



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON WEDNESDAY 30<sup>TH</sup> MARCH 2016 AT 9.30 AM IN THE BOARD ROOM, THE ROUNDHOUSE**

Present: Kevin Slack (*Chair*), Rosslyn Green, Jonathan McCluskey  
In attendance: Paul Steeples (*Chief Finance Officer*)  
Heather Simcox (*Director of Corporate Affairs*)  
Michael Ford (*Director of Business Improvement*)  
Rose Matthews (*Clerk*)  
Remote Attendance: Hazel Doherty (*Grant Thornton – Internal Auditors*) – *minute numbers 26 and 27*

		Action	Date
<b>22/15-16</b>	<b>Apologies for absence</b>  Apologies for absence were received from Richard Brewell.		
<b>23/15-16</b>	<b>Declaration of Interests and Eligibility and Quorum</b>  No new declarations had been received, all members were eligible and the meeting was confirmed to be quorate.		
<b>24/15-16</b>	<b>Minutes of the last meeting</b>  The minutes of the meeting held on 26 <sup>th</sup> November 2015 were approved and signed as a true record.		
<b>25/15-16</b>	<b>Matters arising</b>		
6/15-16	PS would provide an update on progress following the Internal Audit Report on Payroll as part of agenda item 7.1.		
12/15-16	PS had updated the documents with the title change.		
<b>26/15-16</b>	<b>2015-16 Assurance Plan Progress, including new reports:</b>  Assurance Plan progress was shared with Members as follows:  <ul style="list-style-type: none"> <li>• <b>Management: Value Stream Mapping Activity</b> Members were asked to recollect the Value Stream Mapping exercise undertaken to improve the processes within the Apprenticeships provision in the College.  A revised process was introduced in February to all Team Managers and this will continue to be monitored through the External Recommendations Monitoring report.  Rosslyn Green asked if the review had been carried out by a third party. The Business Improvement Director clarified the review was</li> </ul>		

following the involvement of a third party who identified what action needed to be taken, the action has then been implemented internally.

- **Management: Business Development KPI Report**

The Audit Committee required assurance that all employer focussed provision was being managed and that good relationships were in place.

This was evidenced through the Business Development KPIs which were presented to the Committee.

Members noted the Employer Skills Academies showed strong employer engagement in a variety of sectors.

- **Management: Outcomes**

Assurance was provided to show that learner outcomes would reach acceptable standards and lead to positive Ofsted grades.

The overall achievement rate for all learners in 2014/15 was 93% which was an increase on 2013/14 performance and above national average. Members were also asked to note success rates for 16-18 and 19+ had both improved on the previous year's performance.

Information published by the DFE performance tables supported the College's SAR assessment (Grade 2) and the value added score had increased for both academic and vocational qualifications.

The format of the KPI report focussed attention and scrutiny where required and special measures panels were in place to further scrutinise and lead to positive outcomes.

Attention was drawn to the work undertaken by the Curriculum and Quality Committee which was reported regularly to Corporation.

- **SFA: Assessment of 2014-15 Financial Statements**

Following a review of the College's financial statements and finance record by the Skills Funding Agency, based on the outturn forecast, the College's financial health grade was confirmed as satisfactory.

Rosslyn Green asked if any benchmarks had been received from the SFA, the CFO acknowledged these had not been received as yet, but the College had carried out its own benchmarking exercise.

The Clerk was asked to circulate a copy of the latest financial dashboard.

Clerk 28/06/16

- **External Assurance: Sub-Contracting Controls**

An external review of sub-contracting controls carried out by a third party in December 2015 confirmed the College was adhering to all specific requirements set by the SFA.

The CFO confirmed the College had reduced and would continue to reduce sub-contracted provision.

The Chair questioned the monitoring mechanisms in place for sub-contractors. Sub-contractors are monitored through the qualitative measure of the QPR, however, the Chair suggested that a financial review be carried out quarterly.

CFO 28/06/16

- **Management: Merrill Academy**

Nick Freeman, the Chair of the DCET and the Link Governor for Merrill Academy provided an update to Corporation in October which provided assurance of the support given by the Trust and the improvements in performance at the Academy.

The Director of Corporate Affairs said a review of the current governance model was currently being carried out and made reference to the Service Level Agreements in place for Derby College support services.

- **Management: MBS Activity Report**

The Committee were provided with a progress update in relation to the Mackworth Business Services. The accounts were adverse to budget at the end of January 2016. Fewer events had taken place than anticipated and it is unlikely that projected figures would be achieved. This has been further impacted by £19K of redundancy costs with three of the four members of the team leaving the College.

More activity will be carried out on the event, such as managing the bar, to make this profitable and by using students from Roundhouse Recruitment.

A full report on the future strategy of Roundhouse Events would be presented back to the Corporation Board.

**CFO July '16**

- **Internal Audit Service: Sales Ledger**

Hazel Doherty of Grant Thornton, the Internal Auditors, summarised the scope of their assessment, which involvement an appraisal of a number of areas of the sales ledger.

The overall assessment was a green rating and the report highlighted two recommendations. One surrounded lack of clarity with the invoicing process of students with a status of 'partially enrolled'. It was recommended the management team should determine a clear process for invoicing of students who cannot fully enrol on the day and ensure this is fully communicated to all staff.

**CFO 28/06/16**

The second recommendation related to the chasing of aged debt, with an advisory note to introduce debt collection guidance notes which clearly set of expected timescales.

The Chair asked that the deadline for action be brought forward from July 2016. Actions would be monitored through the External Recommendations Monitoring Report.

**CFO 28/06/16**

- **Internal Audit Service: Cash Management and Forecasting**

Hazel presented the report on Cash Management and Forecasting which audited the College's controls for managing its cash flow so that it holds sufficient funds to meet its short and long term requirements.

Two medium and two low risks were identified resulting in an overall assessment of amber.

The College's Treasury Management had not been reviewed since 2011 and required updating. It was also recommended as best practice to include some key KPIs.

Recommendations were also made to develop the cash flow model, which included comparison of the budget compared to actual cash flow, variance reporting and analysis of historical cash flow to provide context with regard to capital income etc.

The CFO provided a progress update, advising a new Management Accounts format had been introduced in December. The CFO now reviews cash forecasts weekly. The Chair complimented the CFO on the changes that had been implemented.

The Chair requested the updated Treasury Management Policy be presented to the next meeting of this Committee in June.

**CFO**      **28/06/16**

- **Audit Chair: Continuity of Provision in Key Functions**

The Committee Chair addressed Risk 23, which related to continuity of provision at senior level and provided an update following a meeting on 14<sup>th</sup> December. Assurance was provided by changes to reflect a reduction in the number of line reports to the CEO. The two Senior Post holders remained the same.

HLS – left the meeting 10.30 am.

**27/15-16 Internal Audit Provider Progress Report to the Audit Committee**

The review of procurement planned for December 2015 had been deferred to later in the year due to the appointment of a new Procurement Manager in November 2015. The outcome of this review will be reported at the next Audit Committee meeting.

**CFO**      **28/06/16**

**28/15-16 Internal and External Recommendations Monitoring Report**

A monitoring report was presented which outlined all Internal and External Audit recommendations and actions taken.

Reporting by exception, it was highlighted to Members that electronic monitoring had not yet been achieved in relation to corporate cards. The CFO agreed to feedback to the Board the detail of the action taken to date.

**CFO**      **28/06/16**

The Business Improvement Director provided a progress update in relation to the Student Union. The Turn-around Board was organised and the NUS were happy with the progress and as such no longer require the Board to meet. The DCSU Trust is still on track to be set up in September and the Turn-around Board will continue until then. A further update will be provided at the next meeting.

**MF**      **28/06/16**

**29/15-16 Risk Management and Risk Register Review**

The Business Improvement Director informed governors of the 'high' priority risks identified in the Corporate Risk Register and the mitigating action taken by the College to address these. any litigation action being taken against the College.

Jonathan McCluskey asked if the litigation section could detail which area it related to, which would highlight to the Board if there was a problem in a particular area.

**MF**      **28/06/16**

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

