

BARNSELEY COLLEGE BOARD OF GOVERNORS

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 7 APRIL 2016

PART I

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| PRESENT: | C Partridge | Governor (Chair) |
| | M Wesson | Governor (staff) |
| | A Milanec | Co-opted member |
| | D Shepherd | Governor |
| | S Turton | Governor |
| IN ATTENDANCE: | A J Oaks (Clerk to the Governors) | |
| | T Johnson (VP Corporate Services) | |
| | L Lawton (VP Finance) | |
| | V Dalton (VP Funding, Data & Compliance) | |
| | D Harding (VP Quality and Adults) | |
| | Y Koursis (Deputy Principal) | |
| | G Nunns (GT UK) | |
| | J Creed (ICCA ETS) | |
| | M Ashton-Blanksby (ICCA ETS) | |

APOLOGIES

16.01 There were no apologies.

DECLARATION OF INTERESTS IN ANY AGENDA ITEM

16.02 The Chair reminded members of the requirement to declare any financial or personal interests in any agenda items. C Partridge's standing declaration in respect of KPMGs provision of audit services to other colleges in the region was noted.

MINUTES

16.03 The Minutes of the meeting held on 1 December 2015 were agreed as a true and accurate record and were signed by the Chair.

MATTERS ARISING

16.04 The Committee received a list of actions arising from previous meetings, noting the status of these. In terms of the advisory points raised in the review of Corporate Governance, these would remain on the list for future discussion.

D Shepherd joined the meeting.

INTERNAL AUDIT REPORTS

EFA Learner Records and Funding

16.05 The Committee received the report which provided a substantial assurance opinion. As a result of testing no errors had been identified in respect of funding or compliance and no recommendations had been made.

The Report was noted and received.

SFA Learner Records and Funding

16.06 The Committee received the report which provided an overall reasonable assurance opinion. As a result of testing some errors had been identified in respect of ILR source

documentation which were detailed within the report. Two medium priority recommendations had been made both of which had been accepted by management and implemented.

- 16.07 D Shepherd sought to clarify the level of financial risk and whether it was sufficient to refer to the F&R committee. ICCA explained that the risk was not significant, but accepted it was a small sample that had been tested. Should the error rate be higher, the SFA would intervene. The VP Funding, Data and Compliance commented that management had commissioned ICCA to undertake another review on a larger sample towards the end of the month which would confirm the actions taken had mitigated the risks. The Chair asked that the result of the review be provided to her as soon as completed given the significance of the accuracy of the data. The final report would be presented to the next Committee meeting in June.

The Report was noted and received.

Skills Support for the Unemployed Post Contract review

- 16.08 The Committee received the report which provided a substantial assurance opinion. As a result of testing the report confirmed that the College had a well designed and operated control framework to support the delivery of the SSU contract. Two recommendations had been made, one low priority relating to compliance (terms and conditions) and one medium priority relating to eligibility and On-Programme delivery. Both recommendations had been implemented by 31 January 2016. ICCA emphasised that this being an ESF funded project records must be retained until 2022. Further to questions from members, the VP Funding, Data and Compliance advised that the SFA would undertake a review of the project and an independent report would be presented to the Committee at a future meeting.

The Report was noted and received.

Learner Records and Funding – Conditions of Funding Healthcheck.

- 16.09 The Committee received the Report following an advisory review undertaken to provide management and the Committee with assurance that all students on the first substantive ILR return 2015/16 met DfE and EFA Conditions of Funding requirements. Based on a tolerance level of 5%, non-compliance was calculated at 0.8%. The recommended actions had been accepted by management and implemented with immediate effect.
- 16.10 ICCA advised that in the majority of Colleges non-compliance was typically around 2.5% - 3% therefore 0.8% was very low in comparison and should provide assurance to members of the robustness of the college's systems of control. ICCA commented further, stating that the position could change in-year, and that EFA would therefore review conditions of funding again at the end of the year. The Committee considered the value of the audit work, given the strong controls, and following a question from the Chair regarding the issues identified, ICCA confirmed that management had been aware of the points identified within the summary analysis.

The Report was noted and received.

HEIFES Data Return

- 16.11 The Committee received the report which provided a substantial assurance opinion. One low priority recommendation had been made relating to timely withdrawal where it was suggested a reconciliation be undertaken in term one to identify those students who had been incorrectly enrolled. This was due for implementation in September 2016. ICCA confirmed that there were no funding implications as a result of the findings and that they were satisfied with the response from management which was ongoing in terms of checks.
- 16.12 Referring to the reports presented, members questioned the robustness of the Audit Plan and specific reviews given the results of the reviews highlighted exceptionally sound controls in place. ICCA stated that the College historically devoted a significant amount of management time to data which was key in respect of funding. Members were keen to review whether such reviews represented value for money, a matter which had been raised

by the Chair at previous meetings and one which she wished to discuss as part of the planning cycle for 2016/17. In respect to the data and result of this particular review, following a question put to the Deputy Principal, he believed that the sample could have perhaps have been larger given the size of the organisation. Members agreed that some balance was required in terms of areas reviewed relating to data and concurred with ICCA that if all four reviews on data were taken collectively the audit represented a large set of data and activity with a high level of assurance.

The Report was noted and received.

Safeguarding

- 16.13 The Committee received the report which provided a substantial assurance opinion. The scope of the review had been to provide assurance that effective systems and controls were in place to meet its statutory duties, legislative requirements and Ofsted criteria in respect of Safeguarding and Prevent. The report identified that the College had appropriate governance arrangements in place to meet all statutory and regulatory requirements. One low priority recommendation had been made which related to DBS checks on sub contractors not being retained on the Single Central Record. This recommendation had been actioned in March 2016. A further advisory point had been made in respect of Safeguarding and Prevent to encourage the College to review Ofsted inspection reports under the new common inspection framework to identify any potential gaps in expectations given the inspection regime had changed twice since the College was last inspected.
- 16.14 In terms of providing the appropriate assurance to the committee of implementation around the Prevent agenda, the VP Curriculum advised that appropriate reports would be presented to the Q&S Committee both in terms of Safeguarding and Prevent, and in relation to the new Ofsted judgement of Personal Behaviour, Development and Welfare. The Board would subsequently receive the necessary assurances via the Committee.

INTERNAL AUDIT PROGRESS REPORT AND PLANNING FOR 2016/17 AUDIT WORK

- 16.15 A high level summary of progress against the 2015/16 Audit Plan was provided for information. To date seven reviews had been undertaken, five of which had received an opinion of substantial assurance and two reasonable assurance. No recommendations of high priority had been made in respect of any reviews undertaken.
- 16.16 With regard to addressing emerging risks and issues, amendments to the Plan were proposed by the VP Finance to defer the Post Implementation Review of the new Agresso Financial system to 2016/17 and replace it with a detailed review of the College's cash handling systems, processes and controls. The rationale for the amendment was discussed and the Chair sought further information with regard to the implementation of the finance system and whether the VP Finance had any immediate concerns. Following consideration of the issues and recognising the Chair's wish to obtain assurances around this key area, it was agreed that the review of the Agresso Finance system should remain within the Plan and be undertaken before the external financial statements audit takes place. The VP Finance believed four days' work would be required for the review.
- 16.17 The Committee agreed that the additional review of cash handling systems was a priority and it was therefore proposed to defer the review of Apprenticeship Growth agenda and employer engagement to 2016/17, aligning it with the review proposed within the 16/17 Plan related to the Apprenticeship levy, to ensure sufficient days were available in the Plan to undertake the work.
- 16.18 Following a question from the Chair, ICCA confirmed that they were able to provide a free benchmarking report to Colleges within the SCR based on the latest success rate data just released, which the Committee may find useful. ICCA also offered to provide additional support to the College should this be required. The Deputy Principal undertook to confer with the Chair to agree an appropriate time to make such a presentation.

M Wesson left the meeting.

- 16.19 In terms of forward assurance planning for 2016/17, ICCA had provided a draft strategy for discussion based on high level risks and those emerging within the sector. To inform discussion a list of reviews undertaken as part of internal audit over the last three years was provided. ICCA pointed out that historically they had never undertaken a review of Financial Planning and that due to the risk of servicing debt and maintaining financial stability this would be a key area for review. Other areas were considered and rationale discussed, members recognising that within the Area Based Review process the 2016/17 Plan would need to be flexible and provide additional capacity if required particularly in respect of the College's ability to be 'ABR ready'. Following considerable discussion, it was agreed the Plan should include ABR Readiness, English and Maths, Data Dashboard, and possibly Corporate Governance. Management would meet with ICCA to agree a draft Plan in May for circulation to members prior to the next Committee meeting.

RESOLVED 16.20.1 That a review of the College's Cash Handling systems be undertaken in place of Apprenticeship Growth.

RESOLVED 16.20.2 That the review of the Agresso Finance System remain within the 2015/16 Plan and be undertaken before the Financial Statements Audit

RESOLVED 16.20.3 that a draft Annual Internal Audit Plan be produced for consideration by the Committee in May, with a view to approval of final Plan in June 2016.

SFA SUB CONTRACTING CONTROLS

- 16.21 The Committee received the report following an advisory review of sub-contracting controls. Based on the specific criteria set out by SFA it was identified that the College had 'passed' in all areas applicable. An independent certificate dated 14/12/15 had been issued by ICCA to the SFA to provide the appropriate external assurance on the systems and controls in place to manage subcontractors delivering education and training funded by the SFA in 2015/16.

The Report was received.

BOARD ASSURANCE FRAMEWORK

- 16.22 The Committee received a report from the VP Corporate Services relating to the top level risk register and transition to the Board Assurance Framework (BAF), a draft of which was presented for consideration and discussion. No new risks had been added to the top risk register since the last report to the Committee and other actions related to existing risks had been amended or scores changed – full details were provided. Following a question from A Milanec regarding the removal of the risk relating to Cash management, members were content with management's decision.

D Shepherd and J Creed from ICCA left the meeting.

- 16.23 The draft BAF was a succinct document highlighting top college risks, current level of residual risk after mitigation and the methods by which the Board would gain assurance that risks were being appropriately managed. The Chair commented that she found the BAF to be clear and easy to understand and invited members to comment. S Turton made reference to aligning it with the agreed strategic priorities which she believed would provide a framework that was more fit for purpose by members of the Committee and the Board as it would help identify potential gaps. The Chair agreed, commenting that it was an evolving framework and whilst she did not wish to make it more complex, would welcome the inclusion of the strategic priorities within it alongside each risk. The VP CS undertook to make the amendments and update the BAF for further review. A Milanec stated that she was willing to share the NHS model should the VP find this useful.

- 16.24 Referring to the Data Dashboard which was currently in development, the Deputy Principal said the College's drivers would link well to the dashboard, and suggested that the BAF could be cross referenced to the Data Dashboard. G Nunns commented that it was

essential the BAF was in a format that worked effectively for the Board to allow it to question any content rated 'amber' and to consider what actions might be required to move to 'green'. He agreed that the strategic priorities should be incorporated into the BAF and that the Board's risk appetite should be reviewed on a regular basis. The Deputy Principal undertook to take this back for consideration and discuss the potential for reviewing this at the next strategic seminar.

The Report was received.

PROGRESS ON DEVELOPMENT OF SLAs

- 16.25 As requested by the Committee at the last meeting, the VP CS presented a report to update it on the development of SLAs for service departments. Eleven service departments had reviewed their SLAs and Heads had met with senior managers to agree a process to support development. Details were provided. It was the intention to seek final comments from customers prior to implementation in 2016/17. VFM indicators would be included to facilitate the monitoring process. An example of the format had been appended to the paper for information.
- 16.26 The VP reported that members of the IT Department now attended Learner Forums to pick up on areas of concern and allow feedback to SMT. The College was now testing the viability of the SLAs and whether this could be measured. The format of the departmental reviews was subsequently being changed as the completed SLA document would form the basis of the PR for a service department. Following a question from the Chair regarding management reports to the Committee, it was agreed that the VP CS would bring a final status report to the Committee in September or December whichever was most appropriate, however it was noted that Governors could gain assurance directly from observing a performance review meeting.

The Report was noted and received.

IMPLEMENTATION OF NEW CURRICULUM MODEL

- 16.27 Further to the implementation of a new curriculum path for 14-24 EFA funded learners, the Committee received a report on progress. In March 2014 ICCA undertook an advisory review of the College's approach to implementing study programmes and compared it with that taken by other providers. The resulting report which was considered by the Committee had grouped recommendations under key headings. An update was provided in respect of each of these headings, the VP Funding and Data Compliance highlighting improvements in sharing best practice in teaching and learning. In terms of study programmes, this had been examined during the mock inspection and found to be much improved.

The Report was noted and received.

REPORT ON DATA ACROSS COLLEGE

- 16.28 As requested by the Committee earlier in the year, an overview of the main types of data used within the college and the arrangements for verification was presented for discussion. The report detailed the areas that necessitated collection, storage and maintenance of significant amounts of personal data which were checked during validation processes. Discussion took place regarding the integrity of the data, particularly that which is provided externally. The Chair commented that once the Data Dashboard was in place it would help to inform governors' views. It was felt that more evidence was required with regard to the actions taken by management and controls in place, eg DSAT, to give the necessary assurance to the Committee of the integrity of the data. With this in mind, ICCA suggested this was an aspect they would be happy to include within their internal reviews.

The Report was noted and received.

MONITORING OF AUDIT RECOMMENDATIONS

- 16.29 The Clerk presented a report highlighting progress against implementation of recommendations made by internal and external audit over the last two years. In respect of internal audit 2014/15, three advisory points relating to Corporate governance and Board effectiveness were highlighted. As discussed earlier in the meeting, these would be considered if necessary as part of governance planning in the future. At the point the report had been compiled, a total of 12 recommendations had been made from internal audit reviews, 11 of which had been fully implemented. Four advisory points had been made all of which had future deadlines.
- 16.31 From four audit recommendations made following the audit of the financial statements in 2014/15, three had been fully implemented and one was work in progress.

The Report was noted and received.

DATE AND TIME OF NEXT MEETING

The next meeting would be held on 21 June 2016 at 4.00 pm.

Signed _____ Chair

Date _____