

## CARDINAL NEWMAN COLLEGE

### BOARD OF GOVERNORS - AUDIT COMMITTEE

A meeting of the above Committee was held at **4.00 p.m.** on **Wednesday 10<sup>th</sup> June 2015** in the **Conference Room at the College.**

#### Present:

**Peter Halpin**  
**John Calvert**  
**Len Hampson**  
**Father Tim Sullivan**  
**Peter Towers**

#### Officers in attendance

**Bob Deed**  
**Denise Kennedy**

**Joe McNamara** (Clerk to the Governing Body)

#### Audit Representatives:

**Gareth Hitchmough** (External Audit)  
**David Fletcher** (Baker Tilly)

#### The meeting commenced with a prayer

### MINUTES

#### 1. MINUTES OF LAST MEETING

The minutes of the meeting of the Committee held on Wednesday 11<sup>th</sup> February 2015 were accepted as a correct record and signed by the Chair (file copy entered).

#### 2. SECTION 'A' ITEMS

There were no items included in this section of the agenda.

#### 3. SECTION 'B' ITEMS

**1/B/AC(6.15)**

#### RISK REVIEW: IT SECURITY

Steve Gray, Network Manager, joined the meeting for consideration of this agenda item. Members received a powerpoint presentation (file copy entered) which outlined the consequences related to computer slowdown and/or instability. The consequences related to privacy, operation and personal liability.

The powerpoint slides then detailed 3 particular risks viz:

- Network infrastructure failure
- Critical systems failure (e.g. MIS/Finance/server for an extended period)
- Serious Network security breach with loss of IT facilities for an extended period and the regulatory implications of such breach

Members were advised for each of those risks the control measures that were in place in the College, where further action might be needed and an update report on such action.

Members were then advised of the following emerging network risks viz:

- Technology innovations that outpace security.
- Data on user-owned mobile devices.
- Challenges recruiting and retaining qualified IT staff.
- Over reliance on security monitoring software.
- Lack of encryption.
- Changes in legislation
- Financial.

There followed a question and answer discussion where answers were received to the following queries:

- The responsibilities of the Network Manager and the Senior Systems Developer.
- Security and the move to 'Cloud'.
- Budget provision for current and future needs of the IT services.
- Concern related to 'computer hacking'. Procedures for dealing with critical data such as financial information.
- Theft of computer hardware/software.

The Chair, on behalf of members, thanked Steve for his excellent presentation and the assurance given to members of the Committee on the issues that had been considered.

## **2/B/AC(6.15)**

### **MATTERS ARISING FROM THE MINUTES**

- (i) that the Gross/Net Risk anomaly at Risk 43 had been rectified;
- (ii) that with regard to Disaster Recovery, an update report would be prepared for consideration at the next meeting of the Committee;
- (iii) that with regard to Lead Committees, a document would be tabled later in the meeting;
- (iv) that Benchmarking Reports would be received by the Audit Committee.

## **3/B/AC(6.15)**

### **ROLLING AUDIT ACTION PLAN REVIEW**

**Received: DOCUMENT 3/B/AC(6.15)** (file copy entered).

Members considered the Report and noted the recommendations contained therein

The recent Health and Safety Review recommendations were considered in detail and members were pleased to note that the recommendations had either been implemented or were in the process of being implemented. Members received a specific update report on progress related to the 4 recommendations that were currently being addressed and implemented.

**4/B/AC(6.15)**

**NEW AUDIT REPORTS**

**Received:** **DOCUMENTS 4/B(i)-(ii)/AC(6.15)** (file copies entered) and oral report from the representative from Baker Tilly.

**(i) Baker Tilly: Data Protection Act 1998 Consultancy Report Follow-Up**

Members noted that 24 of the 33 recommendations made in the Report from the external contractor, Data Protection Consultancy, had been implemented in full. Of the remaining 9, 1 had not been implemented, 4 had been partly implemented and 4 were not due for implementation.

In answer to a Governor query related to the 12 recommendations contained in the Report that had not been accepted by College Management, it was agreed that details of these should be submitted for information purposes to the Committee at its next meeting.

**Action:** **Director of Corporate Resources (BD).**

**(ii) Baker-Tilly: Internal Audit Recommendations Follow- Up**

This was a report specifying follow-up progress made by College Management in relation to the implementation of recommendations made in Internal Audit Reports received during 2013/14.

Members were pleased to note that in the opinion of the auditors the College had demonstrated '**Good Progress**' in implementing actions agreed to address internal audit recommendations.

**5/B/AC(6.15)**

**RISK MANAGEMENT: TERMLY UPDATE REPORT**

**Received:** **DOCUMENT 5/B/AC(6.15)** (file copy entered) and oral report from the Director of Corporate Resources. (BD)

Members received details related to the top risks that the College was facing.

Members then considered the Risk Register in detail and noted that the net risk scores were mainly in line with those recorded in the Risk Register Report submitted to the Committee in February.

6/B/AC(6.15)

**BOARD ASSURANCE FRAMEWORK: UPDATE REPORT: DETERMINATION OF REVIEW PRIORITIES**

**Received:** **DOCUMENT 6/B/AC(6.15)** (file copy entered), a tabled Document listing the Lead Board Committees for the various recorded Risks and an oral report from the Director of Corporate Resources. (BD)

This Document included details of the medium/high risks contained in the College Risk Register to enable members to propose possible areas for future assurance reviews to be undertaken by Baker Tilly, the College's former Internal Auditors, or other assurance providers.

A full discussion ensued during which the following points were agreed and recorded:

- that following consideration of the Document related to Lead Board Committees:
  - the Lead Committee for Health and Safety should be the Staffing and Remuneration Committee;
  - the Director of Corporate Resources (BD) should provide a programme for consideration at the next meeting of the Committee detailing Risk Presentations for Board Committees. It was reiterated that such presentations should include the nature of risk, the basis for risk scores, the operation and effectiveness of key controls and any actions in progress. It was also felt that the presentations should inform the relevant Committees as to whether additional assurance was necessary and would assist the Audit Committee in formulating Assurance Plans;
  - that the subjects for review in 2015/16 should include:
    - Safeguarding – to be undertaken by specialist Consultants;
    - Finance (including fraud risks) - to be undertaken by Baker Tilly subject to agreed fees.

Members then considered other key areas for review including:

- Strategic Financial Forecasting (Planning for Future Financial Constraints)
- Performance (data related to Ofsted requirements covering this area of College Inspections)
- College Governance.

Further discussions on these suggested areas for review should take place at the next meeting of the Committee.

**Actions:** Director of Corporate Resources (BD)  
Clerk to the Governing Body

**7/B/AC(6.15) EXTERNAL AUDIT SERVICE: DRAFT AUDIT STRATEGY FOR YEAR ENDED 31 JULY 2015**

**Received:** DOCUMENT 7/B/AC(6.15) (file copy entered) and oral report from the External Audit representative.

The attention of members was drawn in particular to Appendix E – SORP 2015 - FRS 102 the new financial reporting framework and the actions College Management would need to take in relation to the framework.

Members then agreed with the proposed external audit strategy for the year ended 31<sup>st</sup> July 2015.

**8/B/AC(6.15) ASSOCIATION OF COLLEGES NW CONFERENCE: 15.5.15: REPORT FOR AUDIT COMMITTEES**

**Received:** DOCUMENT 8/B/AC(6.15) (file copy entered). .

**Agreed:** that consideration of this agenda item should be deferred to the next meeting of the Committee.

**Action:** Clerk to the Governing Body

**9/B/AC(6.15) ANNUAL REVIEW OF COMPOSITION, TERMS OF REFERENCE AND ANNUAL CYCLE OF COMMITTEE BUSINESS**

**Received:** DOCUMENT 9/B/AC(6.15) (file copy entered)

**Agreed:** to accept the proposed Composition, Terms of Reference and Annual Cycle of Committee Business of the Committee and to recommend adoption of these to the Board of Governors at its meeting on 1<sup>st</sup> July 2015.

**4. DATE AND TIME OF NEXT MEETING**

The next ordinary meeting of the Committee is scheduled to be held at **4.00 p.m.** on **Wednesday 21<sup>st</sup> October 2015** in the **Conference Room** at the **College**.