

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

Held at the College at 4.15pm on 06 March 2018

Present: Mr A Minter, Mr T McCaffery (Student), Mr R Tonge (Chair) and Ms F Calderbank.

Apologies: None

In Attendance: Ms I Bond - Southern Internal Audit Partnership
Mr J Cox - Group Finance Director
Ms C Ellis - MD Technical Professional (Minute 878)
Ms P Schweitzer - Clerk to the Corporation

Minutes

Part 1 – Standing Items

871 Apologies for Absence

There were no apologies for absence.

872 Membership

The Clerk stated that Ms Ward and Ms Burt had resigned from Corporation and this impacted on the Committee as they were both members. When asked if there would be new members at the next meeting, the Clerk stated that a new governance model would be considered at Corporation and one of the proposals was to reduce the Committee to four members.

873 Declaration of Interest

There were no declarations of interest.

874 Minutes

The minutes of the meeting held on 21 November 2017 were **Agreed** as a correct record and signed by the Chair.

Minute 856: Membership: The Chair raised the issue of the co-opted member vacancy and the Clerk stated that this would need to be discussed within the context of the new governance model.

Minute 861: Strategic Internal Audit Plan & Annual Internal Audit Plan and Minute 862: Review of Terms of Reference: The Clerk confirmed that these had been agreed by Corporation at its 05 December 2017 meeting.

Minute 865: Internal Audit Report – Summer Term 2017: The Chair asked about the report to provide assurance to the Committee mapping out the process and stages of risk assessing work placements. The Clerk apologised that this had not been flagged up and the Group Finance Director **Agreed** to circulate this information after the meeting.

Minute 868: Financial Statements & Regularity 2016/17: In response to a question the Group Finance Director confirmed that no further material issues had been raised in the report (2nd paragraph). The Chair then asked for an update on the financial pinch point in the spring (4th paragraph). The Group Finance Director confirmed that, as predicted, it would be tight but not as tight as originally anticipated and that the situation would improve quickly in April.

Parts 2 – Items for Decision

There were no matters for decision.

Parts 3 – Items for Discussion

876 Internal Audit Report – Summer Term 2017

The Group Finance Director presented Paper 2366/18/A detailing the outcome of the internal audit for the autumn term 2017.

Ms Bond stated that the visit was the first to be carried out under the audit strategy and plan agreed by the Committee in November 2017 and that the results would support the annual internal audit opinion for 2017/18. The business areas audited were: health and safety, risk management and subcontracting controls and assurance (ESFA).

Health and safety: The objective of the audit was to ensure that all risks were identified and that appropriate action was taken to provide cover by management arrangements. The review assessed the effectiveness of controls focusing on the activities and controls designed to mitigate risk in achieving the following objectives:

- Management and operational responsibilities were clearly defined and, where appropriate, supported by policies and procedures.
- All health and safety risks were identified.
- All identified health and safety risks were addressed and appropriate action was taken.

Substantial assurance was given in this business area, with no significant issues identified and no management action plans drawn up.

Risk Management Process: The objective of the audit was to ensure that all risks were identified, evaluated and managed efficiently and effectively. The review assessed the effectiveness of controls focusing on the activities and controls in place designed to mitigate risk in achieving the following objectives:

- Management and operational responsibilities were clearly defined and where appropriate supported by documented policies and procedures.
- All key risks had been identified, assessed and documented, with the risk register and action plan being regularly reviewed and monitored and updated at least annually.
- The organisation had controls in place to manage the risks identified in the risk register and that these were monitored to ensure that continued reliance could be placed upon them.
- Action taken in respect of the risk management process was reported to the appropriate committee at least annually and preferably termly for review and monitoring.
- The risk management process was embedded throughout the organisation to ensure that it contributed to the overall management of the strategic direction of the organisation.

Again, substantial assurance was given in this business area, with no significant issues identified and no management action plans drawn up.

Subcontracting controls assurance (ESFA): The objective of the audit was to ensure that the College's controls were in line with funding agency guidance. The review assessed the effectiveness of controls focusing on the activities and controls in place designed to mitigate risk in achieving the following objectives:

- Management and operational responsibilities were clearly defined and, where appropriate, supported by policies and procedures.
- Subcontractors were selected and procured in line with ESFA procedures, with contracts in place containing the clauses required by the ESFA.
- The College monitored subcontractor performance and ensured that students were eligible for funding.
- Income was collected, banked and recorded in the College's accounts promptly.
- Complete accurate and timely reports on subcontracts in place were forwarded to the funding agency in line with requirements.

Due to the end of existing subcontractor provision in 2018 and a significant reduction in learners on programme, the audit focused on monitoring of subcontractor performance and student records as well as reporting to the ESFA. Adequate assurance was given due to one of the subcontractors retaining progress review documentation due to confidentiality. No significant issues were identified and no management action plans drawn up. Ms Bond noted that subcontracting provision was reducing and would probably be below the threshold for certification the

following year.

Ms Bond noted that the clean audit report and thanked College staff for facilitating such a smooth visit, particularly in the current stretching times.

The internal audit report – autumn term 2017 was **Noted**.

877 Review of Outstanding Items

The Group Finance Director presented Paper 2367/18/A detailing the current position on the outstanding actions as agreed by management from previous audit recommendations.

The Group Finance Director recapped that this review picked up actions that had been identified through internal audit that had not been addressed at the time. Generally speaking, most of the actions had been completed, however there were a few outstanding. The development and approval of the IT Strategy 2017-19 had a revised completion date of March 2018 due to the fact that a long term infrastructure issue needed resolving first. The strategy's first draft was expected this month. Work to review the Firebrand project, highlighting what went well and lessons learnt to inform future projects and the risks associated with them, was ongoing. Finally, members asked about the external audit 2016/17 audit control which identified two HR actions concerning use of the system to book leave. Actions were ongoing and were due to be completed shortly. The Group Finance Director stressed that the issues were relatively trivial and the associated risks minimal.

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

878 Risk Management Monitoring

The Managing Director Technical Professional joined the meeting and presented Paper 2368/18/A informing the Committee on the progress made in relation to the Strategic Risk Reduction Plan for 2017/18.

The paper provided an update on the status of the Strategic Risk Reduction Plan, and included an overview of the change in movement of risks identified on the Strategic Risk Register for inclusion in the Strategic Risk Reduction Plan, a commentary on the risks and any updated action plans. Appended to the paper were details of the risks associated with the College's subsidiary companies: NWT, Highbury Apprentices (Birmingham) Ltd (previously New Horizons Training Ltd) and HBSA (Jeddah) and the MD Technical Professional noted that there had been no changes to these risks.

There were 23 strategic risks on the Strategic Risk Register. No additional risks had been identified and ten strategic risks therefore continued to be monitored through the Strategic Risk Reduction Plan. Action plans for each of these ten risks had been updated. Of the risks, two had no changes. A commentary on the remaining eight was in the report.

The MD Technical Professional went through each risk and a number of questions were asked. In relation to **Risk 23a** concerning the Jeddah Female College, the Group Finance Director stated that the College was likely to know whether or not it had secured a bond in the next two weeks. Under **Risk 23c**: insufficient student demand to achieve long term growth, the MD Technical Professional stated that the ESF bid was now valid until March 2019 thereby giving the College a longer window in which to achieve the target numbers. The marketing strategy had been updated and a sales strategy was in place to support the management of the Government's reform of Apprenticeship provision (**Risk 23d**). Further GDPR training would take place at the next All Staff Development day to mitigate **Risk 6** (non-compliance with legislation and other legal requirements). The Employer Responsiveness and Engagement Strategy (2017-2020) had been completed (**Risk 20**: new and existing providers entering or expanding into the market may cause a loss in market share) and a new action (further work to be done on calculating market share) had been added. Under **Risk 13a** (failure to take steps to prevent radicalisation and extremism), the MD Technical Professional stated that the College's emergency protocols had been updated and a recent exercise conducted to test responsiveness. The Student Governor confirmed that the 'run, tell, hide' exercise had worked well, with students responding appropriately. In response to a question, the Group Finance Director stated that during the 'hide' phase it was not possible to know where the students were and that it was down to individuals to take the most appropriate action for their situation. He confirmed that this protocol was in line with government policy. With regard to **Risk 8**: failure to sustain 'good' or better teaching, learning and assessment and high standards, a review of training available to new Sector Leads was to be undertaken and Advanced Practitioners would work closely together to create a Community of Practice. In addition, further assessor training was to be introduced. One member asked about the College's external checks on teaching and learning and how governors could be assured that teaching was good or better. The MD Technical Professional stated that assurance was provided in two ways: firstly, external reviews were carried out through a network of regional colleges (an external review of computing had recently taken place and had validated the College's internal assessment) and secondly a team of external reviewers consisting of part time Ofsted inspectors had recently been commissioned by the College to conduct a range of activities including observations of teaching and learning to validate the 2016/17 Self-Assessment Report (SAR). The member stated that this assurance had not been given on a recent liaison visit and it was agreed that the MD Technical Professional would investigate this. With regard to **Risk 14**: failure of the curriculum offer to meet the needs of regulatory bodies, individuals and employers may lead to low achievement and success rates, failure to achieve success in inspection, failure to achieve student recruitment targets, significant reduction in funding, and damage to reputation: the special measures process was ongoing and beginning to demonstrate positive impacts (areas in special measures were the Apprenticeship Academy, maths and English (ME), construction, health and social care and foundation pathways). Actions arising from external validation of the SAR had been added to the Quality Improvement Plan (QIP).

The Chair thanked the MD Technical Professional for the report, and progress made in the management of the risks identified for 2017/18 was **Noted**. The MD Technical Professional left the meeting.

879 **Board Assurance**

The Clerk presented Paper 2370/18/A setting out information on board assurance and assurance mapping, stating that the Committee had asked for this to be brought to the meeting following discussions with the auditors at the previous meeting.

Ms Bond stated that board assurance was raised during discussions concerning the reduced level of internal audit coverage in 2017/18. Whilst SIAP would be able to provide assurance for the current year, it might not be possible to provide overall annual assurance in the future if coverage remained at a reduced level, and a board assurance framework might then be considered. The Group Finance Director stated that a proposal to provide assurance along those lines would be brought to the Committee if the College sought to maintain a lower number of days. However, he stated that it was not the intention at this stage. He noted that colleges were no longer required to have internal audit. Members were content with this reassurance and agreed that the issue would be revisited if necessary.

Having discussed and **Noted** board assurance and assurance mapping, the Committee **Agreed** that no further action was required at this stage.

Part 4 – Matters of Confidentiality

Minute 880 was confidential.

Self-Assessment of Meeting

One evaluation form was returned to the Clerk. The member agreed that papers arrived in time and were clear and concise, containing sufficient information upon which to make decisions. The member felt able to contribute to the debate and decision-making process and that the Committee challenged and questioned reports sufficiently. The member was satisfied that the decisions arrived at were sound and that the impact of decisions on students and the College was clear. The member 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. The member agreed that the meeting was clerked effectively.

Date of Next Meeting

Tuesday 22 May 2018 @ 4.15pm

The meeting ended at 5.10 pm.