

**Minutes of the Audit and Risk Committee held on Thursday 14<sup>th</sup> March 2019 6:00 pm  
 Boardroom, Science Park Campus, Cambridge**

**MINUTES**

**Present**

Andy Jennings [Chair]  
 Raj Kumar  
 Judith Coplowe  
 Barry Fyfield

**In attendance**

Derek Sharp, Deputy Principal  
 Mark Robertson, Principal  
 Lee Glover, Haines Watt (internal auditors)  
 Mark Eastwood (observer)

**Clerk**

Emily Baldwin

<b>Section 1: General</b>		
<b>1.1</b>	Apologies for absence	There were no apologies for absence.  M Eastwood was welcomed to the meeting as an observer and a potential future Governor.
<b>1.2</b>	Declaration of Interests	There were no declarations of interest.
<b>1.3</b>	Matters that are confidential	The internal auditors confirmed that there were no confidential matters that they needed to raise with Governors. Governors confirmed that they did not have anything to raise with the internal auditors on a confidential basis.
<b>1.4</b>	Minutes of the meeting held on 6 <sup>th</sup> December 2018 and matters arising	The minutes were agreed to be a true record of the meeting.  The action regarding a presentation from M Horan was carried over.  It was noted there were no outstanding actions that were not covered elsewhere on the agenda.

## Section 2: Focus on Adult Education Budget

2.1	Risks and opportunities for Adult Education Budget changes	<p>V Mummery, Director of Skills Development and Lifelong Learning and C Dolan, Director of Commercial Operations were welcomed to the meeting.</p> <p>D Sharp introduced the presentation on risks and opportunities related to the the Adult Education Budget (AEB) changes.</p> <p>He explained that the College had delivered £6.5m of ESFA AEB funding in 2018. From 2019/20, AEB funding would be managed by Combined Authorities in 7 areas. This would be the case in the Cambridgeshire and Peterborough Combined Authority Area. The College had subcontracted a substantial amount in the past, but this would need to change in the future under the new regime. The Combined Authority was also moving to using a smaller number of providers.</p> <p>Governors noted that historically the College had delivered some Adult Education in areas that were geographically far away from the College. D Sharp gave assurance on the processes that were in place to manage quality in those areas. In the future, the focus would be on delivering locally and moving away from sub-contracting. The Combined Authority were implementing what was termed 'lift and shift', which would cover the College's existing provision in the area. The College were also being encouraged to tender for additional AEB contracts up to a value of £1.3m. If successful, this would offset the loss of income from withdrawal from areas outside of the locality.</p> <p>Governors asked about the timeframe for implementation, which was noted as the 2019/2020 academic year. They noted there were a number of risks associated with the new funding regime, including the risks associated with more in-house delivery and new regulations and requirements from different Combined Authorities. There was a risk that some sub-contractors could become direct providers themselves.</p> <p>V Mummery and C Dolan went on to explain what the College was doing to mitigate the risks and develop a strategy for delivery. They explained that the College was looking to do more delivery in the community, and to be more responsive to employer needs. It was important to have effective community engagement, particularly with the JobCentre Plus and voluntary organisations. The College was developing a suite of programmes, rather than a 'one size fits all' approach. It was a strategic change for the College to deliver more employability programmes, but this was a focus for the future.</p> <p>Work had already started in delivering more programmes in-house, particularly where aligned to the College's existing offer. It was not yet clear what the offer would be in the Greater London area.</p> <p>Governors agreed it had been a very useful presentation, and noted that it required a change in the College's delivery model as well as appropriate infrastructure to develop a suite of programmes.</p> <p>V Mummery and C Dolan were thanked for their contribution to the meeting.</p> <p><i>V Mummery and C Dolan left the meeting.</i></p>
-----	--	--

### Section 3: Assurance and Risk Management

3.1	Risk Register 2018/19	<p>D Sharp introduced the latest version of the Risk Register.</p> <p>The Risk Management Group, including members of the Senior Management Team had reviewed and updated the Risk Register. It had also been discussed at the other Board Committees who had not made any suggestions for changes.</p> <p>The high concern risks were identified as:</p> <ul style="list-style-type: none"><li>• Failure to maximise levy funding and income levels</li><li>• Failure to improve apprenticeship success rates</li><li>• Financial consequences arising from low enrolment numbers</li><li>• Financial consequences from non-delivery of the iMET business plan</li></ul> <p>The Committee agreed with the proposal that two of the risks around iMET could be removed as they were no longer applicable.</p> <p>The Committee <b>approved</b> the Risk Register.</p>
-----	--------------------------	---

### Section 4: Internal audit reports

4.1	Internal audits <ul style="list-style-type: none"><li>- Quality Management</li><li>- Merger benefits</li></ul>	<p>L Glover introduced the findings of the internal audit on Quality Management. The auditors had given Quality Management significant assurance, with 3 low priority recommendations, which had been agreed. Governors asked for clarification that every learning observation had an action point. It was noted that this was the case, but that in some cases this was about sharing best practice.</p> <p>L Glover also introduced the findings of the internal audit on Merger benefits. The audit had reported that Governors had been well informed of the merger, and the shadow board had operated well. There was one low priority recommendation that had been agreed to note in the event of a future merger.</p> <p>Governors felt that the report was clear and easy to read.</p> <p>The Committee <b>received</b> the report.</p>
4.2	Progress report on outstanding audit recommendations	<p>D Sharp introduced the report on outstanding audit recommendations. There were currently 16 actions from internal audit reports, of which 5 had been implemented and 9 were not yet due.</p> <p>D Sharp asked for extensions for the remaining 2 actions; firstly regarding the systems update for the apprenticeship employment contract, which was being updated over the summer period; secondly, for the CRM system which was now scheduled for implementation at the start of the academic year.</p> <p>The Committee <b>agreed</b> to extend the deadline for the two actions as requested in the paper.</p> <p>Governors also agreed that the action regarding merger benefits should be removed from the tracking spreadsheet as it was likely to be some time before it would be applicable.</p>

4.5	Internal audit plan and strategy 2016/17 – 2020/21	<p>E Baldwin introduced the internal audit plan for 2018/19. It was noted that the internal auditors had completed four audits as per the agreed schedule. Four further audits were planned for the summer term, including an audit on the College's sub-contracting arrangements as required by the ESFA.</p> <p>The auditor asked whether the College was still considering a joint review of iMET by CRC and PRC. M Robertson agreed to raise it with PRC and the iMET Board, and to propose a possible scope for discussion.</p> <p>The Committee noted the planned audit on Curriculum planning, and asked the Principal to give an overview of the current curriculum planning process. The Principal outlined the process, which was now more thorough and linked to local market information than previously. It was noted that this was an important area for Governors to raise their awareness of.</p>
<b>Section 5: Committee business</b>		
5.1	<b>Any other business</b>	<p>The Clerk alerted Governors to the fact that the external auditors would be completing the last year of their contract in 2018/19, and therefore there would be a tender process for new external auditors for 2019/20. It was agreed that this process would start over the summer 2019, with the Chair of the Audit and Risk Committee being invited to sit on the interview panel in September 2019.</p> <p><i>M Eastwood and L Glover left the meeting.</i></p> <p>A confidential item was taken which was minuted separately.</p>
4.4	<b>Self-Assessment of Governors' Performance</b>	<p>In order to evaluate the meeting and identify any changes necessary to maintain the effectiveness of the Committee, the Chair asked how the meeting could be improved.</p> <p>Governors agreed it had been a useful meeting, with Governors fully involved in the discussed. The presentation on the Adult Education Budget had been particularly useful.</p>
4.5	<b>Date of next meeting</b>	The date of the next meeting was noted as 13 <sup>th</sup> June 2019.

### Summary of Actions

<b>21<sup>st</sup> May 2018 Committee meeting</b>				
	Item	Action	Lead	Date
1	Briefing – risks in employment services	M Horan was rescheduled to the next meeting.	M Horan	March 2020

<b>14<sup>th</sup> March 2019 Committee meeting</b>				
	Item	Action	Lead	Date

<b>4.3</b>	Internal audit plan 2018/19	The auditor asked whether the College was still considering a joint review of iMET by CRC and PRC. M Robertson agreed to raise it with PRC and the iMET Board, and to propose a possible scope for discussion.	Principal	June 2019

There was no other business and the meeting ended at 7:40pm.