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| **MINUTES** | | | | | | |
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| *Audit and Governance Committee No 27* | | | | | | |
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| Date: |  | *09/11/2021 (Tuesday)* |  | Time: |  | *18:00–20:00* |
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| Venue: |  | *Via Teams* |  | Committee: |  | *Audit and Governance* |
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| Notes: |  | *The meeting will take place via video conference on the Teams platform* | | | | |
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| Present: |  | *Barbara Godby, Debbie Clayton, Dylan Ashcroft, Jane Booker (Chair), Robert Wallace and Robin Newton-Syms* | | | | |
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| Attending: |  | *Alison Robinson (Principal) and Joanne Sherrington (Deputy Principal)* | | | | |
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| Clerks: |  | *Ron Matthews (Clerk)* | | | | |
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| Guests: |  | *Jane Butterfield (Internal Auditor) and Karen Musgrave (External Auditor)* | | | | |
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| ***Public* Minutes** | |
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| Item number: | Item description: |
| (and category) |  |
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| **55.21** | ***Attendance of College Management Staff*** |
| ***Decision*** | Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee states:  "The Principal or any other senior manager who is responsible for the College's internal control and representatives of the External and 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 and necessary".  **Resolved:**  **That the Audit & Governance Committee confirm the attendance of College Management staff and the Internal External Audit representatives.** |
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| **56.21** | ***Apologies for Absence*** |
| ***Record*** | There were no apologies all members being present. |
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| **57.21** | ***Appointment of Chair and Vice-Chair for the Academic Year 2021/2022*** |
| ***Decision*** | |  | | --- | | The Committee considered the appointment of a Chair and Vice-Chair for the coming academic year.  **Following due process it was**  **Resolved:**  **1.  That Jane Booker be appointed Chair of the Audit and Governance**  **Committee for the Academic Year 2021/2022.** | |  |   **2.  That Rob Wallace be appointed Vice-Chair of the Audit and Governance**  **Committee for the Academic Year 2021/2022.** |
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| **58.21** | ***Minutes of Previous Meeting*** |
| ***Decision*** | The public minutes of the Audit and Governance Committee meeting number 26 held on Tuesday 15 June 2021, published on the Extranet, were signed and agreed as a true and correct record. |
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| **59.21** | ***Declarations of Interest*** |
| ***Decision*** | There were no declarations of interest made in respect of items on the public agenda. |
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| **60.21** | ***Financial Statements Auditor Draft Management Letter*** |
| ***Decision*** | |  |  |  |  | | --- | --- | --- | --- | | RSM’s Karen Musgrave, attended the meeting and presented the Audit Findings Report to the Committee and responded to questions.   |  | | --- | | **The external audit of the financial statements** for the year ended 31 July 2021 was almost complete. The report included the proposed Letters of Representation in respect of both the Financial Statements and Regularity Assurance. The letters would be signed after the Corporation meeting on 14 December 2021.  The Auditors Report lodged within the Financial Statements stated:In our opinion the Financial statements:   * Give a true and fair view of the College's affairs as at 31st July 2020 and of the Colleges deficit of income over expenditure for the year then ended, and have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting of Practice. |  |  | | --- | | The Audit Findings Report highlighted key points:   * RSM had nothing to report in respect of additional audit, accounting and regularity issues identified during their audit and regularity work. * No unadjusted or adjusted misstatements in the financial statements. * RSM had nothing to report in respect of impropriety issues from their work undertaken in respect of the regularity audit. * A discrepancy in relation to Apprenticeship of £16,000 was below the reportable threshold |  |  | | --- | | The Auditor made comment on the ''high quality set of accounts'' and wished to pass her thanks to the Finance team and in particular the Director of Finance, Janet Whiteside. |   **Resolved**:  **1**.   **That the External Audit Findings Report for the year ended 31 July 2021**  **be commended to Corporation for approval.**  **2.   That the Auditors Opinion in respect of the Financial Statements**  **Audit and Conclusion in respect of the Regularity Audit for 2020/2021 be**  **commended to Corporation for approval and signatures.**  **3.   That the Letters of Representation be commended to Corporation**  **for signature by the Chair and Principal.** | |
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| **61.21** | ***Internal Audit Reports July 2021*** |
| ***Decision*** | The Internal Auditor, Jane Butterfield, presented three reports on assurance reviews.  The first report was an Assurance Review of ICT Cyber Security.  Overall there were two important and three routine recommendations made.  The first important recommendation was that ''a review of the user account set-up process and regular review of Active Directory user accounts by IT and curriculum teams be established to ensure that only valid and required user accounts are present and enabled. Where possible, expiry dates for student user accounts be set''.  Management had accepted this recommendation with a completion date of 17 December 2021.  The second important recommendation was ''that Regular mandatory cyber security training, to cover aspects of cyber security as may be relevant to the College, be established and evidence of staff attendance be maintained''.  Management accepted this recommendation which had already been completed.  The first routine recommendation was that ''The Information Security Policy be reviewed''.  The second routine recommendation was that ''The Cyber Security Policy be reviewed''.  The third routine recommendation was that ''The Information Security Incident and Data Breach Policy be reviewed''.  Management had accepted all three Routine recommendations with an implementation date of 17 December 2021.  The second Internal Audit Report was the Annual Report for 2020/2021 which showed that all audits required as part of the agree Annual Plan had been completed within the contractually allocated days.  The Third report was the Follow-Up Report which detailed all previous outstanding recommendations and the progress made. Overall, 23 recommendations had been implemented with one remaining outstanding.  The Outstanding recommendation was from 2017/2018 and related to ''A data retention policy and procedure will be implemented, setting out standard retention periods for specific categories of data, based on purpose and business need. Data will then be deleted or anonymised as appropriate on a cyclical basis in line with retention requirements''.  This had been partially completed but delays had been experienced due to staff shortages but should now be completed by 31 January 2021.  Governors again expressed concern that a recommendation from 2017/2018 had still not been completed irrespective of the reasons and urged Officers to rectify the situation as quickly as possible.  **Resolved:**  **That the report be received.** |
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| **62.21** | ***Internal Audit Progress and Summary Report*** |
| ***Decision*** | The Committee received and noted the above report, which contained information detailing progress to date on all recommendations made.  In 2017/18 a total of 21 recommendations were made of which 18 (86%) had been implemented, 1 (5%) partially completed, 1 (10%) no longer applicable with none outstanding.  In 2020/21 a total of 20 recommendations were made of which 14 (70%) had been implemented, 2 (10%) partially completed, 3 (15%) were not yet due and 1(5%) was an operational action with none outstanding.  **Resolved:**  **That the report be received.** |
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| **63.21** | ***Teachers Pension Report*** |
| ***Decision*** | Audit & Governance Committee received the Teachers' Pension Report.  The Committee noted that RSM had provided an independent reasonable assurance report in connection with the Teachers’ Pensions Contributions for the year ended 31 March 2021, which had been submitted to the ESFA in accordance with their time frame.  **Resolved:**  **That the Teachers' Pension Report be noted.** |
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| **64.21** | ***RSM Emerging Issues Report - Autumn 2021*** |
| ***Decision*** | The Audit and Governance Committee received a report from RSM, the College Auditors, on emerging issues as at Autumn 2021.  Karen Musgrave responded to questions from Governors on behalf of RSM.  Governors felt that the document had provided useful information and requested that it be distributed to all Governors.  **Resolved:**  **That the report be received.** |
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| **65.21** | ***Risk Register (full) 2021/2022*** |
| ***Decision*** | Audit & Governance Committee gave attention to the full risk register, a live document that is continuously updated.  The current register was dominated by reference to Covid and the Cyber security which continued to impact on the College's operations.  The risk register was sub-divided in line with the revised Strategic Plan - Learning, People and Sustainability.  The College’s committees, at each meeting, reviewed the risk registers appropriate to their respective terms of reference and the Corporation reviewed the top 5 Operational Risks. Risk was measured by considering both **likelihood** and **effect** using a scale of 1 to 5.   |  | | --- | | **Resolved:**  **1.   That the College Risk Appetite remained fit for purpose and**  **commended to Corporation for approval.**  **2.   That the full College Risk Register be commended to Corporation**  **for approval.** | |
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| **66.21** | ***Data Returns Report*** |
| ***Decision*** | Audit and Governance Committee considered the report, which listed the completion and timing of statutory returns required by the relevant funding bodies for the year end 2020/2021 and the completed returns for the current year 2021/2022.  All returns had been submitted on time.  **Resolved:**  **That the Data Returns Report be received.** |
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| **67.21** | ***Draft Annual Report of the Audit and Governance Committee to the Principal/Chief Executive and Corporation*** |
| ***Decision*** | |  |  | | --- | --- | | The Committee considered the Draft Annual Report of the Audit & Governance Committee to the Principal/Chief Executive and the Corporation for the year 2020/2021. Audit & Governance Committee noted that the report, apart from Audit matters, also reflected Governance matters according to its Terms of Reference. In accordance with the Joint Audit Code of Practice the Audit & Governance Committee was required to give assurance to the Board.  Members noted that the report stated:  ‘The Audit & Governance Committee is of the view that it has operated effectively and fulfilled its obligations as identified in its Terms of Reference.  It is also of the opinion that the College’s audit arrangements, the internal control systems, value for money policy and procedures, financial controls, framework of governance, risk management and control are adequate, operating effectively and its processes secure economy, efficiency and effectiveness and can be relied upon.’  The report was required in order to report any major issues that occurred after the end of the year in question and before the report was approved.  The report would be signed by the Chair of Audit & Governance Committee and commended to Corporation for approval and onward transmission to the funding body.  Members considered the Audit & Governance Committee terms of reference, attached as an appendix to the report, and agreed they remained fit for purpose.   |  | | --- | | **Resolved:** | |   **1.   That the draft Annual Report of the Audit & Governance Committee**  **to the Principal/Chief Executive and Corporation for the year ended**  **31 July 2021 be accepted and commended to the Corporation.**  **2.   That the Audit & Governance Committee Constitution and Terms**  **of Reference remained fit for purpose.** |
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| **68.21** | ***Annual Review of the Decision-Making Process of Corporation*** |
| ***Decision*** | |  | | --- | | The Provider Financial Assurance (PFA) review of the effectiveness of financial management and governance at Myerscough, undertaken in January 2003, recommended that the Corporation carry out a full review of its decision-making processes annually. This requirement arises from the press release issued by Baroness Blackstone in April 1999, which stated that each college must review annually its decision-making process and such reviews must be recorded in the Corporation minutes.  Audit & Governance Committee therefore considered the following items, which made up part of the overall decision-making process and recommend for approval.  **Corporation Structure, Standing Orders and Code of Conduct for Governors.** |   The Instrument and Articles of Government were lost during the cyber-attack and were currently being rewritten. They will be presented to the February meeting of the Committee.  During this cycle of meetings all Committees were asked to consider their Terms of Reference to ensure they remained fit for purpose. The Terms of Reference for the Audit and Governance Committee were considered under the previous item as part of the Annual Report to Corporation.  **Resolved:**  **That the Committee express its satisfaction with the above and agreed that the documents attached to the decision-making processes remained fit for purpose.** |
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| **69.21** | ***Governor Training*** |
| ***Dec*** | The Clerk confirmed that the Governors Away Event had been arranged for Friday 4 March 2021, approximately 9.30am to 4.00pm.  The Principal and Clerk outlined the main elements for the programme which would be confirmed nearer the date.  The Clerk also indicated that following an ESFA directive he was reviewing arrangements for Governor training.  **Resolved:**  **That the report be received.** |