

**Minutes of the Audit Committee Meeting
of the Corporation held at the College at 4.15pm on
Tuesday 07 March 2017**

Members Present: Ms L Burt
Dr L Carter
Mr M Lawther (Chair)
Mr A Minter
Mr D Roberts
Ms S Ward
Mr R Tonge

In Attendance: Mr J Cox - Group Finance Director
Ms P Schweitzer - Clerk to the Corporation

Apologies: Mr L Davies
Ms I Bond - Southern Internal Audit Partnership

M i n u t e s

Part 1 – Standing Items

834 Apologies for Absence

Mr Davies and Ms Bond sent their apologies.

835 Membership

The Chair welcomed Mr Tonge to his first meeting.

836 Declaration of Interest

There were no declarations of interest.

837 Minutes

Mr Minter stated that he was present at the meeting (the minutes reported him as having sent his apologies).

Minute 825 Self-Assessment Questionnaire (Paper 2218/16/A): Ms Carter sought to clarify her comment concerning the College's Whistle Blowing procedure and it was **Agreed** that the minute be amended to state '*LC suggested that the Self-Assessment Questionnaire reference the fact that the College had a clear whistle-blowing procedure.*'

Subject to the amendments above, the minutes of the meeting held on 22 November 2016 were **Agreed** as an accurate record and signed by the Chair.

838 Matters Arising

There were no matters arising.

Part 2 - Matters for Decision

There were no matters for decision.

Part 3 - Matters for Discussion

839 Internal Audit Report – Autumn Term 2016

The Group Finance Director presented Paper 2261/17/A detailing the outcome of the internal audit for the autumn term 2016, the results of which would support the annual internal audit opinion for 2016/17.

The Chair noted that the internal audit had given the business areas of Human Resources (HR), student accommodation, subcontracting controls assurance (concerning SFA requirements) and forecasting either substantial opinions (HR) or adequate opinions and that no significant issues had been identified. The Group Finance Director confirmed that all the management actions identified had been completed.

One new member to the Committee asked about the College's risk based audit approach and who determined the level of risk. The Group Finance Director clarified that at its June meeting every year Audit Committee agreed an audit plan as part of a three-year audit cycle and that the Committee or management could add areas to the plan if anything arose during the year.

The Internal Audit Report – Autumn Term 2016 was **Noted**.

840 Review of Outstanding Audit Items

The Group Finance Director presented Paper 2262/17/A detailing the current position on the outstanding actions as agreed by management from previous audit recommendations.

The Group Finance Director stated that the majority of actions had been completed, with the exception of actions arising from the IT General Controls audit. The IT strategy was due to be completed in March but had been delayed due in part to the fact that it relied upon other strategies that were also being drafted at this time. In addition a new IT manager had been appointed and his input would be important to the process.

The Review of Outstanding Audit Items was **Noted**.

841 Risk Management Monitoring

The Director Research & Development presented Paper 2233/17/A setting out progress made in relation to the Strategic Risk Reduction Plan for 2017.

The plan provided an overview of the change in movement, a commentary and action plans for the 13 strategic risks identified in the Strategic Risk Register for inclusion in the Strategic Risk Reduction Plan. The Director Research & Development stated that although the Strategic Risk Register continued to identify 23 risks, two had been removed (risks 15 & 19) and two added (1 & 11).

The College's international business, **Risk Number 15**, had been reassessed as acceptable and therefore removed from the plan. This was due to an effective action plan resulting in positive outcomes in terms of mitigating risk. The College's new international strategy focused on inbound provision and termly reports continued to be considered by Finance Committee. This risk would continue to be effectively managed and monitored through the Strategic Risk Register.

Risk Number 19 related to changes in government policy and the external economic climate within the context of the reorganisation of sector provision through the 2015/16 area review process. The College Leadership Team was confident that existing controls were effective and the positive outcome of the area review process for the College, namely to continue as a stand-alone institution, resulted in a reduction of the level of risk. The Director Research & Development stated that the College continued to keep a close watching brief on policy developments including the current Industrial Strategy consultation. In response to a question concerning how the College actually managed and mitigated a risk such as government policy, the Director Research & Development stated that the College proactively contributed to consultations through various channels such as the Association of Colleges.

Risk Number 1 concerned strategic, governance and management and more specifically that *'lack of clearly defined strategic planning and monitoring arrangements may lead to the College failing to identify and achieve its strategic and financial objectives.'* The Director Research & Development stated that this risk was informed by the College's current financial situation and, following thorough review and discussion (including with the Chair of Corporation), this risk had been upgraded to significant and moved into the Strategic Risk Reduction Plan. The two agreed action plans were (1) seeking independent financial advice and (2) strengthening Board membership with business and financial experience and expertise.

Risk Number 11 concerned Human Resources (HR) and more specifically that *'failure to recruit and / or retain suitably qualified professional and teaching staff may lead to poor staff performance, decline in teaching quality, and failure to achieve the College's strategic objectives and priorities.'* The Director Research & Development stated that this risk reflected difficulties in recruitment in key sector areas and that the risk had been upgraded from acceptable to high. As a result a number of action plans had been drawn up including the introduction of a new Performance Review process, development of the Highbury Staff Passport to make staff induction more effective and implementation of a recruitment and retention strategy. One member asked what the College was hoping would change, to which the Director Research & Development responded that the College was using new recruitment outlets such as LinkedIn and a range of job boards rather than the more traditional outlets. The Chair noted that retention was an issue and asked whether it was necessary to introduce new staff terms and conditions. The Group Finance Director stated that improving retention concerned a range of things including effectively capturing staff views when they left, 360 reviews and the reward process, and the College was carrying out a raft of actions to mitigate this risk including ensuring HR was

modernised and more flexible. He also noted that communication within the College could be better. One member noted that career development was important and that talent development was therefore important and another member, a former member of staff, stated that traditionally the College was quite good at that.

The Committee then discussed **Risk Number 8** Teaching and Academic that *'failure to sustain 'good' or better teaching, learning and assessment and high standards may lead to poor student retention and success, reduced student recruitment, reduced funding, poor inspection outcomes and damage to reputation.'* The Director Research & Development stated that a number of additional actions had been introduced including a weekly College Quality Council and the extension of the 60 minute CPD programme to support emerging needs. One member, through her teaching, learning and assessment liaison link, confirmed that staff spoke highly of the Quality Council and valued its open discussions and ability to respond quickly. She stressed that the impact of this area was not just an Ofsted outcome, but was really important to student success.

There was a final question concerning Finance / Teaching and Academic / Marketing (**Risk Number 23**) with the Group Finance Director confirming that the CSW Group was a private training provider that the College had partnered with to deliver an ESF bid.

The Committee **Noted** the progress made in the management of the risks identified for 2017.

Minutes 842 & 843 were confidential.

Self-Assessment of Meeting

Four evaluation forms were returned to the Clerk. Members agreed that papers arrived in time and were clear and concise, containing sufficient information upon which to make decisions. Members felt able to contribute to the debate and decision-making process and all members felt that the Committee challenged and questioned reports sufficiently. Members were satisfied that the decisions arrived at were sound and all but one member felt 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.

Date of Next Meeting

Tuesday 23 May 2017 @ 4.15 pm.

The meeting ended at 5.25 pm.