

**AUDIT AND RISK ASSURANCE COMMITTEE
MINUTES OF THE MEETING HELD ON TUESDAY 17TH SEPTEMBER 2019 @10.00
FOR GENERAL RELEASE**

Present: Ian Falconer, Chair
Gwyn Arnold, Member
Alan Doyle, Member

In attendance:

Ben Norris, Clerk
Kate Sayer, Secretary

1. WELCOME AND APOLOGIES FOR ABSENCE

All in attendance.

2. DECLARATION OF INTEREST

None.

3. MINUTES OF PREVIOUS MEETINGS

- a. Accuracy: 9th July 2019 Minutes (paper 1) accurate in terms of content but a few grammatical errors to be amended. Minutes approved subject to grammatical amendments.
- b. Matters Arising and Action Tracker as at 17 September 2019:
Few minor grammatical errors noted.
 - i. 18-19/1.3a - Create Scheme of Delegation – complete.
 - ii. 18-19/1.4a - Update ToR – complete.
 - iii. 18-19/1.4b - Committee to perform self-assessment at end of each academic year – not yet due.
 - iv. 18-19/1.5a– Develop Assurance Framework to underpin future programme of work - complete.
 - v. 18-19/1.5b – Update Strategic Risk Register and present to each future meeting – complete.
 - vi. 18-19/1.5ci – Tender external audit of 19/20 accounts – not yet due.
 - vii. 18-19/1.5cii – Board to review options for internal audit – meeting to take place with UNIAC on afternoon of 17/19/19.
 - viii. 18-19/1.5h - Value for Money statement to be reviewed and revised – discussion had with external consultant. Decision made to bring in external expertise to advise in this area. This can be discussed with member of UNIAC in meeting on afternoon of 17/9/19.
 - ix. 18-19/1.8 – Create publication policy for Board and Committee papers – complete. Minutes of the Board of Directors should go to all members of the Audit and Risk Assurance committee formally for transparency and information sharing. The meeting minutes are held in Sharepoint. Organisation and timetabling of all the committees should enable clear and logical information sharing, and reduce duplication of discussions.
 - x. 19/2.4 – Agree Financial Regulations, including appropriate suite of policies and procedures – [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] Meeting scheduled for 15/10/19 to work on this area.



- xi. 18-19/3.8a Finance Director to advise on audit deadlines for 18-19 statements and implications for timetable to appoint external auditors – the FD advised the following:
 - 5/11/19 – accounts sent to external auditor
 - 11/11/19 – audit process starts
 - 2/12/19 – final accounts doneA meeting of the A&RA committee is needed after this date to ratify the accounts before they are sent to the Board of Directors for approval. The A&RA committee's remit in this case is to reassure the Board of Directors that a satisfactory audit of the accounts has been completed and meet the compliance requirements of the Office for Students. Final sign off of accounts for this year needs to be done in December, thus an extra meeting of the A&RA should be scheduled for early December. In future years, Futureworks will have until January to get financial data signed off. It was mentioned that a cover sheet approach should be used going forward for each of the papers brought to the Audit Committee, putting each paper into context.

[Action: all complete actions to be removed from the Tracker document. Board of Directors' minutes should go to members of the A&RA committee formally. Review grammatical errors on Minutes of 9th July and Action Tracker. Additional meeting of the A&RA committee to be scheduled for early December to sign off Audited Accounts. Cover sheets to be used in advance for all papers brought to the committee.]

ITEMS FOR CONSIDERATION, DISCUSSION AND/OR RESOLUTION:

COMMISSIONING ASSURANCE:

4. BOARD EFFECTIVENESS REVIEW

a. Strategic Risk Register and Board Assurance Framework

The Board Assurance Framework document was presented to the A&RA committee by the Clerk. Significant work has been done in this area and the Chair and committee members agreed that they are satisfied with the progress of this document to date. The Chair stated the importance of knowing that a system approved by the management team is in place in this area. There are still areas to be worked on (columns Sources of Assurance, Assurance Level and Assurance Plans are as yet to be filled in). Looking in detail at strategic risks had brought about focus for the management team which was welcomed by the committee. Discussion took place as to whether a Health and Safety sub-committee was required, and it was decided that it would be a suitable measure.

The areas of Data/cyber crime risks and Facilities/Complaints/Safeguarding were raised. As these are large areas of potential risk it was decided that these would be discussed at a later meeting, with a view to them being documented in separate risk registers. In relation to safeguarding, it was noted that the Board of Directors would need to know this was satisfactorily covered. An operational risk register for the facilities team was also deemed important, as was a risk register project in relation to DAPs.



It was queried as to whether an additional column be added to the risk register, stating what the previous risk score had been so that it was possible to track whether improvements had been made. It was decided however that a coversheet approach to the supporting documents would address this more easily, so an additional column on the risk register was not necessary. An additional column indicating possible triggers to risk was suggested. This resilience plan was accepted positively by the committee and should be added to the risk register. Creating an appropriate risk culture within the business was discussed. If, for example, part of the business growth strategy was to recruit overseas students, being able to carefully manage and mitigate situations would be important. It was part of the Audit committee's role to give an informed view of Futureworks' risk management arrangements, and internal auditors could examine and verify this. It was noted that there had been no report back from the OfS on the Governance Review which had previously been submitted to it.

[Action: A Health and Safety sub-committee is required. Data/cyber-crime risks and Facilities/Complaints/Safeguarding to be discussed at a later meeting.]

[Action: Future risk papers to include covering commentary on how risks were changing. Add an additional column to the Risk Register on Resilience plans/Triggers to risk.]

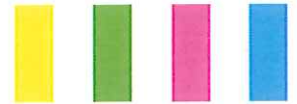
b. Agree 2019-20 plan based on Assurance Framework

It was agreed that the Plan should be considered after the current work on the risk register has been completed and a decision had been made about the appointment of an internal auditor. It is necessary to have an internal audit, but there also will be external information that gives assurance that can be used for example electrical safety tests. The representative from UNIAC should have a clear understanding of the Audit remit for a small institution and be able to advise on key items, transparency etc.

RECEIVING ASSURANCE:

5. ASSURANCE REPORTS:

- a. Value for Money arrangements: this was addressed in item 3b)viii 18-19/1.5h
- b. Review register of OfS conditions: this has been to the Board and confirmation from the OfS is due shortly. The Committee welcomed the confirmation that Futureworks is compliant with virtually all the conditions and is just waiting to hear back about the remaining three conditions. The Chair also asked how the A&RA committee could be assured that we actually are compliant and is additional proof required. It was stated that the register of conditions is in the same spreadsheet as the compliance schedule. Resourcing of work was discussed; if for example there are 10 tasks due in November and one person is assigned to it, then this would become a resource issue which would need to be addressed. Once reviewing the documents, the Committee was content that the schedule and tracker together gave enough



assurance that all matters are in hand. A couple of minor grammatical/wording alterations were noted for amendment.

- c. Receive Published Information Policy: a few minor items were raised for amendment. It was stated that there is a policy that was drawn up by the Academic Quality Team and approved by the Board. The Committee noted that any non-compliance with the CMA, GDPR and the Equality Act could have serious financial consequences. The published information policy is on the VLE and has been sent out to all staff, but no training has taken place to date. Internal auditors could provide assurance in the future as to whether CMA and GDPR is embedded.
- d. Governance Structure/Terms of Reference including Scheme of Delegation: Minor change needed to Appendix 1 and authorship. Regarding the two academic staff representatives for the Academic Board, there has been three candidates apply for these positions, so an election will be held. The Chair noted that the production of the Governance Structure documents was a significant step forward. Self review and independent review are appropriate for each committee. It was suggested that members of all the senior committees come together at some point in the forthcoming year. It was noted that the senior executive team was having a 3 day offsite in November to ensure that processes are correct and robust before they are embedded.
- e. Update on Policy Matrix: it was noted that work on the document was ongoing, and the document would be available for review at the next meeting of the committee. A comprehensive list of policies and procedures now exists but the details of ownership, dates for review etc needs more work. The 'Institutional' category title needs amending as all policies in effect are institutional. The sections refer more to Futureworks' management structure and should be more organisational structure neutral. It should be more process based, and aligned closer to the Strategic Plan headings. Some areas can be joined together, for example 'Ethics' could be retitled 'The Ethical Framework' and joined together with Safeguarding, Prevent etc. The Chair noted that an independent review would be beneficial to ensure no areas had been overlooked. Some areas will need annual reports for example fraud, and these reports should be entered into the cycle of business for the relevant committees. It is important to identify which are the key policies that could be an issue with the OfS. Conducting a gap analysis, and therefore knowing any areas of weakness would be very powerful and show high quality governance and management.
- f. Compliance Schedule: it was noted that all areas were underway.

[Action: Review grammatical errors on the Register of OfS conditions (paper4). Review minor errors on the Published Information Policy. Review minor changes needed on Governance Structure Appendix 1 and authorship in the ToR.]

MANAGING SOURCES OF ASSURANCE:

6. SOURCES OF ASSURANCE

- a. Agree calendar of business for Audit and Risk Assurance committee: it was noted that attention needs to be paid to whether items come to A&RA or the Board of Directors first. Currently there are no comparable documents for the other



committees but it is the intention to produce calendars of business for all the governing committees going forward. This will be the responsibility of the Chair and Clerk of each of the committees. It was mentioned that this should be done holistically by the senior clerks each summer for the year ahead and be reviewed in the September of the year. New external documents that might be relevant to committee business are researched by the Vice Principal.

- b. Agree tender for 19-20 External Auditors: after this current audit has been completed, the next step would be to get an auditor appointed by the summer term. A standard tender pack would be required (to include a tender spec, list of invitees, timetable etc).

[REDACTED]. There are a number of Framework Contracts for audit that might be useful for shortlisting auditors. The draft audit process proposal could come to the A&RA meeting on 14th January 2020 and the decision of which company to use could be ratified on 21st April 2020. This would enable the auditors' plan to be looked at by the A&RA in July 2020.

- c. Office for Students Accounts Direction consultation documents: a summary of key points was given by the Clerk. August 1st is the start of the financial year for most other providers. Futureworks' financial year runs from 1st September, and the FD stated that there was currently no plan to change this. The Chair commented that there could be tax implications for changing the financial year but the Committee noted that this is currently not a priority for Futureworks. The OfS's summary of key themes from previous audits was noted. None of the issues raised was likely to be problematic for Futureworks, although there would need to be more detailed disclosure of earnings going forward. The new accounts guidance could be adopted a year early (ie for the 18-19 audit) but as this has not been confirmed, there would be no advantages for doing so. It is also very similar to the current guidance. The documents highlighted a move towards institutions working closer to the CUC Code. The committee was reassured that the new guidelines highlighted in the consultation documents would provide no major challenges for Futureworks. Appropriate acknowledgement would be taken of the new Accounts Direction guidance for new audit tenders.

AGREED – implications for Futureworks of new OfS publications to be discussed at the next meeting. New accounts direction guidance be considered in relation to new audit tenders.

[Action: Clerks/Chairs of other committees to create calendars of business for their committee going forward. FD to work on draft audit proposal ahead of the next A&RA meeting on 14th January 2020.]

ITEMS FOR INFORMATION ONLY:

REPORTING ASSURANCE:

7. ASSURANCES

- a. Response from OfS about removal of conditions: discussed in point 4a
- b. Updates on sector developments, legislative changes etc and impact on risk register – discussed in points 4a and 6c



- c. Programme of events and publications from the OfS – it was noted that some of the upcoming publications would be important and these should be made known formally to the Board of Directors.

[Action: Bring timeline of OfS events and publications to the next BoD committee meeting.]

8. Review of meeting and matters for reporting to the Board of Directors

Summing up, the Chair said that work done as a result of and in preparation for the A&RA meetings was to be commended. The next stage was to group together the work done for all the committees into a coherent bundle. The new governance structure was triggering many pertinent management questions internally. The quality of work being done was such that the Board of Directors could have confidence and take positive assurance that strong processes had been established.

9. DATES OF NEXT MEETINGS

The next scheduled meetings of the Audit & Risk Assurance Committee are:

14th January 2020 @ 10.00

21st April 2020 @ 10.00

07th July 2020 @ 13.00