

Minutes of the Barnfield College **Audit Committee** Meeting held on **Tuesday 10 October 2017 at 5.30 pm** in the Board Room, Barnfield College, New Bedford Road, Luton LU2 7BF.

Governors	Cumulative Attendance	Present at this Meeting
Trevor Warrs (Chair)	1 of 1	✓
Alex Bain-Stewart	0 of 1	✓
Nick Barrett	1 of 1	✓
	Percentage Attendance to date 80%	Percentage Attendance this Meeting 100%

In Attendance: Tim Eyton-Jones – Principal and Chief Executive, Teck Kua – Executive Director Finance and Resources, Dan Harris – RSM (IAS), Lisa Milligan – Clerk to the Corporation.

1. Welcome and Apologies for Absence

The Chair welcomed everyone to the Meeting. Apologies for absence had been received from Alex Bain-Stewart and were accepted. The Meeting was quorate

2. Declaration of Financial and Non-financial Interests

There were no declarations of financial or non-financial interests.

3. Notification of Items of Any Other Business

The Chair notified an additional item of business which was approved.

4. Minutes of the Previous Meeting

The Minutes of the meeting held on Tuesday 4 July 2017 were APPROVED by the Committee and SIGNED by the Chair as an accurate record.

5. Register of Actions and Matters Arising

The Committee REVIEWED the Register of Actions and NOTED the previously agreed Internal Audit Follow-up Review of Applications and Risk Management was scheduled for 20 October 2017.
Action Clerk: to co-ordinate and oversee Follow-up IA.

6. Review and Approve for Recommendation to the Board Committee Terms of Reference

Members reviewed the proposed changes to the Audit Committee Terms of Reference and APPROVED the revised document for recommendation to the Board.

Action Clerk: ToR on Board Agenda

7. Receive Internal Audit Progress Report

Dan Harris, RSM, referred to the Internal Audit Progress Report. He advised the draft Report on Payroll which awaited management responses would come to the next meeting, together with the Internal Audit Follow-up and the Annual Opinion of the Internal Auditors. He reminded the Committee that it could draw on ALL the foregoing and any other reports to inform the Annual Report of Audit Committee.

The Clerk confirmed the 2017-18 Internal Audit Plan had been approved at Board. Dan Harris advised the Estates and Capital Expenditure Report would come to the next Audit Committee. Changes to the Internal Audit Plan on Page 3 of the Progress Report were NOTED, including the audit of Marketing which had been brought forward to November 2017.

The Chair asked Members of the Committee to turn their attention to the Emerging Issues section of the Progress Report.

Paul Rolfe joined the Meeting at 5.45pm and it was AGREED to take Item 9 next.

9. Risk Management IT Services

Paul Rolfe gave a brief overview of progress since the IT Services Department had separated from the Barnfield Federation which had included both the College and the Multi-academy Trusts and other entities. The College Team provided a full service including second line support and infrastructure. Paul advised the biggest threat was the College's users; cybercrime being an increasing risk, and indicated in the last 20 minutes the Department would have blocked 20,000 intrusions. Paul advised the Department monitored browsing history and provided, for example, specialist Prevent reports for the Safeguarding Team. The Committee noted this was information about which the Safeguarding Team then made a judgement and merely indicated a potential safeguarding issue.

Paul advised future activity for his team included: making more blended learning materials available, GDPR awareness, password testing and user training. He noted other than hardware failure the internet posed the most significant risk. He highlighted risk assessment activity undertaken by his Team and advised the Departmental Risk Register was scrutinised at Teck Kua's regular Finance and Resources meetings as well as at the termly Risk Management Group meetings. The Chair thanked Paul for his presentation.

Paul Rolfe left the meeting at 6pm.

Dan Harris, advised the Committee that IT had not been looked at in the last four years and Members might want to reflect on whether this should therefore be included in a future Internal Audit Plan.

Action Members of the Audit Committee: to consider whether to recommend a review of College IT in the next IA Plan.

7 Continued - Receive Internal Audit Progress Report

Members returned their attention to the Further Education Emerging Issues section of the Internal Audit Progress Report. Members discussed the briefings provided, including: non-levy apprenticeships and AEB funding, ESFA Business Plan and the introduction of GDPR. The Executive Director Finance and Resources indicated a working group had been established to make sure the College would meet all the requirements of the new legal framework prior to its introduction in May 2018. The Executive Director advised he intended to bring a briefing paper to Audit and Board in February 2018. The Clerk said she would circulate the AoC GDPR briefing to Members of the Committee.

Action Executive Director and Clerk: as above.

Nick Barrett asked when it was proposed the College would be GDPR compliant and the Executive Director Finance and Resources proposed bringing a timeline to the next Audit Committee.

Action Executive Director: as above.

8. Note Verbal Update on ICCA Funding Optimisation Exercise

The Executive Director Finance and Resources advised an invoice had been received for £77,608 for the funding optimisation exercise undertaken by ICCA. This represented 20% of the additional funding the optimisation exercise indicated was due to the College. The Executive Director advised the invoice would not be paid until the College's Director of Funding and MIS had performed the necessary checks to ensure the College was eligible for the funding ICCA had identified. Dan Harris urged that the College undertakes all necessary checks with funding bodies to ensure itself of eligibility.

10. Risk Management

Approve Revised Risk Management Policy

The Committee noted para 9.4 Business Community should read Business Continuity. Trevor Warrs asked, para 9.5, why a residual risk score above 15 should result in departmental risks being escalated to the Strategic Risk Register. Following discussion of this point the Committee agreed the need to keep the Strategic Register tightly focussed on only the highest risks and a score of 15 or less would significantly increase the number of risks being escalated.

Noting the amendment above the Committee APPROVED the revised Risk Management Policy for recommendation to the Board.

Action Clerk: as above.

Approve the Guide to the Principles and Culture of Risk Management

The Guide was APPROVED.

Note Risk Management Calendar

Members of the Committee NOTED the Risk Management Calendar.

Approve for Recommendation to the Board Annual Risk Management Report and Heat Map

The Committee requested that the Heat Map reflected the risk number rather than the number of risks. With this amendment the Annual Risk Management Report and Heat Map were APPROVED for recommendation to the Board.

Action Clerk: as above.

Note Risk Management Group Minutes

Members of the Committee NOTED the Risk Management Group Minutes.

Review Corporate Risk Register

The Committee REVIEWED the Corporate Strategic Risk Register.

11. Audit Committee Self-evaluation Tool

The Clerk explained the purpose of the Audit Committee self-evaluation tool, advising it was timely now the Committee was stable and commencing its third year following refreshed governance and separation from the academies. Trevor Warrs asked if the College understood the role and purpose of the Audit Committee, which the Principal considered it did.

Members agreed to complete the Self-evaluation and forward it to the Clerk who would prepare a summary for the Committee to review and on which to establish a consensus.

Action Members, those in attendance and Clerk: As above

12. Note Internal Audit Action Tracker

Teck Kua advised the Committee that the Internal Audit Tracker would be updated for review at the November meeting.

Action Executive Director Finance and Resources and Clerk: as above.

13. Any Other Business

As previously approved Trevor Warrs advised Members of the matter he wished to raise under any other business. He had been in discussion with a colleague who had advised as to possible funders should the College require to borrow to deliver the campus relocation project. Trevor Warrs indicated that there were two organisations with whom he had spoken – at this stage an initial conversation, who were potentially interested. This assumed borrowing of circa £5, and an absolute maximum of £10m on the basis of term debt and not bridging finance. Trevor Warrs had also sounded out a representative of the Co-op Bank who was also happy to speak to the College. The Principal advised that he and Teck Kua had spoken to Barclays who provided banking services to almost 50% of the FE sector. The potential to borrow up to £5m had been discussed; the Principal considered borrowing in excess of this would be prohibitive.

Trevor Warrs considered it was now time to take the Strategic Outline Case prepared for the Capital Project and build the business case. The Principal explained the ESFA had asked for information, in advance of a meeting later in the month, on the capital project and the impact on the College's financial position both on the basis that the project progresses as planned, and should the project not be implemented. The Principal explained there had been a meeting with the architects today to deliver the Board's requirements regarding the size of the proposed new build, which would release some savings. He also highlighted the potential collaboration with a local business which was not only an exciting initiative, but could also bring capital funding. Trevor Warrs advised in his opinion it was appropriate that the College now appoints financial advisers. Teck Kua indicated if the College required to borrow it would need financial advice and the Principal asked if it was thought that the College should pay for financial advisers. He questioned whether the College was at the stage that this was expedient and commented that professional advice would indeed be required should it look like borrowing would be required. Trevor Warrs considered it was a case of preparing the ground so the College could move swiftly when necessary.

Nick Barrett suggested it was appropriate to begin considering what was required and who might be on a shortlist. The Principal suggested this matter was revisited after Fusion had reworked the Project Plan and associated timelines for approval by the Board.

14. Date and time of next meeting

The next meeting of the Audit Committee will take place on Tuesday 21 November 2017 at 5.30pm.

The meeting closed at 7.15pm.

Signed: _____
Trevor Warrs, Chair of the Audit Committee

Date: _____