

Minutes of a meeting of the Audit Committee Meeting of the Corporation

Held at the College at 4.15pm on 05 June 2018

Present: Mr Bain (Chair)
Mr Minter
Mr Royston-Ford

Apologies: Mr McCaffery (Student)

In Attendance: Ms Schweitzer Clerk to the Corporation
Mr Harvey College Accountant

Minutes

Part 1 – Standing Items

881 Apologies for Absence

Mr McCaffery sent his apologies.

882 Membership

Mr Bain stated that since the last meeting Ms Calderbank and Mr Tonge (Chair) had resigned. Normally the Chair would be agreed by the board but, given Mr Tonge's resignation and the fact that the Committee needed to meet, the Chair had asked him to become Chair of the Committee with the decision to be agreed retrospectively by the board at its next meeting. Similarly, Mr Royston-Ford stated that the Chair had asked him to join the Committee, with the decision to be agreed retrospectively by the board.

883 Declaration of Interest

There were no declarations of interest other than that noted in Minute 889 (confidential).

884 Minutes

The minutes of the meeting held on 06 March 2018 were **Agreed** as a correct record and signed by the Chair.

885 Matters Arising

Members considered the Matters Arising sheet and noted that the actions would either be addressed during the meeting or had been completed.

Minute 879: Board Assurance: The Chair sought clarification concerning the fact that internal audit was no longer mandatory. The College Accountant stated that this was the case but the College would continue to have internal audits as it was considered good practice. One member stated that internal audit was even more important at times of financial constraint and members agreed, stating that the College was not in a position to do without internal audit. The Chair believed that the board needed to make a statement confirming the importance of internal audit and it was **Agreed** that he would raise the issue at Corporation.

Parts 2 – Items for Decision

There were no matters for decision.

Parts 3 – Items for Discussion

886 Meeting with Auditors without senior managers present

Given that neither the internal or external auditors were present, it was **Agreed** that this item would be deferred to the next appropriate meeting.

887 Internal Audit Report – Spring Term 2018

The College Accountant presented Paper 2396/18/A setting out the internal audit report for the spring term 2018 comprising two business areas: Learner numbers system and Offsite activities.

The overall objective for the Learner numbers system business area was to ensure that all funding due was received based on the fact that student data was input completely, accurately maintained and appropriately supported in line with funding body guidance. This area was given substantial assurance and no management action plans were necessary.

The overall objective for Offsite activities was to ensure that activities were managed and administered in line with current health and safety legislation and education standards. The review sought to assess the effectiveness of controls in place namely: management and operational responsibilities were clearly defined and, where appropriate, supported by policies and procedures; all risks had been identified and appropriate action taken to provide cover by management arrangements or insurance; and offsite activity documentation was retained and held securely. This area was given limited assurance and three management action plans were drawn up concerning policy and procedures, submission of trip paperwork and health questionnaires and parental consent forms.

In response to a question, the College Accountant assured members that actions were in place to address the issues raised in the offsite activities audit and circulated supporting information provided to staff in the April 2018 Core Brief and the Educational Offsite Activities Form. One member asked what had happened as there used to be a cast iron system in place in this area. The College Accountant stated that this used to be the case and that the action plan had been completed and the issues should be resolved. One member asked if substantial assurance would be given if this area was audited again and, given the importance of the issue and the implication if things went wrong, asked that training on offsite procedures be incorporated into the All Staff Training day held at the start of the 2018/19 academic year and a subsequent follow-up audit carried out. Members asked that the outcome of this follow up audit be communicated to the Committee at the earliest opportunity (ie not to wait until the next meeting). The Chair asked whether the issues raised invalidated the College's insurance and another member asked if this area covered staff travel overseas. The College Accountant agreed to check both issues.

The Clerk confirmed that the Committee considered the internal audit plan prior to its agreement by Corporation and Agreed to send the Chair the 2017/18 plan (the 2018/19 plan would be considered at the Committee's next meeting).

The Internal Audit Report – Spring Term 2018 was **Noted**.

888 Review of Outstanding Items

The College Accountant presented Paper 2397/18/A setting out the current position on outstanding items as agreed by management from previous audit recommendations.

The report noted that good progress had been made implementing these actions. Issues covered included IT general controls, Firebrand, fixed asset register and offsite activities. The College Accountant stated that the first draft of the IT strategy had been produced and was currently being reviewed. It had a revised completion date of July 2018. One of the members offered to help with the development of the IT strategy. There was a brief discussion about the IBM contract which was in its last year. In response to a question from the Chair, the College Accountant stated that he did not believe the contract would be signed by IBM. He reported that no contractual difficulties had arisen and that the external auditors had not raised the contract as an issue to date.

There was a discussion about the review of Firebrand to highlight what went well and lessons for the future, which had a revised date of July 2018 (from July 2017). One member noted that this review did no impact on current operations and wondered what value the review would serve, given the delayed timeframe. Another member noted that it was important that scheduled work was completed and not overlooked simply because it was taking a long time to produce. For the benefit of new Committee members, the Clerk agreed to circulate background information about Firebrand.

Members discussed offsite activities from the 2017/18 internal audit, noting that the Visits / Activities Policy and Procedure had not been reviewed and updated since 2015 although this action was now complete. In response to a question from the Chair, the College Accountant stated that all College policies were reviewed within a stated timeframe and the Chair asked that a list of all policies and procedures including review dates be brought to the Committee. Members noted that if paperwork was too onerous, there might be a case for redesigning it to ensure it was kept relevant and up to date. There was a brief discussion about how up to date medical details for trip participants and parental consent forms for students under the age of 18 were held (an action that was now complete). In response to a question, the College Accountant stated that this information was captured as part of the enrolment process, but was also built into the trip profile and was done by the trip organiser in order to ensure up to date information was available. Finally, there was a discussion about the online HR system for booking and approving holiday (another completed action). In response to members' questions, the College Accountant confirmed that holiday could only be carried over to the following leave year with the Principal's approval. Members noted that it was not the system that was at fault, but rather a compliance issue with some staff not using the system. They stated that any leave not booked through the online system was in effect unauthorised absence.

The Review of Outstanding Audit Recommendations report was **Noted**.

889 Risk Management Monitoring

The College Accountant presented Paper 2398/18/A setting out risk management monitoring. Members noted that the Managing Director Technical Professional had left the College since writing the report.

The paper provided an update on the College's Strategic Risk Reduction Plan, including an overview of any changes in movement of strategic risks identified on the Strategic Risk Register for inclusion in the Strategic Risk Reduction Plan. The paper included details of risks associated with the College's subsidiary companies. There were 23 strategic risks, two of which had subsidiary risks. No additional risks had been identified, meaning that ten strategic risks continued to be monitored through the Reduction Plan. Of these ten risks, one risk showed an upward movement in net risk score following the recent Ofsted inspection.

The Committee discussed a number of the risks outlined in the report. The College Accountant confirmed there been no progress with the CRSG debt (c£1.4m) and that the College had begun legal proceedings to recover the funds. He confirmed that work was underway to transfer the money in the College's Nigerian bank account (c£400k) as the official and black market exchange rates were now aligned. There was a brief general discussion about the report itself, in particular its 'busy' nature and the numbering system. The Clerk stated that the new member of staff with responsibility for risk monitoring would attend the next meeting and would be better placed to answer questions concerning the format of the report

as well as details concerning the risks themselves.

The Risk Management Monitoring report and progress made in management of the risks identified for 2017/18 were **Noted**.

Minutes 889 (extract) and 890 were confidential.

Self-Assessment of Meeting

Two evaluation forms were returned to the Clerk. One member did not believe the papers were clear and concise or that the Committee received sufficient information upon which to make decisions, explaining that this was due to *'lack of staff [ie report authors were not present at the meeting].'* The other member ticked yes to papers being clear and concise and that the Committee received sufficient information upon which to make decisions, noting *'mostly except Appendix A'* (referring to the Risk Management Monitoring report). Members felt able to contribute to the debate and decision-making process and all members felt that the Committee / Corporation challenged and questioned reports sufficiently. Members were satisfied that the decisions arrived at were sound and that the impact of decisions on students and the College was clear. Members felt that the Chair provided effective leadership and ensured that there was enough time for debate and that all Governors were able and encouraged to participate in discussions. Members agreed that the meeting was clerked effectively. Under further comments and suggestions, the second member wrote *'Item 3.4 (risk management) needs a revamp.'*

Date of Next Meeting

Tuesday 20 November 2018 @ 4.15pm

The meeting ended at 5.10 pm.