2017/18

The Committee noted the following IA reports:

a. Key Financial Controls

Summary Outcome: Second highest level of assurance (on a scale of 4) with no highest priority/urgent action points

- This was a standard annual item - but the focussed changed from year to year, targeted towards perceived risk.

- Finance system issues were going to be discussed with the provider (the College had had the system for 3 years) and the Committee would be updated

- Members sought and received assurance in respect of potential fraud risks (for example the quadruple checking ahead of implementation if someone stated that an account or payment method had altered)

- there were typos/pasting errors on pages 2 and 3 which would be amended

VPFB

TIAA

b. Risk Management and Board Assurance

Summary Outcome: Highest level of assurance (on a scale of 4) with no highest priority/urgent action points

- Particular praise was given to the cross-referencing of the Risk Register with Strategic Objectives

c. Anti- Fraud

Summary Outcome: Second highest level of assurance (on a scale of 4) with no highest priority/urgent action point

- In considering this report, the Committee **AGREED** to

- a. reduce the rating of recommendation 2 (about whether to have a separate anti-fraud policy rather than keeping it in its current location within the annually-reviewed Financial Statements) from a grade 2 to a grade 3
- b. reject the recommendation to lower the gift register value from £100 to £50 as stated in the Financial Regs.

VPFB (for
BS C'tte)

d. Follow-Up

There were no significant points raised in respect of this report.

e. Annual Report (including Annual Opinion)

Attention was drawn to the "reasonable and effective" annual opinion given on areas which TIAA had considered over the course of 2017-18. Out of 6 in-year reviews, 1 had received the highest rating, and the other 5 had received the second highest rating (on the scale of 4). This Report would be forwarded to the Board at the December meeting as part of the annual reporting/assurance and regulatory sign-offs.

Board
Dec 2018

Members reminded themselves that FE Corporations are no longer required to have Internal Audit Services, but it was the view of the Committee and Board that having an IAS provided valuable assurances and additional perspective on College compliance, risk management and internal controls.

9. AUDIT ACTION PLAN TRACKER

The Committee were content with the update on this item and on this occasion had no additional comments to record.

10. INTERNAL AUDIT 2018-19

The Committee considered this item in the context of the Risk Register and Strategic Objectives. The Committee **RECOMMENDED for Board Approval** the Internal Audit Strategy and Visit Plan 2018-19.

Board
Oct 2018

Progress and Risk would be monitored throughout the year. The plan would be flexed as necessary. (For example, the Committee would keep an eye on the HE recruitment risk which might be the subject of a future Deep Dive. The SLT also would also be considering whether or not the HR recruitment issue was a fact - in the sense that the world had changed - rather than a risk which could be mitigated by marketing etc)

The updated Internal Audit Strategy and Visit Plan would be brought to the June 2019 (rather than Autumn 2019) Committee meeting for consideration and recommendation to the Board.

Clerk to
schedule

Clive Fitzgerald left the meeting

11. INTERNAL AUDIT PERFORMANCE REVIEW

The Committee discussed the draft paper which the VPFB presented. Comments and gradings were updated on the confidential sheet. On the basis of satisfactory performance and cost, the Committee **RECOMMENDED for Board Approval** the reappointment of TIAA as the College's Internal Auditors for 2018-19.

Board
Oct 2018

12. OTHER AUDITS

a. Subcontractor Audit

The Committee noted the Certificate and satisfactory audit report by Bishop Fleming which made only one - low priority - recommendation.

b. Individual Learner Record (ILR) Audit

The College had been randomly selected for a regulatory ILR Audit (as opposed to a risk-related selection). The Principal and VPFB pre-warned the Committee that however well the fieldwork goes, this kind of audit usually resulted in c40 management action points (but the SLT was hopeful that there would not be any funding-related actions/penalties). A full written report was anticipated in time for the November ARA Committee.

ESFA/SLT
Nov 2018

13. ARA COMMITTEE SELF-ASSESSMENT

The Committee discussed its self-assessment outcomes and **AGREED:**

- the listed points in the paper would be included in its self-assessment narrative
- a note on the Committee's widened scope in 17-18 and the movement of Risk up the Committee and Board agendas would be included
- the Committee was strong but not yet outstanding - partly because it had been in its first year of operation under its new scope (working alongside new Internal Auditors also in their first year)
- overall, using the Ofsted gradings, the Committee rated itself as Good, noting its 'even better ifs'.

Clerk
Nov 2018

14. ITEMS TO TAKE TO THE BOARD

- IA Performance Review
- IA Strategy and Visit Plan
- Option of GDPR training and Anti-Fraud training for Governors in the near future

Clerk to
schedule

15. ITEMS FOR NEXT ARA COMMITTEE

The Committee **noted** and accepted the draft business of the next meeting as set out in the Clerk's paper.

The meeting ended at 7.10pm

Public/Confidential status to be considered and approved

APPROVED 21 November 2018(Chair)

