

## The Bournemouth and Poole College

### MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 17 JUNE 2019

<b>Members Present:</b>	
John Taylor	Board Member & Chair of the Audit Committee
Martin Lucas	Co-opted Committee Member
Guy Spencer	Co-opted Committee Member
<b>In attendance:</b>	
Michael Johnson	Vice Principal Finance & Commercial Development
David Ford	Board Member
Steen Gourlay	TIAA
Victoria Sewell	KPMG
Marianne Barnard	Director of Governance and Clerk to the Corporation

#### PART A

		Actions
<b>034-1819</b>	<b>APOLOGIES FOR ABSENCE</b> No apologies had been received.	
<b>035-1819</b>	<b>DECLARATIONS OF INTEREST</b> There were no declarations of interest noted.	
<b>036-1819</b>	<b>MINUTES OF THE LAST MEETING</b> The minutes of the meeting held on 18 March 2019 were confirmed as an accurate record and approved by the Committee. <b>RESOLVED:</b> To approve the minutes of the meeting held on 18 March 2019.	
<b>037-1819</b>	<b>MATTERS ARISING</b>  The committee requested an update on the previously noted requirement for Board Members to fully scrutinise the monthly college management accounts. The Chair of the Committee confirmed that financial performance was being very closely monitored by the College Exec, members of the Finance Advisory Group and Board members. It was also noted that there had been agreement that the college needed to be more agile with its finances, to be able to more easily strip out costs when necessary.  It was agreed that some training on the insolvency regime should be organised for all Board and Audit Committee Members, the Clerk would ensure this was arranged for the Autumn term.  It was noted that whilst the Curriculum Advisory Group was seen as a mitigation against a number of issues, it couldn't be expected to fix everything.  <b>RESOLVED:</b> To note the latest Audit Committee Tracker.	Clerk
<b>038-1819</b>	<b>FORWARD PLANNING</b> The draft Audit Committee Calendar of Business for 2019-20 was reviewed and	

	<p>approved by the Committee.</p> <p><b>RESOLVED:</b> The committee reviewed and approved the draft Audit Committee Calendar of Business for 2019-20.</p>	
<p><b>039-1819</b></p>	<p><b>INTERNAL AUDIT REPORTS</b></p> <p>The following internal audit reports were presented by TIAA:</p> <p>i) Governance &amp; Performance Management The Governance &amp; Performance Management review considered the arrangements for providing assurance to the Board and senior management through the use of Key Performance Indicators and the systems used to track and manage the attainment of these targets. The scope of the review included consideration of the quality of reports to Governors, the implications of any changes to MIS and changes in data collation. The impact of staffing utilisation given the organisational re-structure was also considered.</p> <p>Overall conclusions included:</p> <ul style="list-style-type: none"> <li>• The College had in place effective and robust systems for reviewing Key Performance Indicators that were clearly linked to its Strategic Objectives.</li> <li>• The Corporation Schedule of Business ensured that the rolling review of Governance Policies and processes covered all aspects of College performance management. The Executive provided the narrative commentary for the KPIs reported and an effective link to the College staff when implementing performance management actions.</li> </ul> <p>ii) Appraisal Review of Sub-contracting The purpose of the Appraisal Review of Sub-contracting had been to provide a report and certificate in accordance with the requirements of the Education and Skills Funding Agency (ESFA) that the College had satisfactory assurance arrangements in place to manage and control their sub-contractors. The review only covered the requirements noted within the ESFA guidance for providing external assurance on sub-contracting controls report.</p> <p>Overall conclusions included:</p> <ul style="list-style-type: none"> <li>• The College had effective controls in place to comply with general sub-contracting requirements, including the approval of a new Sub-Contracting Policy in November 2018.</li> <li>• The new Policy included a flowchart that described processes followed to ensure that the selection, procurement and entering into new sub-contracts was robust.</li> <li>• Sub-Contract fees and charges were included in the Sub-Contracting Policy, however, the information on the College website needed to be updated.</li> <li>• The Quality Team was now responsible for managing and monitoring sub-contract provision and ensuring it was the same standard as the College's direct provision.</li> <li>• The College has a Sub-Contract Contingency Strategy in place should the College of the Sub-Contractor withdraw from an existing arrangement.</li> </ul> <p>Two operational action points were reported. It was questioned by committee members whether not having a central record of all sub-contractors was a risk? It was confirmed that the college had two arrangements, but that one member of staff involved in the internal audit had not been not aware of one of them, therefore it was not considered a risk. In addition, next year it is likely the College will stop using by far the larger of the two sub-contractors (Learning Curve Group) because the College sub-contracts Adult Education Budget funded provision to them and this budget is being reduced next year.</p> <p>iii) ICT Review of GDPR Compliance The scope of the review was to assess compliance with Data Assurance requirements, including the key [EU] GDPR elements of:</p> <ul style="list-style-type: none"> <li>• Privacy Impact Assessments</li> <li>• Data Subject rights (e.g. Right to be forgotten)</li> </ul>	

	<ul style="list-style-type: none"> <li>• Data Classification and Asset Management</li> <li>• Data Security &amp; Breach Management</li> <li>• Governance &amp; Consent</li> <li>• Data Controllers &amp; Processors</li> </ul> <p>Overall conclusions included:</p> <ul style="list-style-type: none"> <li>• The GDPR Action Plan should be reviewed to ascertain current progress against deadlines.</li> <li>• The College's Information Asset Register did not include the legal basis or risk mitigations for each information asset.</li> <li>• The Data Protection Officer's job description did not currently include Data Protection responsibilities and accountability.</li> <li>• That Information Security exercises, such as a phishing email campaign, be considered to test staff compliance with training.</li> </ul> <p>There were two important and five routine recommendations. It was noted that the fine for non-compliance could be as much as 4% of the college's turnover, which was agreed to be a significant risk.</p> <p><b>RESOLVED:</b> To receive and note the above TIAA internal audit reports.</p>	
<b>040-1819</b>	<p><b>COLLEGE FOLLOW-UP</b></p> <p>The TIAA follow up report was presented and it was confirmed that a final update would be completed before the end of the summer term 2019.</p> <p><b>RESOLVED:</b> The committee reviewed the Audit follow-up report showing progress with audit recommendations and a status report on completed actions.</p>	
<b>041-1819</b>	<p><b>RISK MANAGEMENT</b></p> <p>The VP F&amp;CD presented the latest Risk Management Dashboard (which tracked the highest risks the College was managing) and the detailed Risk Register (that identified all the significant risks being managed). It was noted that at the March Audit Committee meeting a significant amount of time was spent looking at the detail, a number of risks were identified that the committee felt they did not have sufficient assurance on. The register had been updated and detail was provided on the actions around the March 2019 Ofsted visit and the work being done as part of the Coming Back Stronger plan.</p> <p>A number of new potential risks were noted, including the recruitment and retention of appropriately qualified governors, especially those with a finance background. Concern was also noted in relation to capacity in the college Executive, it was confirmed that a report had been prepared and would be presented at the Board meeting in July 2019.</p> <p><b>RESOLVED:</b> The committee noted the current Risk Register.</p>	
<b>042-1819</b>	<p><b>RISK MANAGEMENT POLICY</b></p> <p>The committee reviewed the Risk Management Policy and agreed to recommend to the Board for approval. It was noted that the policy was reviewed every two years.</p> <p><b>RESOLVED:</b> The committee reviewed and recommended the policy for approval to the Board.</p>	
<b>043-1819</b>	<p><b>YEAR-END FINANCIAL ACCOUNTS AUDIT PLAN AND REGULATORY PLAN</b></p> <p>KPMG presented the Audit plan and strategy for the year ending 31 July 2019. It was noted that the risk assessment drew upon historic knowledge of the business, the industry and the wider economic environment in which the College operated. KPMG also reported that they used regular meetings with senior management to update their understanding and took input from local audit teams and internal audit reports.</p> <p>The risk map presented identified significant risks and other areas of audit focus. Significant Risks identified included: Overall Financial Position and Going</p>	

	<p>Concern, Pensions, Revenue recognition, Management override of controls. Other areas of audit focus included Regularity.</p> <p>Following discussion regarding the bank and loan covenant breach, KPMG acknowledged that they were aware that a lot of work was being done. It was noted that if an emphasis of matter paragraph was to be included, that there would be a strong push back from the college. It was noted by KPMG that a bank waiver would need to be in place by 31 July 2019. It was agreed to keep communication open with KPMG on this matter.</p> <p>The Chair of the committee asked KPMG about what was normal in the sector in terms of cash, it was acknowledged that March and April were always pinch points but that KPMG would look at it from a going concern perspective, could the college meet their liabilities?</p> <p>The committee noted the need for good planning ahead of the audit with KPMG, the College and WESS. It was also noted that the Chair of the Audit Committee would meet with Victoria Sewell during the audit.</p> <p><b>For resolution:</b> To receive the Audit plan and strategy for the year ending 31 July 2019 from KPMG.</p>	
<b>044-1819</b>	<p><b>TIAA ANNUAL PLAN</b></p> <p>To receive and review the following Annual Plans from TIAA:</p> <p>Annual Internal Audit Plan 2018-19 (Final)</p> <p>It was noted that the Safeguarding Audit had been removed for 2018-19, however it would come up again in the next cycle. The Chair confirmed his prior approval had been agreed.</p> <p>Audit Strategy Annual Internal Audit Plan 2019-20 (Draft). The committee noted areas for increasing focus.</p> <p><b>RESOLVED:</b> The committee received and reviewed the TIAA Annual Plans for 2018-19 &amp; 2019-20.</p>	
<b>045-1819</b>	<p><b>TERMS OF REFERENCE</b></p> <p>The committee considered proposed amendments to the ToR for the Audit Committee for 2019-20.</p> <p><b>RESOLVED:</b> The committee reviewed and approved for recommendation to the Board, the draft Terms of Reference for the Audit Committee for 2019-20.</p>	
<b>046-1819</b>	<p><b>ANY OTHER BUSINESS</b></p> <p>Committee Members thanked David Ford for attending the meeting on a one off basis whilst new Board &amp; Committee Members were recruited.</p>	
<b>047-1819</b>	<p><b>DATE OF NEXT MEETING:</b></p> <p>Monday 25 November 2019, 11.00-13.30. It was noted that the Finance Advisory Group meeting had been scheduled for 09.30-11.00 on the same day, to facilitate attendance by FAG members at the Audit Committee meeting.</p> <p>It was confirmed that papers for the Audit Committee would be circulated two weeks prior to the meeting.</p>	
<b>048-1819</b>	<p><b>EVALUATION</b></p> <p>It was agreed that the committee had undertaken the required activities.</p>	
<b>049-1819</b>	<p><b>CONFIDENTIALITY</b></p> <p>No items were deemed confidential.</p>	