

Meeting of the Audit & Risk Committee
Tuesday 9th May at 4.00 pm
Conference Room 1
MINUTES

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

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

580 **Apologies for Absence**
There were no apologies

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

582 **Minutes of last Meeting held on 14th March 2017**
The minutes of the meeting of 14th January were approved and signed by the Chair as an accurate record.

583 **Matters Arising and Rolling Action Plan**
There were no matters arising not included on the agenda or within the action plan.
576 – Policy list had not been provided to date. A list of current college policies would be sent to ICCA for checking against policy requirements (Action: Clerk)
577 – annual update of Standing Orders to be approved at July Board meeting.
Zaeed Mohammed asked about repeat DBS checks for staff. Louise Shrapnel advised that the current appraisal system required an annual confirmation of no change but that the new IP appraisal system used for teaching and assessing staff did not incorporate that check. It was noted that disclosure of criminal convictions was included within staff contracts. It was suggested that annual confirmation of no change was collected via signatures at safeguarding training scheduled for staff administration weeks (Action: C Drury)

584 **Internal Audit**
Mark Ashton-Blanksby of ICCA Education Training & Skills presented two recent internal audit reports, as follows:

05:16/17 Follow-Up of Previous Recommendations

This report provided the Committee with substantial assurance and covered the follow up recommendations from the six 2015/16 internal audit reports as well as any remaining actions from previous years. Findings of the reports concluded that 100% of the recommendations had been fully implemented and that the status of implementing the recommendations (15 in total) had been accurately reported to this committee. Outcomes from this audit help form the overall annual opinion.

The Committee asked for thanks to be passed on to those managers involved in ensuring the follow up audit was completely clean.

06:16/17 Management Information, KPIs and Reporting

The findings of this audit provided a substantial assurance on management reporting of key performance indicators. One medium and one low level recommendation were made with management responses provided. Both

recommendations could be implemented with immediate effect with the publication of the next data dashboard.

Recommendation 1 on sharing the data dashboard with the wider management team would foster collective accountability and support succession planning.

Recommendation 2 on incorporating more benchmark data would ensure the College was able to assess its performance against DfE accountability measures. Benchmarks would be provided by ICCA and could include:

- Timely achievements
- Retention
- Group sizes
- Staff utilisation
- English and maths
- EFSA financial benchmarking (against 5 colleges of a similar size)

(Action: Mark Ashton-Blanksby)

585 **Internal Audit Outstanding Actions Report**

Updates on actions from the 2016/17 internal audits to date were reported. Outstanding actions were shown in italics and a rating on progress provided assurance that recommendations were being actioned.

The Principal reported that concerns remained over 04:15/16 point 10 and that further checks would need to be undertaken in respect of data backup. It was noted that other recommendations in respect of data security were reliant on both affordability and time allocation but that additional capital funding was being requested to ensure actions could be completed. Outstanding recommendations would remain on the action plan until completed or superseded. Carl Mantell asked about penetration testing and was advised that the testing was likely to be carried out internally when time allowed although it was noted that JANET external costs were worth investigating.

Z Mohammed asked about the change to email correspondence (01:16/17.3) in respect of student applications following his reporting that “no-shows” for guidance events were increasing. It was agreed that a check of applications be made to see if there was an impact of not sending formal letters notifying applicants of the interview process. (Action: C Drury)

586 **Internal Audit Strategy to 2018/19**

The new updated strategy through to 2019/20 was provided by ICCA. The strategy had been updated using a range of existing documentation including the current risk register and strategic plan to identify key areas of concern as well as having a focus on what was happening within the sector such as likelihood of inspection, English and Maths and the impact of apprenticeship reforms. Further benchmarked data including financial health and funding performance had also been used to determine the proposed programme of audits going forward.

The plan had been drawn up following discussion with three senior managers and analysis of the range of data provided. Three key risks had been identified linked to poor quality of teaching, loss of key data and safeguarding with the last two having already been covered this year. Risk had been analysed based on financial management & performance, funding, quality of provision and external & compliance factors. Areas of concern included 19+ apprentices with a 3-year trend of not reaching allocation and Additional Learning Support as a percentage of funding. In respect of external factors, the ESFA categorisation of the College as category 2 had also been considered but it was felt that the College was not at serious risk.

The position of pay to turnover ratio was further considered with the benchmark having been lowered to 62% against a prediction of 72% for this College. Reasons were put forward to include additional staff (6 FTE) to support English and maths intervention, operating over 2 sites and increases in NI and pension contributions. It was recognised that lowering staff levels was more difficult for a small college and that the costs of redundancy sometimes outweighed the savings to be made. Mark Ashton-Blanksby reported on a significant piece of work being completed by ICCA on English and maths delivery models that would be shared with the College once completed, looking at costs versus quality.

Fees for the audit were noted in line with the original tender and included the internal audit charter which set out the role of ICCA to be independent and working to professional standards. The number of days included one additional audit of safeguarding follow-up.

Carl Mantell expressed surprise that colleges were no longer required to undertake internal audit and it was reported that some colleges were likely to enter into insolvency going forward and that governors should be aware of their potential liability and make full use of internal audit to challenge performance.

The Committee agreed to accept the internal audit plan as presented and to share the plan with the Board.

587 **Review of Covenant Risk Position**

Louise Shrapnel provided an update on the position of the covenant to the end of March, reporting that the external borrowings as a percentage of debt was 30.75% and therefore not in breach of covenants.

588 **Letter from Education & Skills Funding Agency**

The Principal outlined the messages included in the letter that reminded the Board of its responsibilities in respect of spending decisions and importance of strong financial management. The key messages from reviews of funding assurance were provided including having strong governance in place to hold senior management to accounts, clarity of direction and using high quality of self-assessment and appropriate independent challenge to test the college's position.

It was agreed that the letter should be included in the Committee report to the Board.

589 **Review of Committee Performance and Terms of Reference Any other business**

The Committee considered its performance over the past year against the current terms of reference noting that most areas had been achieved with the exception of reviewing a policy on fraud and irregularity. It was reported that this policy was currently under review and would be brought to the next committee meeting.

The terms of reference were considered. An additional item was proposed to include the review of the covenant position. Improved wording for membership and quoracy of 40% would be provided by ICCA to be incorporated into the final version. It was agreed that it would be essential to fill the vacancy on this committee to avoid not being quorate. (Action: Clerk)

590 **Date of Next Meeting**
21st November 2017