



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON  
TUESDAY 24 MARCH 2015 AT 9.30 AM IN T101, AT THE ROUNDHOUSE**

Present: Kevin Slack (*Chair*), Rosslyn Green, Jonathan McCluskey

In attendance: Michael Ford (*Business Improvement Director*)  
Richard Lee (*Interim Finance Director*)  
Heather Simcox (*Clerk*)  
Rose Matthews (*Assistant Clerk*)

		Action	Date
<b>18/14-15</b>	<b>Apologies for absence</b>		
	There were no apologies for absence. However, it was noted the Auditors had been invited, but did not feel it necessary to attend as no audits had taken place since the last meeting.		
<b>19/14-15</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.		
	HLS was a Director of the Derby College Education Trust and declared an interest in the Derby College Education Trust item.		
<b>20/14-15</b>	<b>Minutes of the last meeting</b>		
	The minutes of the meeting held on 25 November 2014 were approved and signed as a true record.		
	Kevin Slack (KS) took the opportunity to thank Heather Simcox (HLS) for arranging the Audit Assurance training held on 4 March 2015.		
<b>21/14-15</b>	<b>Matters arising</b>		
17/13-14.2	Space Utilisation: Richard Lee (RL) had made enquiries and his understanding was that there was nothing formally agreed through IS. He appreciated the desire or need for the tracking of space, but indicated he felt it does not exist at present. HLS said Room Utilisation Audits do take place in the Estates Department. It was requested this remain on the agenda for action.	RL	Jun 15
06/14-15	Teaching Observation Update: Seven dual observations had taken place with the external observers (EMFEC) and agreement was reached on all seven grades.		
08/14-15	2013-14 Internal Audit Annual Report: The business planning process featured on today's agenda.		
	RL had highlighted a number of informal projects with various improvement initiatives. In his opinion, the highest risk related to	RL	ASAP

the Financial Controller. A recruitment process had commenced to recruit an Assistant Financial Controller who held a financial qualification. KS said he felt this needed to be resolved as a matter of urgency.

The accounts had been finalised and presented to Corporation.

12/14-15 Policy Review: Risk Management featured on the agenda for this meeting. All other actions had been completed

13/14-15 Audit Committee Business: The Audit Committee Annual Report for 2013-14, Self-Assessment for 2013-14 and Terms of Reference Review were submitted to December's Corporation.

16/14-15 Assessment of Audit Services: This item was featured on today's agenda.

17/14-15 Report from the Interim FD – Risk Management: A report was included on today's agenda.

**22/14-15 Monitoring Activity: Internal and External Audit Recommendations**

There have been no internal or external audit visits undertaken since the last meeting.

Outstanding actions have been carried out. The Student Union accounts were received at the March Corporation meeting.

Michael Ford (MF) met with the NUS and they are supportive of any changes that need to be made. It has been agreed that a Shadow Executive Board will be put in place with delegated authority to oversee recommendations made by the NUS in their report.

MF

23/06/15

The first meeting will look to set up a full Trust to implement the recommendations of the report and review the structure.

**23/14-15 Risk Management Report**

MF summarised the Risk Management Report with the aim to provide an update to members on the re-establishment of the College's Risk Management Framework and to provide an update relating to 'High priority risks' identified in the Corporate Risk Register.

MF drew members' attention to section 3.2 which highlighted the changes made to the format of the register.

A number of new risks have been identified in section 3.3 and the preventative controls introduced to mitigate the risks.

Kevin Slack asked who the Risk Champions were and MF explained each area has an identified 'Risk Champion' responsible for updating each area's risk register. MF agreed to circulate a list of all those responsible.

MF

ASAP

HLS explained a back to basics approach had been taken and areas were encouraged to re-embed risk management in the organisation. This is an ongoing process and each area is audited regularly by MF. The Executive Committee owns the Risk Register

and the strategy has been introduced to provide assurance to the Committee.

Jonathan McCluskey (JMC) felt there needed to be some prioritisation with risks to ultimately ensure risks are actioned and eventually removed from the register.

JMC referred to Risk 22 and the priority around this and said that whilst this is a high priority risk, other risks might not feature so highly. MF explained there is a larger lists which is monitored by the Executive Group and there is also a closed risk monitor log.

Rosslyn Green (RS) asked about the Procurement Review update. MF explained this had been approved at the last Corporation meeting.

MF explained the 'action' column and this is used by the Risk Champions to monitor assurance or identify any actions. It is a record for the Committee to see what actions need to be taken. The Chair asked that a brief be included to show members what action is/has being/been taken.

MF

ASAP

**24/14-15 Risk Management Framework Briefing Note**

MF shared the Risk Management Framework which had been delivered to Risk Champions. Although Risk Registers did previously exist in some areas, this clearly defines the reporting process.

KS asked if there had been a lapse with risk reporting. MF gave assurance that there had been no lapse, but he wanted to reinforce the policy and re-establish some of the working practices. Previously the register had been held with Finance, but needed to include a wider remit.

HLS clarified this was focussed on the business side but that there is also a requirement to have a Project Risk Register, which will focus on projects such as the extension to the Joseph Wright Centre. It is not a part of day to day activity but the capital programme has a start and end date.

**25/14-15 Risk Appetite Statement**

As part of the process to re-establish and make some subtle changes to the procedures, three policies have been introduced. MF made it clear the processes have not changed but the terminology has.

MF sought members' approval for the Risk Appetite Statement.

JMC made reference to page 5 and asked if the College had Professional Indemnity insurance in place. RL confirmed it had.

JMC asked what the value of Public and Liability Insurance was. RL to confirm.

RL

ASAP

JMC also requested values be indicated to "net book value of fixed assets". RL to obtain.

RL

ASAP

JMC asked if the evaluation table on page 6 could indicate what is

MF

ASAP

	considered 'core business' and 'non-core business'. MF to define.		
	HLS explained that funding (considered as core business) is not predictable because the criteria for funding changes.		
	JMC asked if the risk between core and non-core would be treated differently. RL explained the College had charitable status, however commercial business comes under a separate subsidiary 'Mackworth Business Services' and the risks taken could be higher with a commercial entity compared to a charity. The appetite for risk in a charity is low, but in a commercial subsidiary it is low to medium. Members asked for more detail and they would then review further.	MF	ASAP
	RG questioned why DC Operations was classed as a medium risk. MF explained as it was an internal function, the College accept it is a medium risk because they have more control over it and can put the preventative controls in place to reduce.		
	MF to bring the revised policy back to the next meeting.	MF	23/06/15
<b>26/14-15</b>	<b>Risk Management Policy, Procedure and Guidelines</b>		
	MF presented the Policy, Procedure and Guidelines which members approved.		
<b>27/14-15</b>	<b>Risk Management Framework</b>		
	Members approved the Framework subject to the removal of the highlighted text.	MF	ASAP
<b>28/14-15</b>	<b>Risk Register</b>		
	MF presented the Risk Register to members and summarised each risk line by line and the preventative controls to mitigate each risk.		
	<u>Risk 36</u> As discussed previously there was an enormous concentration with one qualified individual, the Financial Controller, measures have now been taken to recruit a deputy to provide support.		
	There was no procurement function in place following the departure of two individuals - however a consultant is now reviewing the procurement function.		
	MF explained ICCA had provided an Interim IS Director who is looking at benchmarking the IS Department with others and reviewing the structure.		
	RG asked if this could have been prevented. HLS explained that losing both the Finance Director and IS Director had identified these issues.		
	Risk 18 refers to the risk to the College reputation and HLS asked RM to send DFE and Ofsted Reports to members of this Board.	RM	ASAP
	JMC said reducing likelihood from a rating of 5 to 4 was not good enough and felt more should be done. He said he felt certain risks, for example, Risk 22 – should be working to a 3 rating.	MF	23/06/15

<p>RG questioned why some risks have more preventative measures implemented and asked if these should have a lower rating, for example Risk 18 relating to Merrill Academy. HLS explained that Merrill's reputation will always be on the radar as their exams have always been under the floor target of 40%.</p>		
<p>JMC felt Merrill was not such a high risk as MIS which needs sorting out asap.</p>	MF	23/06/15
<p>JMC said he felt remote from the process and did not feel as a committee, members had the time to look at this. He asked that one risk be identified at each meeting that can be looked at in detail with a view to removing once risk is mitigated.</p>	MF	23/06/15
<p>As a Committee it was agreed Risk 22 should be focussed on as there were no cuts to apprenticeship funding and this area needs to be grown.</p>	MF	23/06/15
<p>JMC said Risk 32 – relating to procurement did not previously feature on the Risk Register and nothing has been done about it. He felt this needed accelerating.</p>	MF	23/06/15
<p>HLS explained a Procurement Consultant had been in place since January and he is identifying the critical procurements that need resolving now.</p>		
<p>RG questioned if procurement was being carried out through EMFEC, were the College not devolving responsibility to them. RL said the College needed to see if they were compliant through the outsource contract.</p>		
<p>KS asked if a plan was in place with regard to Risk 1. HLS said we cannot stop Government Policy and are unable to see the indicative budget until May. However, David Grocock asked what assumptions had been made for 2015/16 at the last Corporation meeting and each area has been asked to make a 40% contribution in order for each course to run. Commercial funding is also a key area moving forward.</p>		
<p><b>29/14-15 Business Planning and Curriculum Design</b></p>		
<p>MF talked members through the Business Planning process and how this shapes the curriculum design.</p>		
<p><b>30/14-15 Assurance Plan 2014-15</b></p>		
<p>Members were presented with a proposal from ICCA following a request at the Audit Assurance training.</p>		
<p>RL to speak to Procurement to see the College can use ICCA or have to follow the procurement process.</p>	RL	ASAP
<p>MF is already looking at Apprenticeships as part of Value Stream Mapping. KS felt it was an area that needed to be looked at and asked MF to investigate scope of detail for College Risk 7.</p>	MF	ASAP
<p>Members felt college Risk 4 – specifically Risk Management and the Development of a Board Assurance framework would give assurance.</p>		

JMC referred to Risk 34 and said a third party review would be useful with regard to Financial Planning and budgetary control.

MF to work out key activities, approximate days and agree a timeline with ICCA. MF will then e-mail members to seek approval.

MF

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It was noted however, ICCA are providing MIS Management services and also carrying out another piece of work for the College.

**31/14-15 Derby College Education Trust**

HLS explained the Chair of the Derby College Education Trust Finance and Audit Committee was seeking assurance the transactions carried out by Derby College on behalf of the Trust were covered by the College's internal auditors. Members agreed to share the audit reports.

There being no further business, the meeting finished at 12.10 pm.

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

