

HARTLEPOOL COLLEGE OF FURTHER EDUCATION

Minutes of the meeting of the Audit Committee held on Tuesday 3rd March 2020 at 5.30pm in Conference Room 4

Present: Mr S Irvine [Chair]
Mr S Salvin
Mrs J Regan
Mrs M Roberts

Also Present:

Mr A Theakston [Clerk to the Corporation]
Mr D Hankey [Principal]
Mrs K Dales [Assistant Principal]
Ms L Robson [RSM UK Audit LLP]
Mr P Church [RSM Audit Risk LLP]
Mrs C Menzies [Minute Clerk]

	Meeting with External Advisers Only Not required.
1	Apologies for absence No apologies for absence received. SI confirmed with AT that the meeting was quorate.
2	Declarations of interest relevant to the business of the meeting There were no new declarations of interest other than those declared below under the relevant agenda item <i>[SI has previously registered his declarations of interest with the Clerk for his employment at North Tees and Hartlepool NHS Foundation Trust].</i>
3	Minutes of the meeting held on 13th November 2019 The minutes were accepted as a true record and signed by the Chairman.
4	Matters arising and action points Matters arising 11/6/19 SI advised that the assurance the Audit Committee provides to the Board is supported by the delivery of the internal audit plan, the Audit Committee's oversight of the management of risk register by other committees, the external audit report and external reviews (e.g. FE Commissioner reports). Matters arising 13/11/19 4 – KD confirmed external audit actions have been added to the audit tracker since papers for this meeting were circulated. 4 – letter of engagement is covered at agenda item 10 of this meeting. 5 – DH asked the FEC to publish the report but it is not their policy so external stakeholders are updated accordingly and the report has been shared where appropriate. 6 – final audit report was circulated. 7 – KD updated the Audit Committee annual report. 14 – risk register is covered at agenda item 9 of this meeting. 16 – QA Policies list of expiry dates to be a standing agenda item from the next meeting. 18 – The internal audit contract review date is covered under agenda item 13 of this meeting. 18 – informal review of RSM Services – superseded by new Ethical Guidelines for Audit.
5	To consider Governance Review recommendations inc: Internal Audit Focus Internal Audit Follow up

	<p>The full report relating to the external governance review will be presented to the next Audit Committee once management responses have been added to the action plan. SI stated that all actions need a nominated lead and a timescale for completion. SI also requested that this report and associated actions are a standing item at Audit Committee meetings until all actions are confirmed as completed and can be supported by robust evidence.</p> <p>The Audit Committee noted the update.</p>
<p>6</p>	<p>To consider the RSM reports below:</p> <ul style="list-style-type: none"> • Safeguarding & Prevent: Work Based Learning <i>Commercially sensitive.</i> <p>SI queried the action on page 3 relating to the policy. KD confirmed all information was included in the document on the website it merely referred to old guidance.</p> <p>SI questioned the actions on page 5 and 6 and whether there is a need to request an annual statement of assurance from employers to confirm compliance with policies. KD confirmed that employers are only required to confirm receipt of the policies.</p> <p>SI queried the timescale of 6 months for safeguarding training given its importance. KD explained the mandatory training has been completed and this is enhanced training for the Team Leader to be a point of contact within WBL in addition to the designated safeguarding leads already in College.</p> <p>SI asked about the process for pre-employment checks [detailed page 9]. KD said references are requested but replies are not always received. KD to bring an update on pre-employment checks to the next meeting. SI asked how often visits take place, KD stated every 6 weeks as per the policy.</p> <p>SI asked if the action for the Welfare and Retention Team Leader shown on page 13 was to be taken forward. KD said to her knowledge it was.</p> <p>SI asked that this audit report be tabled at the next Curriculum & Standards meeting for their consideration and comment.</p> <ul style="list-style-type: none"> • Estates: Planned Preventative and Responsive Maintenance <p>An overview of the executive summary on page 2 was given by PC and the four medium actions detailed on page 3. SI asked MR if the College was being led by external providers for maintenance jobs. MR disclosed that she was the Facilities Manager as well as a Governor in case of a conflict of interest. MR said a maintenance agreement is in place for the jobs where College staff do not have the expertise to complete and this is put through a tender process, driven by regulations, good practice and the allowance for jobs to be completed during term time.</p> <p>A timetable of works to our specification will go to formal tender. SI asked if cost is capped and if it will go to Estates for approval, MR confirmed yes for both questions. MR said she has updated the permit to work to include a section for quality sign off saying checks were completed by the team who have a good relationship with contractors but the evidence of such checks was not in place. SI requested that this report be tabled at the next Estates Committee for their consideration and comment.</p> <ul style="list-style-type: none"> • IT: Asset Management

	<p>PC gave an overview of the one medium and five low recommendations and ran through the key findings. KD informed the policy for lost or stolen devices will go to College Leadership Committee this Friday. SI queried the overall controls to allow a policy to not be reviewed in 7 years. SI reiterated the requirement for policy expiration to be presented to the Audit Committee as a standing item going forward.</p> <p>SI asked KD if controls were in place to monitor IT assets. KD confirmed they were.</p> <p>Asset monitoring - SI asked KD to check the cost for the upgrade to mobile device tracking which may provide greater assurance regarding IT assets and provide an update at the next meeting.</p> <p>Secure disposal – SI queried whether asset disposal forms and completed and signed off for all IT assets disposed of and the register updated. KD confirmed this was the case.</p> <p>Asset retrieval – SI queried whether we retrieve IT assets from staff that leave employment, and then queried if an asset was lost or stolen, whether we could remotely delete the stored data from the device. KD informed that the college makes all attempts to recover all IT assets. KD advised of a new joint approach which will trigger an e-mail to both HR and IT in advance of employees leaving employment to support IT device retrieval. KD said College mobile phones can be cleansed but not information on the hard drive of laptops.</p> <p>SI requested that this report be tabled at the next Estates Committee for their consideration and comment.</p> <p>The Audit Committee noted the internal audit reports.</p>
<p>7</p>	<p>RSM Internal Audit Progress Report</p> <p>It was proposed the data and funding audit due on 11th May 2020 includes funding apprenticeship income and debtors and they are followed up together at the June 2020 meeting. This was agreed by the Audit Committee.</p> <p>SI asked if costs would be offset, PC confirmed the bill would be adjusted.</p> <p>The Audit Committee approved the inclusion of the Apprenticeship Data & Funding audit.</p>
<p>8</p>	<p>Audit Tracker (standing item)</p> <p>KD reported the audit tracker is submitted to College Leadership Committee on a monthly basis and beforehand the responsible Manager is asked for an update. KD is to add the recommendations from the external audit and an updated version will be presented to the next Audit Committee meeting.</p> <p>KD reported some differences with the implementation dates for Health and Safety actions saying this was due to the new Health and Safety Manager not being appointed until February 2019.</p> <p>SI asked for all overdue actions to have an update for the next meeting. SI also requested an additional column to be added to the table for requests for extended timescales, including the reasons for the request. SI also asked that any actions that are closed be moved to the bottom of the document and be 'greyed out' to ensure the focus of the Audit Committee in on the outstanding actions.</p> <p>The Audit Committee noted the Audit Tracker update.</p>

<p>9</p>	<p>To consider the risk register (standing item)</p> <p>KD said the risk register is reviewed at College Leadership Committee regularly around every quarter and will go this Friday. KD reported that there have been real changes since last time as previously this was to receive any updated actions from managers.</p> <p>SI stated that where actions have been completed and risks have been managed down to their planned score that they should be considered for removal</p> <p>SI also commented that he would like to see other sub committees reviewing relevant sections of the risk register for their portfolio of responsibility and this updated can be provided as part of the risk register update to the Audit Committee going forward.</p> <p>SI asked for the risks identified in the FE Commissioners letter to be considered, and whether this required the risk register to be updated.</p> <p>The Audit Committee noted the risk register update.</p>
<p>10</p>	<p>RSM letter of engagement including fees – Apprenticeship Funding Compliance</p> <p>KD requested approval for an internal funding audit specifically for apprenticeship income to ensure the College is compliant with the revised funding rules. This audit is a pro-active action and an addition to the plan previously circulated. Costs will be subject to a reduction based previous report requests.</p> <p>The Audit Committee approved this request and the letter of engagement including the fees.</p>
<p>11</p>	<p>To note consideration of Terms of Reference</p> <p>AT circulated the Terms of Reference to members at the meeting saying they were consistent with the Audit Code of Practice. SI advised that he had discussed the terms of reference with the Clerk and was satisfied that they were appropriate and comprehensive and gave members until the end of the week to feed back any comments to the Clerk by which time they will be accepted as approved. PC noted section 2.1 should be ESFA not SFA – AT to update.</p> <p>The Audit Committee approved the Terms of Reference subject to any further amendment requests.</p>
<p>12</p>	<p>To receive and consider any risk reports from committees</p> <p>SI requested a NIL return of risks from Committees to provide assurance to Audit Committee that they are assessing their own risks. Audit Committee can then provide overall assurance to the Board.</p> <p>The Audit Committee noted the position.</p>
<p>13</p>	<p>Any other business</p> <p><u>Ethical guidance</u></p> <p>SI noted that PC and LR are conflicted due to this agenda item and the discussion that will need to take place. PC and LR left the meeting. KD advised of new ethical standards as from 15th March 2020 meaning RSM can no longer provide both the internal and external audit service to the college. KD is proposing a change to the internal audit service as the further year was an extension of the original tender and she wouldn't want to change external auditors whilst being in intervention as this provides the greater assurance to the Board of Governors regarding the governance of the financial position and annual accounts.</p>

	<p>KD advised that an approved framework could be used to shorten the process using the internal audit service specification which has already been produced. The proposed framework contains the usual list of internal audit providers. SI advised that we would need to ensure we had the right split in weightings between quality and cost.</p> <p>KD can provide members with the specification to see if any changes are required. SI stated we required the service specification to contain assurance levels on individual audit assignments and also to provide an annual head of internal audit opinion. JR said the requirement was disappointing and was of the view that RSM provide a good internal audit service, but agreed with KD's rationale to prioritise the continued use of RSM for external audit services.</p> <p>SI noted a previous employer (more than 12 months ago) was included on the tender list and queried a potential conflict of interest should they be shortlisted. The clerk advised that given SI's relatively recent employment with Audit One the potential conflict should be noted but that as there would be an interview team and the final decision would be taken by the full board then it would be sufficient if SI's declaration of interest was noted at each stage.</p> <p>The Audit Committee approved the use of Tenet to go out to tender for internal audit services using the service specification (subject to any requested and approved changes) set by the College and of the use of a framework to reduce the timescale as this will need to be in place by 1st August 2020.</p>
14	<p>To note the date and time of the next meeting: Wednesday 24th June 2020 at 5.30pm in Conference room 4</p>
15	<p>Meeting without external advisers (standing item) Not required.</p>

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CHAIRMAN

Action points from the meeting on 3 March 2020

No	Item	By Whom	By Date
4	Matters arising 13/11/19 List of QA Policy dates to be supplied and an agenda item at the next meeting	A Theakston D Hankey K Dales	24 th June 2020
5	Management responses to be added to the governance review action plan and this to be brought to the next Audit Committee meeting	D Hankey/ A Theakston	24 th June 2020
6	Safeguarding & Prevent: Work Based Learning Update on pre-employment checks to be an agenda item at the next meeting Copy of this audit report to go to the next Curriculum & Standards meeting Estates: Planned Preventative and Responsive Maintenance Copy of this audit report to go to the next Estates Committee IT: Asset Management Copy of the IT Asset Management report to go to the next Estates Committee. Cost to upgrade mobile device controls to be given to Audit Committee	K Dales/ A Theakston A Theakston A Theakston A Theakston K Dales	24 th June 2020 2 nd June 2020 [day papers issued] 27 th May 2020 [day papers issued] 27 th May 2020 [day papers issued] 24 th June 2020
8	External audit recommendations to be added to the audit tracker March implementation dates to have a column added with an extended timescale and reason and for any actions already cleared to be greyed out. Actions with an August/September implementation date to have a progress update added.	K Dales K Dales K Dales	As soon as possible As soon as possible As soon as possible
9	Risks identified in the FE Commissioners letter to be added to the risk register	K Dales	As soon as possible
11	Terms of Reference – members to give any comments by 6 th March Section 2.1 to be updated to ESFA instead of SFA	All A Theakston	6 th March 2020 As soon as possible
12	Committees to provide a NIL return to Audit Committee for assurance purposes	Relevant Chair A Theakston	Every meeting