

**Meeting of the Audit & Risk Committee  
Tuesday 9<sup>th</sup> February 2016 at 4.00 pm  
Conference Room 1  
MINUTES**

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**Present:** Ian Clark, Carl Mantell, Zaeed Mohammed, John Tiscornia, Gordon Watson (Chair)

**In attendance:** Carole Drury (Clerk), Craig Owen, Louise Shrapnel, Graham Wilkinson, Mark Ashton-Blanksby (ICCA)

527      **Apologies for Absence**  
Ian Clinton

528      **Declaration of Interests**  
There were no declarations of interest

529      **Minutes of last Meeting held on 25<sup>th</sup> November 2015**  
The minutes of the last meeting were approved and signed by the Chair as an accurate record.

530      **Matters Arising and Rolling Action Plan**  
There were no matters arising not included on the agenda. The updates to the action plan were noted.  
472 – action removed as covered by agenda  
521 – an update was provided by the Director of Finance & Resources on changes to staffing that would impact on this action

531      **Internal Audit 03.15/16 Conditions of Funding Healthcheck**  
The Committee reviewed the most recent internal audit advisory report that provided an analytical review to ensure that the College's individual learning record submission meets with the new condition of funding imposed by the Department for Education and the Education Funding Agency in 2015, particularly in respect of Study Programmes and maths and English. Failure to meet the condition could result in loss of funding for the whole qualification.

It was reported that the 0.6% error rate was exceptionally low as the tolerance for funding clawback was 5.0%. It was recommended that the Committee should take a high level of assurance from the low error rate demonstrating that good controls were in place at the time of student enrolment. Supported by further explanation from the Principal, the Committee explored the difficulties of embedding GCSE level English and maths into the curriculum and that teaching it as discrete subjects was also challenging, based on the level of student ability. The importance of linking the expectations of GCSE maths and English with applications for vocational programmes was stressed.

The findings led to low level recommendations that would be implemented by the CIS team to ensure there would be no future risk of funding clawback and the Committee Chair stated that it was a reassuring report.

532      **Internal Audit Outstanding Actions Reports**  
Each of the completed audits is entered onto an action plan that is then monitored by the Senior Management team with the updated reports considered by this Committee. Good progress had been made with most actions from the 14/15 audit round now completed and some recommendations from the 15/16 audit round now

in place. The Committee noted the actions taken with no concerns raised.

533 **Area Based Review Analysis & Due Diligence**

The Internal Audit team had provided with College with a data report on the 4 Cumbria Colleges and Barrow Sixth Form College, including, where available, the FE Commissioner's benchmark. Following discussions at the Governor Training event, due diligence questions were raised using the data from the report.

The Principal provided an update to the Committee on the process followed to date and that a whole range of options, including soft and hard federations and mergers, were under consideration. He reported that the College intended to develop its specialism in science and bio-pharmaceuticals and had discussed rationalisation of curriculum. A shortlist of options was being developed by the colleges and included cross-border options.

M Ashton-Blanksby supported the process based on his experience of other parts of the country and agreed to re-run the report once 2014/15 public data was available. He reported that ICCA would be able to provide a range of reports including financial forecasts, noting that there were critical success factors to be gained from the data including an evidence base on why an option would be rejected.

C Mantell commented that it was good to hear of the collaborative work already taking place to reach the right decision on the future of further education for the area. M Ashton-Blanksby commented that the financial pressures had eased a little and that there was less of a business case to merge where there were strong colleges. The Committee agreed that the options must consider how high quality FE could be delivered in the most cost-effective way. It was suggested that the previous structure and prospects appraisal should be revisited and to use the due diligence toolkit.

It was agreed that the Committee would support the process of identifying 3-4 options to be taken forward for further data analysis using ICCA to generate reports showing projected financial forecasting and expected enrolments.

534 **Strategic Risk Register**

The updated risk register was considered, linked to the College's strategic plan and noting actions being taken to mitigate risk. Some amendments to the assurance evidence would be developed through the Clerk and Internal Auditor.

535 **Review of Covenant Risk Position**

The current position of the covenant was reviewed in line with the committee's terms of reference, noting that it was well within the upper limit of 40%.

536 **Review of policies**

The updated list of College policies was reviewed noting that some policies are due for renewal now and are awaiting completion and approval by the Senior Management team. New policies linked to the Prevent Duty were now in place including External Speakers incorporating Freedom of Speech. Committee members requested that the order of the report be amended to show data of review to better identify policies due. (Action: Clerk)

537 **Any Other Business**

It was suggested that dates for next year's meetings be reviewed against the timetable of audit visits to ensure timely reporting.

538 **Date of Next Meeting**

Tuesday 10<sup>th</sup> May 2016