

## The Henley College Corporation

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<b>MINUTES of the Meeting of the Audit Committee held on Monday 10 June 2019 at 10.00</b>		
<b>Members Present:</b> David Welch Brian Fennelly Steve Forward Mohammed Khaliel Jeni Wood  <b>In attendance:</b> Satwant Deol Ashok Patel James McCaffney Dakodra Takodra Jacky Gearey	Independent Member/Chair Independent Member Independent Member Independent Member Independent Member  Principal Director of Finance (DoF) Health & Safety Manager and Estates (HoS) TIAA Clerk	
Agenda Item	Minutes	Action by
4.1	<b>Opening of meeting</b> The meeting opened at 10.12, under item 4.10 the HoS asked if he could present his report directly after item 4.7 as he was required elsewhere.	
4.2	<b>Apologies for Absence</b> Tony Sanderson – out of the country	
4.3	<b>Declaration of Interests</b> There were no declarations of interest.	
4.4	<b>Minutes of Previous Meeting</b> The minutes of the meeting 13 March 2019 were approved.  <b>Resolved: The Committee agreed that the Minutes were an accurate record of the meeting of 13 March 2019 and were signed by the Chair.</b>	
4.5	<b>Matters Arising from Previous Meetings</b> Item 3.9 - the specialist GDPR governor had spoken to the Head of MIS and had requested a report on both GDPR and cyber security which was still outstanding. Principal said she would hasten. There were no further matters arising.  <b>Resolved that Principal would speak to Head of MIS regarding the update report on GDPR and cyber security requested by Audit member</b>	
4.6	<b>Internal Audit Report</b> <b>(i) Review of Financial Control: Accounts Payable and Payroll</b> In March 2019 TIAA were asked to review the effectiveness of the following key financial controls which provide assurance that the following systems are operating in accordance with the College's requirements: <ul style="list-style-type: none"> <li>• Payroll</li> <li>• Purchases and purchasing procedures</li> </ul> The action points regarding item 1 and 4 (Financial Regulations and Procedures – thresholds and purchase order numbers) will be addressed in the June Finance meeting together with other issues. TIAA assured the committee that following their audit that the College has appropriate segregation of duties and key financial controls in place which were found to be	

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	<p>operating effectively from the testing completed as part of this review. However, some areas were found where controls in place could be strengthened namely:</p> <ul style="list-style-type: none"> <li>• Contracts of employment for starters and resignation letters (or other evidence) for leavers need to be retained by HR.</li> <li>• As good practice, the 'New Supplier Details form' should be signed by the requesting officer and evidence of the request should be documented by Finance.</li> </ul> <p>The committee felt that the Internal Audit Report on Payroll and Accounts payable raised a number of points which they believed were all correctly classified as routine so worthy of discussion but not a cause for concern in particular the following points were raised:</p> <p>The Chair asked about compliance in section 4 regarding purchase orders – and it was confirmed that there should always be one in place even if the final value of the order had not been finalised</p> <p>10.6 – requirement for three quotes for purchases over £500 – the committee asked why this was not a £100 limit and DoF said that the financial regulations for the College stipulated purchases over £500. The Clerk was asked to check when this increase took place.</p> <p>10.14 – what were the reasons why supporting resignations letters were not provided for two leavers – TIAA confirmed that this was unknown.</p> <p>10.20 – why was the requesting manager not required to sign new supplier form as this seems incomplete. DoF said that this would be looked at.</p> <p>10.21 – supplier forms are now signed by the requesting officer</p> <p>10.22 – when did changes to supplier details take place – DoF said that he would find out.</p> <p><b>(ii) Learner Numbers System</b></p> <p>This audit was delayed and started w/c 20 May, as a result the report is in draft and has still to be presented to DoF and the SLT before it can be issued. However TIAA said that they can give reasonable reassurance and that an action plan is to be agreed and will be issued to the committee once finalised. TIAA did comment that compliance issues around forms filled in properly in particular withdrawal and transfer forms are issues but are ones seen typically in other Colleges.</p> <p><b>Resolved that:</b></p> <p>(i) <b>The Internal audit for financial control was received by the committee</b></p> <p>(ii) <b>Clerk to advise committee when the requirement to obtain three quotes for purchases over £500 was agreed and by whom.</b></p>	
4.7	<p><b>Internal audit needs assessment and schedule for following academic year</b></p> <p>There was no agreed three year plan at the moment and the DoF said he could give an example of a three year cycle using the 21 days per annum that TIAA provide to possibly include: governance, risk management with the focus on quality and financial planning. There was discussion on possibly auditing the strategic plan structural changes which is a living document so constantly being reviewed and the post transformation /organisation review. Whatever was decided TIAA confirmed that it was a requirement within their contract to take follow up actions.</p> <p>The following would be decided at the beginning of the next academic year after discussion with Principal and DoF.</p> <ol style="list-style-type: none"> <li>1. governance and risk management quality/performance management</li> <li>2. financial planning; and</li> <li>3. post organisational review structural changes (can be captured within governance.</li> </ol> <p><b>Resolved that the next three internal audits for 2019-2020 would be decided at the beginning of the next academic year.</b></p>	

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4.8	<p><b>Review of Performance of the internal and financial statement auditors and the establishment of annual performance indicators for next year</b></p> <p>Based on the reports received so far by the committee and comments made by the DoF, all were in agreement that there were no issues with the current internal and external auditors to report.</p>	
4.9	<p><b>Risk Management</b></p> <p><b>(i) SLT Risk Management Group minutes</b> The Chair asked for any comments on the RMG minutes – there were none.</p> <p><b>(ii) New Risk Register</b> The DoF provided background information for the change to the risk register. The SLT were tasked to consider streamlining the existing risk register process and consider alternative methods of scoring risk plus this was also a recommendation from the recent FEC process. The initial process of identifying the key Strategic Objectives of the College will still fall out of work initiated by the SLT, the Audit Committee would want to reassure itself that any update to this process is consistent with their overall scrutiny and monitoring on behalf of the full Corporation before approval by the full governing body. The key strategic objectives were discussed together with the strategic risk which is associated with the achievement of a future business plan. This will include new initiatives and funding streams as well as current services. Further explanation was provided on the risk evaluation using four categories and then the scoring mechanism for the risk which was quantified by multiplying probability by impact and presented using a two dimensional matrix. The DoF confirmed that this was normal practice and further explained that the use of such a matrix meant that the College can illustrate and make judgements upon the evaluated risk scores. The matrix provides a traffic light system where high (red), medium (amber) and low (green) level risks may fall. Completion of a matrix for inherent and residual risk and comparison of these will provide insight into the effectiveness of the College's risk management practice and their reliance upon internal control. The risk matrix may also be used to identify where risk has increased, decreased, remained static or been added as a new risk over time in order to focus Board and management review. The DoF summarised by saying that the risks are now linked to strategic objectives which may not be fully developed but draft included, that there was now a new simplified scoring of risk and finally that this revised risk register now identified inherent strategic levels of risks, the actions already taken or being taken to mitigate risk and identify future actions planned or unplanned that could reduce risk.</p> <p>The committee felt that probable and major needed to be red not amber (albeit there were no items in this class on the register) and that they would require immediate attention. The DoF directed the committee to the definitions within the paper which addressed this.</p> <p>TIAA commented that the RAG rating combined with a score will highlight the risk, citing for example an amber rating with a high or low score. The higher the score the greater the evaluated risk with that rating. The DoF remarked that the FEC had observed that the original risk register was difficult to follow which is why this has been reviewed. The committee agreed that if the regular review of risks included all red risks and any amber risks with a score of 9 (Major and Probable) then the proposed rating/scoring approach is acceptable.</p> <p>The committee felt that at a strategic level, the risk register must identify key risks for governors, key stakeholders and external organisations. Currently the register albeit logical and well-structured had no timescales and did not cover what the future position was likely to be, in addition reasons for changes from red to green were not recorded. Furthermore the committee also noted that all these risks link together and cannot be viewed independently with the committee discussing the different levels of understanding and</p>	

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	<p>interpretation of this register. The DoF said work was still being done and that this was a first draft. The Chair summarised the discussion and thought the register was clear and could see the general direction of travel commenting that it was difficult to measure subjective issues and shades of individuals' thinking.</p> <p><b>Dakodra Takodra left the meeting at 11.30</b></p> <p><b>(iii) Governors Strategic Risk Register</b> The Chair wanted to see if the Governors Strategic Risk Register could be aligned with the SLT risk register albeit the ownership was different, however after previous discussions this would seem to be more difficult than previously anticipated and therefore asked the committee if the current one was acceptable. The committee felt that after review the risk register was fit for purpose but wanted the following to be actioned onto the register;</p> <ol style="list-style-type: none"> <li>1. quality to be added</li> <li>2. it was agreed that retention/progression was part of financial viability and to remain</li> <li>3. accommodation plan is now de-scoped and should be reduced to 1 and therefore as it is on hold it can be removed.</li> </ol> <p>The committee then discussed the quality score and reputational element both of which were high risk and that together with the financial score which would remain as it is, the register needed to be updated for the Corporation meeting.</p> <p><b>Resolved that:</b></p> <ol style="list-style-type: none"> <li><b>(i) The SLT Risk Management Group minutes were received by the committee</b></li> <li><b>(ii) The draft new Risk Register was received by the committee</b></li> <li><b>(iii) The DoF to bring back finalised Risk Register to the committee at the next meeting</b></li> <li><b>(iv) Quality to be put back into Governors Strategic Register</b></li> <li><b>(v) Accommodation plan to be taken off Governors Strategic Register</b></li> <li><b>(vi) Figures on the risk register to be updated.</b></li> </ol>	
4.10	<p><b>Health &amp; Safety Report</b> The Health and Safety Audit including security update was presented by the HoS who commented on the following: <b>Fire evacuation</b> – timetable to be done due to exams. <b>Power cut</b> - Henley had a major power outage which affected both sites leading to the IT, evacuation and security systems failing due to the battery backup being completely drained due to the length of time of the outage. New batteries have been installed. <b>Policies</b> – health and safety policies were reviewed in April and updated as required. <b>Security</b> – a permanent security officer has been hired patrolling the sites 10.00-16.00 daily. College has purchased two body scanners as a precaution regarding any students possibly have knives or offensive items on their person. The College is going to have body cameras but IT need to approve the camera specifications. The committee said to be mindful that GDR applies to this. <b>CCTV system</b> – the College intends to gradually upgrade the CCTV system to IP cameras for better rendition – cost around £5000. The committee asked whether policies were in place to ensure that the College was fully compliant in this area and the HoS confirmed that this had been checked by the police.</p> <p><b>Resolved: that the Health &amp; Safety and Security Audit update was received by the Committee</b></p> <p><b>HoS left at 11.04</b></p>	
4.11	<b>Review of:</b>	

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	<p>(i) Committee Terms of Reference and Standing Agenda (SA)</p> <p>(a) SA - GDPR to be removed from every meeting and added as an annual report in the Autumn and a report in the Summer term</p> <p>(b) SA - Internal audit agenda for following academic year to be added to spring term.</p> <p>The new Terms of Reference were accepted as presented.</p> <p>(ii) Committee self-assessment – to be completed and sent back before end of June.</p> <p>(iii) Whistleblowing Policy - Review cycle has been added three years unless a review is required due to statutory or other changes.</p> <p><b>Resolved that:</b></p> <p>(i) <b>The standing agenda and terms of reference were received by the committee</b></p> <p>(ii) <b>The committee self-assessment to be returned to the Clerk asap but by the end of June at the latest.</b></p> <p>(iii) <b>The whistleblowing policy was received by the committee and to be put forward to the Corporation for approval with the agreed amendment.</b></p> <p><b>Due to other meetings both Brian Fennelly and Steve Forward left the meeting at 12.00</b></p>	
4.11	<p><b>Implications of external organisations</b></p> <p>DoF said that this had been covered under item 4.9 referring to the FEC visit and that there is an action plan that the College is managing. The Chair said that item this was a reiteration of the assurances required to ensure that the committee was aware of what was happening.</p>	
4.12	<p><b>Any Other Business</b></p> <p>There was no other business</p>	
4.13	<p><b>Items to be taken forward to next Corporation Meeting:</b></p> <ol style="list-style-type: none"> <li>1. Committee terms of reference and amended standing agenda for approval</li> <li>2. Whistleblowing Policy for approval</li> <li>3. Revised Governors Strategic Risk Register</li> </ol>	
4.14	<p><b>Date and Time of Next Meeting</b></p> <p>(i) Scheduled meeting is on Monday 4 November 2019 at 10.00</p>	
	<p><b>Meeting Closure</b></p> <p>The meeting closed at 12.07.</p>	
	<p>MINUTES of the meeting held on <b>Monday 10 June 2019</b> were agreed and accepted as a true and accurate record and signed by the Chair</p> <p>..... on .....</p>	