



**THE CORPORATION**  
*of*  
**THE SIXTH FORM COLLEGE, COLCHESTER**

**Minutes of the Audit Committee Meeting No. 62**  
**10<sup>th</sup> May 2019**

**Chair:** A.Beatty

**Present:** M. Sherer, J. Owens. M. Atherton, P. Barker

**In Attendance:** E. Gibson (Finance Manager), G. Rayner (Assistant Principal),  
A. Johnson (Assistant Principal), T. Harrison (Director of Premises, Estates, and  
Facilities).

**Clerk** T. Johnson

*The meeting had been preceded by presentations from shortlisted audit firms - part of the tender process for the Corporation's external audit services for the year ending 31<sup>st</sup> July 2020.*

**62.1** **Apologies for Absence**

Apologies were received from observer, C. Goldsworthy and N. Gerrard (Finance Lead Governors).

**62.2** **Any Other Business**

None.

**62.3** **Declarations of Interest**

There were no declarations of interest.

**62.4** **Determination of Confidential Items**

Agenda No. 62.10 - Recommendation re the appointment of Auditor for the 2019/20 year

Agenda No. 62.11 - Confidential Minutes of Meeting No. 61 held 23<sup>rd</sup> November 2018

**62.5** **Minutes of Meeting No. 60 held 23<sup>rd</sup> November 2018**

The minutes were agreed and signed as a true record.

**62.6** **Matters Arising**

62.6.1 *61.6.3 - Veeam Update and outcomes of the investigations undertaken re procuring cloud based storage.*

The Director of Premises, Estates, and Facilities, referring to the document circulated in advance of the meeting, provided governors with an update re Veeam

and the procurement of cloud based storage. In response to governor questions the following points were noted;

### Windows 10

The issues previously facing the College re network backup/data recovery, in the event of a critical incident were predominately due to the vast quantity of data generated by the College including student data, Finance & HR systems etc that needed to be stored. The quotations received for Cloud based storage were at £30k - £40 K per year (iro. £2.5K - 3.5k pcm), cost prohibitive.

However, following the decision by the College to implement Windows 10, Microsoft OneDrive (cloud based storage) has been deployed as the primary cloud based storage for staff and student work (instigated as part of the Windows 10 implementation project). All users will have 1TB of on-line storage which can be assessed remotely. Utilisation of the OneDrive Cloud storage will mean that the cost of Cloud back up for the rest of the College's systems will be significantly reduced (approx. 30TB storage will be required compared to 30,000TB previously) as network users' (staff and students) work will already be backed up to the Cloud (estimated to be a cost to the College of approx. £500 - £600 pcm).

A piece of software that carries out the local caching of staff and student work has been obtained by the College for £14,000 for a 5 year contract – a recent acquisition by Microsoft of the software company, leads to speculation that the software will be incorporated into Windows 10 – what is not clear at the moment is whether this will be a zero cost option.

The College now has Windows 10 workstations running Microsoft Office 2019. However, there are some problems with Adobe products due to the licensing model Microsoft has recently adopted. Similar issues were experienced with Microsoft Office 365 which was eventually dropped in favour of Office 2019. The issue is predominately due to the nature of the College's network usage - most large institutions work with each user having their own desktop or virtual desktop however, the College has to cater for multiple users on multiple machines. A temporary solution had been to install Adobe as part of the initial computer machine build however, it is unknown whether any future updates to Windows 10 will cause an issue.

The Windows user licences are a cost to the College of approx., £21K per annum.

### Veeam Backup Solution

The first version of the backup software that supports Cloud storage has now been released and will be installed after the staff laptop distribution and Windows 10 deployment project has been completed. The software will allow the College to use commercially available storage products such as Amazon S3. A copy of data stored via Veeam will also be backed up on site.

At the moment, it is not clear exactly how much the Cloud based storage solution is likely to cost, as the exact nature of the contract the College requires is not yet clear due to changes in network user storage as outlined above.

## Email

At the present time emails are stored off site via Microsoft. If a critical incident was to befall their storage facility the College would lose email. The College will consider whether there is a need to increase the anticipated cloud storage capacity to cover email (in addition to online data).

62.6.2

### *61.6.4 - GDPR Audit*

An update on actions taken had been circulated in advance of the meeting was noted.

In response to governor questions the following points were elucidated;

### Data sharing protocols

Protocols have been received from most of the organisations / contractors with whom the College deals, with the exception of RSM. The College were informed that RSM's data sharing protocol is available via the company website, however the College has been unable to locate it. Existing contracts were reviewed prior to the GDPR audit and new contracts are raised with data sharing/privacy statements in mind.

### Reported Breaches [2018-19 academic year]

The College has an incident log managed by the College's Data Protection Officer (DPO) and data breach reporting forms are in place. All incidents are recorded in the log which is monitored by the DPO to ensure responses are dealt with in a timely and appropriate manner. Senior staff are all aware of the need to process any breach within the 72 hour period. Document templates for notifying the ICO and communicating at least the minimum information required with the 72-hour time frame, are in place.

5 non-malicious security breaches have been reported to the DPO

4 breaches related to email communication - 1 breach resulted in disciplinary action. In all cases students and relevant staff were made aware and the process completed within the required 72 hours.

The DPO reminded the committee that in the event that a breach satisfies the criteria for reporting to the ICO, the Corporation as the Data Controller would be responsible for making the report.

### Staff training

'Mop up' sessions will be offered during the summer term 2019 in addition to an online update for all staff. If any major changes are made to legislation or College processes an In Service Training (INSET) session will be arranged.

Governors thanked the Director of Premises, Estates, and Facilities for his informative report.

*At this point T Harrison left the meeting*

62.6.3

*61.6.2 - Fraud, Corruption and Anti-Bribery Policy*

62.6.4 The Policy circulated in advance of the meeting was **approved**.

*61.6.2 - Whistle Blowing Policy*

62.6.5 The Policy circulated in advance of the meeting was **approved** subject to amendment to the wording in para 9.2

*61.6.3 - Financial Regulations*

It was noted that the majority of the revisions proposed, were required to ensure the Corporation's operating structure and College personnel role titles were accurately reflected.

**The committee unanimously agreed to recommend approval of the Financial Regulations, to the Corporation.**

*Action: Clerk*

The Clerk informed the meeting that as policies become due for review they will be scrutinised to ensure consistency re the use of governance terminology, in line with governing documentation and the revisions made (and plan to be made) to statutory documentation e.g. Post 16 Audit Code of Practice (P16ACOP)

62.6.6

*Action: Clerk*

*61.10.2 - Internal Controls (area for additional testing)*

In light of the committee's decision to recommend a change in auditor firm for the external audit for the year ending 31<sup>st</sup> July 2020, governors agreed that it would be appropriate to defer discussion on the area for additional testing until the next meeting.

62.6.7

*Action: Clerk*

*61.8.2 - External Auditors' Final Audit Findings*

Apprenticeship Levy

The Assistant Principal [Curriculum & Quality Assurance] informed the meeting of the difficulties faced by the College re the identification of suitable apprenticeships. The majority of the College's recruitment is for teaching staff and currently there is no approved teaching apprentice standard.<sup>1</sup> In addition, the Government requires apprenticeship employees to be working a full year - the majority of the College's support staff are employed on a term time contract and therefore identifying suitable apprenticeships is problematic.<sup>2</sup>

62.6.8

*61.13 - External Audit Fee 20018-19*

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<sup>1</sup> The standard that has been developed is for pre 16 teaching and does not apply to the College. The College currently has 4 teacher trainees - if a teaching standard for post 16 education is approved the College may be able to reclaim some of the apprenticeship levy.

<sup>2</sup> Minute No. 61.8.2 – 'The College has identified two suitable post 16 education apprenticeships i) library apprenticeship ii) Senior Leader Masters Degree Apprenticeship - 2 members of staff have enrolled and therefore it is anticipated that some of the Levy will be recouped'.

62.7 The Finance Manager reported that negotiations with RSM had resulted in an agreement that any increase in fees from the previous year would be limited to 1%.

#### **External Audit Plan 2018/19 year**

Governors noted that the financial accounts and regularity audit planning stages will take place during August / September 2019. A detailed deliverable schedule has been agreed with the Finance Manager. As usual the planning stage will include receipt of the SAQ, planning work and an initial review of assumptions. The field work re the financial statements audit and regularity assurance will take place w/c 28<sup>th</sup> October 2019.

62.8 **The External Audit Plan was approved.**

#### **FE Insolvency Regime**

This regime was established to provide clarity within the law on what would happen in the unlikely event of a further education or sixth form college becoming insolvent and to provide orderly winding-up provisions similar to those available to companies and other organisations in the UK. Strategically, the intention is to improve the financial resilience and sustainability of the FE sector and eliminate the need for the Government to 'bail out' uneconomic institutions.

Concerns were expressed re the impact of the insolvency regime on governor recruitment and in particular the perceived personal liabilities of governors. It was noted that unless governors allowed the College to continue trading when insolvent (if this damages the interests of creditors) it is highly unlikely that a personal liability, would befall a governor. However, if it was found that governor(s) continued to trade despite knowing (or they ought to have known) that there was no reasonable prospect that the College would avoid insolvency, and did nothing to minimise creditor losses, then an Administrator could bring wrongful trading actions against the governors concerned, however the burden of proof is very high.

62.9 It was noted that the Corporation has corporate liability insurance in place.

#### **Executive Pay**

The Senior Post Holder Remuneration Code was published at the beginning of the year. Governors noted that '*the Code forms part of the Code of Good Governance' and 'in order to be compliant with the Code, the Corporation should adopt and must have due regard for the Remuneration Code. By visibly adopting the Remuneration Code, Corporations demonstrate leadership and stewardship in relation to remuneration within their institutions and, in doing so help to protect institutional and sector reputation and provide greater assurances to key stakeholders and partners, including the student community and wider society'*.

The Clerk reported that the Senior Post Holder Remuneration Code had been provided to the Chair and Vice Chairs<sup>3</sup>. The Chair of the Corporation has determined that the Search, Governance & Remuneration committee should

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<sup>3</sup> See Email correspondence 27.02.2019

consider the Code and make a recommendation re adoption to the July Corporation meeting. Although adoption of the Code is voluntary, it does state that it should be used on an 'apply or explain basis'.

It was noted that the Code covers three elements to support fair and appropriate remuneration: 1. A fair, appropriate and justifiable level of remuneration  
2. Procedural fairness 3. Transparency and accountability.

62.10

**Risk Management**

The Assistant Principal [Health & Safety, Assessment & Reporting], provided governors with a verbal update re the College's risk management arrangements. It was noted that the Risk Management Group meets weekly. The main risks to the College remain inadequate funding and failure to deploy staff effectively and efficiently.

Governors agreed that the risks faced by the College are, as far as possible, well controlled

62.11

**Terms of Reference 2019-20**

Governors considered the proposed revisions to the committee's current terms of reference. It was noted that the revisions reflect the changes incorporated within the 2018-19 ACOP & SAQ. The terms of reference were unanimously agreed and will be placed for Corporation approval at the meeting to be held July 2019.

**Action: Clerk**

*There being no other business the Chair closed the non confidential section of the meeting at 3.35 pm. Staff members left the meeting at this point.*

Signed .....

Dated .....

*[Minutes of the confidential section of the meeting can be found on page 7]*



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**10<sup>th</sup> May 2019**

**Chair** A. Beatty  
**Present**  
**In attendance** M. Sherer, J. Owens. M. Atherton, P. Barker  
**Clerk** E. Gibson (Finance Manager)  
T. Johnson

*The Chair opened the confidential section of the meeting at 3.38pm*

**62.12**

**Appointment of Auditors for the Corporation's External Audit Services Year Ending 31<sup>st</sup> July 2020.**

Governors considered the Audit Tender report circulated in advance of the meeting and reflected on the presentations given by shortlisted Audit firms immediately prior to the meeting.

The Audit Committee unanimously agreed to recommend to the Corporation the appointment of Scrutton Bland as the External Auditors for the year ending July 2020. The Clerk was asked to draft a report for the Corporation's consideration.

*Action: Clerk*

**62.13**

**Confidential Minutes of Meeting No. 60 held 23<sup>rd</sup> November 2018**

62.13.1

The confidential minutes were agreed and signed as a true record.

62.13.2

Matters Arising

2018-19 Post 16 Audit Code of Practice (P16ACOP) and Self-Assessment Questionnaire (SAQ)

The ESFA have made it known that they are grateful to the individuals and organisations that made suggestions or observations about the 2017-18 P16ACOP & SAQ, leading to the significant revisions made to the 2018-19 versions, including;

- An Increased emphasis re Fraud, including additional guidance to help post-16 providers, including Corporations, prevent and manage fraud, including a new anti-fraud checklist and emphasising that corporations must have procedures in place to identify fraud, theft, bribery, corruption, irregularity, or major weakness in accounting or other control frameworks.

- Correcting the misapplication of terms used in previous versions including College/Corporation and clarifying that Sixth-form College Corporations are entities that operate one or more colleges i.e. a college is a charitable activity undertaken by its Corporation.
- Aligning the SAQ to the P16 ACOP

The Clerk reported that she is hopeful that the clarity that the revised wording provides will lead to a better understanding of the role of the Corporation and Clerk re the preparation and maintenance of relevant statutory documentation.

*There being no other business the Chair closed the meeting at 3.55pm*

Signed: .....

Dated: .....