GRIMSBY INSTITUTE GROUP

Minutes of the Audit Committee meeting held on 26 June 2018 at 4pm

The Boardroom, University Centre

Present Lucy Ottewell-Key (Staff Governor) Philip Jackson, Erika Stoddart (Chair) John Wilson, Robert Edwards

In Attendance Susan Bailey Clerk to the Corporation, Adrian Clarke Group Director Corporate Services, Lisa Smith RSM, Don Everitt Group Director Finance, Gill Alton CEO

1   Apologies

There were no apologies for absence.

2   Declarations of Interest

None declared.

3   Minutes of the Audit Committee Meeting held on 6 March 2018

The minutes of the Audit Committee meeting held on 6 March 2018 were accepted as a correct record and signed by the Chair.   There were no matters arising from the minutes.

4   Appointment of Chair of the Audit Committee 2018-19

4.1   The Clerk reported that a prospective Chair of the Audit Committee, as recommended by the current Chair of the Audit Committee, was to be interviewed by the Chair of the Corporation, CEO and Clerk with a view to becoming a full member of the Corporation and Chair of the Audit Committee. It was noted that the prospective governor possessed the right level of skills and experience to undertake the role and was keen to become a governor.

RESOLVED   The update report was noted.

5   Internal Audit report on GDPR

5.1   RSM submitted the Internal Audit report detailing the review of GDPR which had been commissioned to review current data governance processes, procedures and controls against some of the requirements set out in the 12 step GDPR guide. Members noted the report was a factual 'snapshot' and did not provide a level of assurance, or internal audit opinion. RSM reported the following:

5.2   During the review there had been no significant issues identified.
5.3   Whilst Internal Audit had identified several actions yet to be completed the Group was on a par with other FE institutions in this respect and the Audit Committee could be assured that it was evident that management were addressing the issues as a matter of priority.
5.4   Since issue of the report in April 2018 management had moved on significantly in addressing the issues highlighted within the report.
5.5   In response the Group Director Corporate Services confirmed that there was still work to do to gain full compliance with GDPR with work ongoing to finalise privacy statements to issue to staff, students and stakeholders.

5.6   It was agreed that an update report on progress with GDPR compliance be submitted to the next meeting of the Audit Committee in September 2018.

RESOLVED   the Internal Audit Final report on GDPR was received and noted.

6   Internal Audit report on Risk Management

6.1   RSM submitted the Internal Audit report detailing the recent audit of the Group's Risk Management processes undertaken in order to review the Group's framework for managing risks and embedding risk as set out in the Group Risk Management Strategy documenting the process through which risks were identified, assessed, controlled, monitored and reviewed by the Group.

6.2   The results of the review were positive with two medium and two low priority management actions identified. The Group Director Finance confirmed that the report provided a fair summary of the current status of the Group's Risk Management processes.

6.3   RSM were able to provide 'Reasonable Assurance' that the Group had a risk management process in place and which reflected the significant change the Group had undergone recently in respect of the change in key finance personnel.

6.4   One management action was highlighted as very good practice in relation to the active / live Risk Register for Modal now in place.

6.5   The top three risks facing the Group in 2017/18 had been identified by RSM as

- Modal
- Scarborough TEC recruitment
- Negative impact of funding streams post Brexit

6.6   In respect of the 'medium' recommendation relating to Departmental Risk Registers it was acknowledged that the proposed revisions to the Group's Risk Management Strategy would eliminate the requirement for agreed action in this area.

6.7   Replacement of Departmental Risk Registers with Exception / Key Project Risk Registers was seen as good practice. RSM confirmed the expectation that a Board Assurance process was required to operate alongside the Group's Risk Management processes.

RESOLVED   the Internal Audit Final report on Risk Management was received and noted.

7   Internal Audit report on 'Follow-ups'

7.1   RSM submitted the Internal Audit report on Follow ups detailing the review of the Group's follow up progress in implementing previously agreed management actions in respect of the following:

- Individualised Learner Record
- Additional Learning Support
- Financial Planning and Budgetary Control
- Marketing and Student Recruitment
- Staff Utilisation
- Key Financial Controls
- Follow up

7.2   RSM confirmed that good progress had been made in the implementation of agreed management actions.

RESOLVED   The Internal Audit report on Follow up actions was received and noted.

8   Internal Audit Service Annual Report 2017-18

8.1   RSM talked through the Internal Audit Service Annual report year ended 31 July 2018 and drew members attention to the following:

8.2   The outcome of the internal audit reviews carried out during 2017-18 confirmed that the Grimsby Institute Group had an adequate and effective framework for risk management, governance and internal control although further enhancements to the framework for risk management, governance and internal control had been identified to ensure that it remained adequate and effective.   The results of the Internal Audit Reviews undertaken during 2017-18 were as follows:

8.3   **Key Financial Controls – Cashflow** had resulted in a green (substantial) assurance level with one low recommendation raised.

8.4   **GDPR regulatory compliance / Risk based** was an advisory review with 13 unclassified proposed actions to ensure compliance.

8.5   **Risk Management** had resulted in an amber (reasonable) assurance level with two low and two medium priority recommendations raised.

8.6   **Follow up** reviews had shown good progress towards action taken in adhering to recommendations made.

8.7   RSM confirmed that the outcome of the Annual Internal Audit Report was positive and that all recommendations made by the Internal Audit Service during 2017/18 had been accepted by management and either actioned or were in the process of being actioned.   RSM confirmed that it was unlikely that any FE Institution in England could receive a 'no assurance' result during an Internal Audit review.   The Committee thanked all staff concerned for their work to achieve such positive results and which it was agreed provided the committee with assurance over key areas of the Group's activities as at the date of receipt of the report.

RESOLVED   The Audit Committee received the Internal Audit Service Annual Report year ended 31 July 2018 subject to receipt of further information being received up until 31 July 2018.

9   Annual Risk Management Strategy 2018-19 and Risk Register 2017-18

9.1   The Group Director Finance submitted the revised Group Risk Management Strategy and Strategic Risk Register 2018-19. The following was noted:

9.2   The Group Risk Management Strategy had been revised to allow each 'risk owner' to provide a narrative statement to the Risk Management Group on a twice yearly basis in September and March to attest to the effectiveness of the Group's risk management processes.

9.3   The Corporation's agreed Risk Appetite was now included within the Risk Management Strategy as an appendix.

9.4   The Group Director Finance proposed that Departmental Risk Registers, which RSM confirmed were not the norm for the FE Sector, be replaced with the requirement for Risk to be a standing item on all Institute agendas and reported accordingly to the Risk Management Group. The Group Director further proposed that project / exception Risk

Registers be devised for key areas of risk such as Modal Training, the Filey Road campus new build and any other major contracts the Group planned to bid for.

9.5   During discussion it was agreed that the revision to the Group Risk Management Strategy was appropriate and would allow further accountability and ownership of risk across the Group. It was agreed that further information to articulate where, whom and how risk was managed operationally should be included within the Risk Management Strategy.

RECOMMENDED   The Group's Risk Management Strategy 2018-19 and Strategic Risk Register 2017-18 was recommended for Corporation approval.

10   Board Assurance Framework 2018-19

10.1   The Group Director Finance provided a verbal update on work to devise a new Board Assurance Framework stating management's intention to revert back to the original Board Assurance Framework submitted to the Audit Committee in June 2017. RSM confirmed that it was common within the Sector for Colleges to face difficulties in ascertaining the correct level of Board Assurance requirements to ensure the correct level of board assurance was achieved.

10.2   The Chair suggested that the Group's Board Assurance and Risk Management may require full time resource to undertake the processes effectively and to achieve the required impact. It was confirmed that it was not the Clerk's role to devise the Board Assurance framework due to the independence of the role as the Corporation's governance advisor. It was agreed that management should begin by defining the top 15 risks to the organisation which were process driven and which could provide governors with the necessary assurances.

It was also agreed that management review existing sources of assurance (ie Internal and External Audit reports, ESFA and Ofsted reports) and explore assurance processes already in place.

RESOLVED   The verbal report on Board Assurance Framework was noted with the expectation that a Board Assurance Framework be submitted to the Audit Committee during the Autumn Term 2018.

11   Audit Committee Calendar of meetings and Annual Cycle of Business 2018-19

11.1   The Clerk submitted the Audit Committee's proposed Calendar of meetings and Annual Cycle of Business for 2018-19 devised in line with funding body regulations and the requirements of the Post 16 Audit Code of Practice and previous years' business cycle.

11.2   It was agreed that the proposed calendar of meetings and business cycle for 2018-19 were appropriate and allowed the Audit Committee to schedule meetings on a timely basis. The Clerk reported that as a working document the Annual Cycle of Business for the Corporation including the Audit Committee and all Local Boards would be kept under continuous review by the Clerk throughout the academic year 2018-19.

RECOMMENDED   the Audit Committee proposed Annual Cycle of Business 2018-19 was recommended for Corporation approval.

12   Funds fraudulently obtained from Grimsby Institute

RESOLVED   The Group Director Finance confirmed there had been no matters raised in relation to Funds fraudulently obtained from Grimsby Institute.

13   Selection of Internal and External Auditors 2018-2021

RESOLVED   Minute 13 was classified as confidential in accordance with clause 17 of the Instrument of Government for a period of two years.

14   Any other business

Members thanked the Chair of the Audit Committee, at this her last meeting for her hard work, expertise and scrutiny at all meetings which had been very much appreciated by all and wished her well in her new role as incoming Chair of the Corporation.

15   Date and time of next meeting - Tuesday 25 September 2018 4pm   The Boardroom,
University Centre

The meeting closed at 5.30 pm

Chair of the Audit Committee

Signed _____   Date _____

Action Schedule

No	Minute Title	Action by	Action required
4	Appointment of Chair of the Audit Committee	Clerk	Continue governor appointment process
5	Internal Audit Report on GDPR	GD Corp	Submit update report to next Audit Meeting
9	Annual Risk Management Strategy 2018-19 and Risk Register 2017-18	GD Finance	Amend RM Strategy submit to Corporation for approval
10	Board Assurance Framework	GD Finance	Submit BAF to next Audit Meeting
13	Selection of Internal and External Auditors 2018-21	Clerk	Recommendation to Corporation 10 July 2018

Audit Committee 26.6.18