



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
TUESDAY 21 MARCH 2017 AT 10.00 AM IN
THE BOARD ROOM, THE ROUNDHOUSE**

Present: Kevin Slack (*Chair*), Jack Atwal, Rosslyn Green, Jonathan McCluskey, Simon Smith

In attendance: Jon Fearon (*CFO*)
Heather Simcox (*Deputy CEO*)
Michael Ford (*Director of Business Improvement*)
Mark Ashton Blanksby (*ICCA – Internal Auditors*)
Jonathan Creed (*ICCA – Internal Auditors*)
Rose Matthews (*Clerk*)

Prior to commencing formal business, Governors met in private with the representatives from ICCA

	Action	Date
18/16-17 Apologies for absence Apologies for absence were received from Kyla Bellingall of BDO.		
19/16-17 Declaration of Interests and Eligibility and Quorum No new declarations had been received, all members were eligible and the meeting was confirmed to be quorate.		
20/16-17 Minutes of the last meeting The minutes of the meeting held on 16 November 2016 were approved and signed as a true record.		
21/16-17 Matters arising		
28/15-16 The pilot regarding corporate cards proved unsuccessful and was not rolled out any further. The team were looking to link downloads from Barclays to the EBS workflow system which was progressing but had not yet been finalised.		
39/15-16 A further match funding visit had taken place. The report should be available for the next meeting.	HLS	27/06/17
47/15-16 The CFO had reviewed the Financial Regulations and these would be presented later in the meeting.		
07/16-17 The valuation report relating to the re-valuation of land at Broomfield Hall and the Roundhouse had been received from Innes England. The accounts were reviewed and received by Corporation.		

**22/16-17 Internal Audit
2016-17 Assurance Plan Progress, including new reports;**

The Director of Business Improvement presented the Assurance Plan and progress towards this.

To date five audits had been completed and the report detailed the scope and status of these.

Rosslyn Green pointed out all the internal audit activities related to high risk rated items, but did not tally with the Risk Register. At the time the assurance plan was put together the risks were red, but the preventative controls and mitigation had reduced the risk levels.

Internal Audit Service:

- **HE Growth**

Jonathan Creed of ICCA, the Internal Auditors, summarised the scope of their assessment, which involved providing assurance the College's Higher Education (HE) Strategy (including higher apprenticeships) and delivery model was supported by robust income and growth plans and aligned to the College's strategic direction and curriculum pathways.

The overall assessment was amber and provided a positive audit opinion with three recommendations identified:-

- Clearly defined KPIs, embedded in the HE Strategy and curriculum offer with targets for growth.
- A HE Financial Plan to monitor delivery of financial targets set within the 2017-2020 strategic plan and allow contribution and ROI from the HE provision to be more closely monitored.
- the College further develop its management information reporting to allow dashboard data to be available on the staff intranet for HE provision and review the way in which all HE provision is coded in the student records system.

The Deputy CEO asked that the Committee note the HE Strategy is a standard agenda item for the Curriculum and Quality Committee.

Kevin Slack asked if the targets for the beginning of the new academic year were likely to be achieved. The Director of Business Improvement explained the new strategies were being developed and these targets were likely to be achieved, with the aim of a 1 September launch.

Simon Smith asked if ICCA would be able to provide assurance of a green response next time if all recommendations were actioned. Jonathan said, they provide an opinion and could not provide absolute assurance.

- **English and Maths Strategy including Grade Predictions (Part 1)**

Jonathan Creed, of ICCA, continued by presenting the English and Maths Strategy Internal Audit Report. This was generated following the College's most recent Ofsted Inspection in March 2016, which identified further improvements were required in English and maths delivery. The audit would be carried out in two parts, the first focussing on a high level review of the strategies in place to engage students in maths and English, the process by which students are assessed – looking at controls to ensure compliance with the Conditions of Funding, along with mechanisms for predictions and intervention strategies for monitoring of attendance.

Part two, which has been planned to take place in May 2017, will focus on the College's compliance and ensure the delivery of maths and English is consistent cross-college.

As a result of the work carried out ICCA have provided a green, substantial assurance that the areas tested during the audit were designed and operating effectively with no significant weaknesses.

Two recommendations were made. The first related to initial assessment and capturing qualifications. The College should ensure processors are put in place to retain evidence to support the students flagged in the ILR as meeting the Conditions of Funding.

Rosslyn questioned the report which indicated 48 students were not meeting the conditions of funding for maths and 45 were not for English. It was explained those students had not provided evidence. Jonathan explained the College needed to review those records and look why they were not meeting the conditions of funding.

The second was that a standardised approach be taken to predicting grades at the start of the academic year across all curriculum areas.

Simon Smith questioned if ProMonitor was proved to be more accurate than teacher predictions. The Business Improvement Director said it would accurately monitor compliance. Kevin Slack asked if it was used across the sector. The Deputy CEO confirmed it was. The Business Improvement Director agreed to review if there was a training issue and progress further.

MF

27/06/17

**23/16-17 External Assurance
2015-16**

- **Financial Statements and External Audit –**
 - **Representation Letter and MBS Accounts**

The final Representations Letter and MBS Accounts were presented for approval. The CFO explained there had been an extended conclusion of the MBS accounts as KPMG (the previous External Auditors) wanted to change the presentation

of the tax aid and gift aid in the accounts. MBS did not have tax liability at that time. This was clarified in January and the signed accounts returned from KPMG were expected imminently.

Rosslyn Green had made some amendments to the presentation of the accounts and would forward these onto the Clerk.

RG

24/03/17

2016-17

- **Sub-Contracting Report**

The Internal Auditors, ICCA, presented their Final Advisory Audit Report providing external assurance of Sub-Contracting Controls. This was a follow-up report to confirm the actions from the External Assurance Review carried out in 2015-16. This was carried out prior to ICCA's appointment as the College's internal auditors.

Three of the five recommendations had been fully implemented. Follow up action had been identified when entering into a sub-contract agreement:

- The College to ensure that contracts were issued and signed prior to the start of the academic year.
- The College's relationship with Cogent Skills Services Limited must be confirmed. The CFO said Cogent was not a sub-contractor when the review had taken place, however, it would be from May.
- All contracts should reflect the full legal name as registered with Companies House.

Simon questioned the full scope of the audit and this was clarified by ICCA.

With regard to match funding requirements, it was recommended the College update the standard contract to include requirements as detailed in the report.

The CFO pointed out the new funding guidance indicated any large sub-contracting should be through the SFA. Kevin Slack asked if this was a risk to the College. The CFO said the College's strategy was to reduce sub-contracting provision over time.

Kevin asked about the SIGMA contract and questioned if this would be breached. He was assured it would not be.

24/16-17 **Monitoring Activity**

- **Review of Internal and External Audit Recommendations**

The Director of Business Improvement shared the Internal and External Recommendations Monitoring Report.

There were currently 58 recommendations being monitored through the process. Of the recommendations 33 had been actioned and associated tasks had been completed, 24 were being undertaken but were within the agreed timescales for completion and one recommendation relating to corporate cards (low priority) was overdue because of delays with associated actions.

There had been an increase in recommendations to monitor, with the last report focussing on 39, compared with 58, which had led to an increase in percentages.

Rosslyn Green questioned the Pearsons QMR Report, which had not featured in the monitoring report previously. The Business Improvement Director explained more actions had been taken from the report produced by Pearsons.

Jack Atwal looked at actions 45 and 49 and asked why the completion dates indicated 28th February 2017 yet were colour coded amber. The Business Improvement Director explained that was the date they were due for completion and the colour would change once the paperwork had been received.

The Committee agreed that once actions had been completed they would be removed from the report.

MF

27/06/17

- **Risk Management and Risk Register Review**

The Director of Business Improvement provided the Committee with an update on the high priority risks identified in the Corporate Risk Register and a summary of current litigation action being taken against the College.

Rosslyn Green asked how sub-contracting for learner loans would link with the preventative controls for sub-contracting. The CFO explained sub-contracting for learner loans was allowed as long as the College had previously worked with that supplier, however that would not apply next year.

Jack Atwal probed the liability on case KD. The Health and Safety Committee had put actions in place to prevent a re-occurrence and signage had gone up around the area.

There had been no significant incidents relating to Health and Safety.

The number of Safeguarding disclosures had increased from 168 to 195 compared to the previous year. There was a trend around health and wellbeing and improved reporting of mental health issues.

There had been two Prevent referrals, both learners were not deemed to be of significant risk and one potential Channel referral.

Rosslyn Green questioned why Risks 15 and 33 had been closed and the Business Improvement Director explained Risk

33 had closed following staff exiting from the Johnson Building to Ilkeston which had impacted positively on room utilisation.

Risk 15 had been consolidated with risk 36 as both were closely related.

25/16-17 Cash Loss Report

The CFO informed the Committee of a cash loss which had occurred within the College.

This followed a previous cash loss which was reported to Members in June 2016.

Further procedures have been put in place with a full HR investigation organised.

The Chair conveyed the Committees disappointment at the sloppy recording of money.

26/16-17 Financial Regulations

The CFO presented the updated Financial Regulations and highlighted the key changes.

The Committee recommended the updated Financial Regulations for adoption by the Corporation.

RM

22/05/17

27/16-17 Audit Committee Annual Report

The Management Letter had now been received and the Audit Committee Annual Report, which had been previously presented on 16 November in draft format, had been finalised.

The Committee ratified the final Audit Committee Annual Report.

28/16-17 Financial Regulation Memorandum Report

The Clerk presented a report highlighting the changes made to the Financial Memorandum in 2016-17 and reminding Members' of the responsibilities of the Board.

29 /16-17 Insolvency Briefing Report

The Clerk provided a report detailing the liability placed on Members through the Insolvency Regime which forms part of the Technical and Further Education Bill.

The meeting finished at 11.55 am

Signed: _____ Date: _____