

Confirmed Minutes of the Audit Committee Meeting held on Tuesday 1st October 2019 at 9.00am



Present: Mrs Susan Jarvis
Mr Andrew Jones (*Chair*)
Mr John McCormick
Ms Tracy Mawson

In attendance: Mr Stephen Pringle (*Senior Internal Audit Manager, Wylie & Bisset*)
Mrs Michelle Williams (*Vice Principal, Strategy & Resources*)
Mrs Catherine Shaw (*Clerk to Governors*)

The meeting was opened in prayer and Mrs Jarvis was welcomed as a new Member of the Committee.

1. DECLARATIONS OF INTEREST

Members were invited to declare whether they had any direct or indirect personal, prejudicial or pecuniary interest or conflict of interest in any matter which formed part of the agenda for this meeting or was likely to be discussed at this meeting.

No interests were declared.

2. APOLOGIES FOR ABSENCE

None, as all Members were in attendance and the meeting was quorate. The Clerk advised that she had received notification that Mr Pringle would be late arriving to the meeting due to traffic issues.

3. ITEMS FOR INCLUSION UNDER ANY OTHER BUSINESS

There were no items submitted for inclusion under any other business.

4. MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 11th JUNE 2019 (*previously circulated*)

4.1 Approval of the minutes

The minutes of the previous meeting held on 11th June 2019 were **approved** as a true record of the meeting and signed in accordance with Article 12 (3) of the Instrument and Articles of Government.

The publication of the minutes was authorised in accordance with Article 13.

5. MATTERS ARISING FROM THE MINUTES

5.1 To consider any matters arising from the minutes (*previously circulated*)
The Committee **noted** the action log.

6. COLLEGE MANAGEMENT REPORT

6.1 College update on progress made relating to previous recommendations made by the Internal Audit Service *(previously circulated)*

The Vice Principal provided a comprehensive progress report on all the recommendations made by the Internal Auditors in respect of previous audits throughout 2018/2019. The report and associated commentary confirmed that the College had completed a number of the recommendations and work was on-going on those not yet fully completed.

A discussion ensued with several questions being raised by Members and responded to by the Vice Principal. These included:

Q. When Management made the decision to re-instate the 'Smartlog' on-line health and safety training, had the historical training record been erased?

A. Yes and had to take place again.

Q. How often to Health and Safety Committee meetings take place at College?

A. Once every half term.

The Committee **noted** the very pleasing progress report. On behalf of the Committee, the Chair commended the Vice Principal and her colleagues on the progress achieved.

7. ANNUAL REPORTS

7.1 Annual Report 2018/2019 – RSM UK *(previously circulated)*

The Clerk advised this report was submitted by the contracted internal audit providers as at 31st July 2019; the contract had since expired. The document summarised the opinion on College performance in audits undertaken for the year ended 31st July 2019. Within the report the Head of Internal Audit at RSM UK stated that 'the College has an adequate and effective framework for risk management, governance and internal control.'

The Clerk drew the Committee's attention to Appendix A and the four standardised opinions that can be made. Carmel had received the highest level of assurance possible via RSM's established reporting procedures.

The Committee **noted** this very pleasing Annual Internal Audit Report.

Recommended for approval to the Board:

7.2 Audit Committee Annual Report 2018/2019 *(enclosure)*

The Clerk advised that it was a statutory requirement to produce an Audit Committee Annual Report. The draft report included the Committee's Terms of Reference, which was considered by the Committee.

The Committee **recommended the approval** of the Audit Committee Annual Report 2018/2019 to the Full Governing Body.

Action: Clerk – FGB Agenda Item

8. REPORTS FROM INTERNAL AUDITORS

8.1 Letter of Engagement (*enclosure*)

The Committee considered the contents of the signed letter which detailed the scope of the agreement, its term and costs.

The Committee **approved** the Letter of Engagement.

Due to unforeseen circumstances and the late arrival of the Internal Auditor, agenda items 8.2 and 10.1 were addressed following 11.1.

8.2 Audit Needs Assessment 2019-2022 – Wylie and Bisset (*enclosure*)

Mr Pringle advised that Wylie & Bisset had been delighted to be appointed as the Internal Audit providers to the College from 1st August 2019 to 31st July 2024. He provided background information regarding the firm and then guided the Committee through the appended document containing the proposed three year plan. A discussion ensued.

In response to a question raised, the Internal Auditor advised that the proposed fieldwork relating to the Strategic Plan would not ordinarily focus on staff recruitment and retention, as this would be considered a separate audit area. The Internal Auditor advised that a scoping meeting would take place with College Management prior to the commencement of any fieldwork.

The Committee **approved** the Internal Audit Plan for 2019-2022, as presented. The field work to be undertaken in 2019/20 was agreed as follows:

<u>Audit Area</u>	<u>Date of College Visit</u>	<u>Date for reporting to the Audit Committee</u>
Student Records Safeguarding	9 th December 2019	17 th March 2020
IT Review Overall Financial Controls Follow Up Review	20 th April 2020	9 th June 2020

9. RISK MANAGEMENT

9.1 Risk Policy (*previously circulated*)

The Committee **recommended approval** of the Risk Management Policy to the Board, as presented by the Vice Principal.

Mr Pringle joined the meeting and offered apologies for his late arrival.

9.2 Risk Register (*previously circulated*)

9.3 Risk Management Action Plan (*previously circulated*)

The Vice Principal addressed these agenda items together. Mrs Williams highlighted the following information in her report:

- The Risk Register was derived from the approved College Strategic Plan and was managed on an operational basis by the CMT.
- The full Risk Register for 2019/20 was yet to be considered by the Corporate Management Team (CMT), in its capacity as the Risk Management Team. The reasons for this were explained and related to the risk cycle.
- The three contingent and significant risks arising from the priority list and remain relevant to last year's strategic aims were:

Challenge Students and Yourself	Retention to remain a key focus for College to improve the number of students completing a full programme of study at Carmel.
Marketing and Liaison	To ensure that enough students attend interviews in order to meet the College enrolment target and maintain College enrolments.
Maintain Financial Stability	To maintain a sound financial base in order to ensure that the College can continue to sustain financial viability and continue to offer viable outstanding sixth form provision to the community.

A discussion ensued.

The Committee **approved** these key areas within the Risk Management Action Plan.

10. **SECTOR UPDATE**

10.1 **Presentation by the Internal Auditor**

The Internal Auditor was invited to advise the Committee of any emerging issues within the sector. Mr Pringle outlined the following:

- Compliance with the General Data Protection Regulations (GDPR).
- Financial issues including the introduction of the Insolvency Regime applicable to Governing Bodies and level of Government funding for the sector.
- Fraud – the Internal Auditor provided an overview of a situation whereby there was a severe lack of internal controls and segregation of duties at an unnamed College. This resulted in a staff member being arrested on suspicion of fraud estimated to be in the region of £200k.
- IT cyber security remained a key focus.

The Committee **noted** the verbal report and Mr Pringle was thanked for his informative update.

11. **CLERK'S REPORTS**

For Approval:

11.1 **Schedule of Governing Body and Committee Business 2019-2020** (*enclosure*)

The Clerk presented this report for consideration by the Committee. She requested that one additional item be included which related to a progress review of HE / Year 0 provision to be undertaken by the Quality and Standards Committee.

The Committee **approved** the Calendar of Business 2019/2020, together with the request relating to HE provision. The Clerk was thanked for the comprehensive report.

12. FUTURE AGENDA ITEMS

12.1 To consider topic areas for future discussion

There were no topic areas submitted for future discussion, other than the agenda item discussed at 5.1 relating to the College's Anti-Fraud Strategy.

13. COMMITTEE KEY PERFORMANCE INDICATORS

13.1 Review (previously circulated)

The Committee considered the completed report for 2018/2019. All key performance indicators had been met and 100% attendance recorded for all Committee members throughout the year.

The Committee approved:

- **Noted** the contents of the report
- **Approved** for the Key Performance Indicators to remain unchanged for 2019/2020.

14. ANY OTHER BUSINESS

None.

15. DATE OF NEXT MEETING

Friday 22nd November 2019 at 9.00am.

Mr Pringle was thanked for his attendance and he left the meeting.

16. CONFIDENTIAL MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 11th JUNE 2019 (previously circulated)

16.1 To approve and sign the minutes in accordance with Clause 12 (3)

The confidential minutes of the previous meeting held on 11th June 2019 were **approved** as a true record of the meeting and signed in accordance with Article 12 (3) of the Instrument and Articles of Government.

16.2 To consider any matters arising from the minutes

There were no matters arising from the minutes.

There being no further business for discussion the meeting concluded at 9.55 am. The Chair thanked all Members for their attendance and contribution.

Signed by the Chair: College File signed by Mr Andrew Jones

On this day:22nd November 2019