

COLLEGE BOARD OF GOVERNORS

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 24 March 2015

PART I

PRESENT:

C Partridge	Governor (Chair)
M Taylor	Governor
M Wesson	Governor (staff)
S Turton	Governor

IN ATTENDANCE:

A J Oaks (Clerk to the Governors)
T Johnson (VP Corporate Services)
L Miah (Director of Finance)
D Watson (GT UK)
J Creed (ICCA)

APOLOGIES

15.01 Apologies were received from P Helm and P Bird.

DECLARATION OF INTERESTS IN ANY AGENDA ITEM

15.02 The Chair reminded members of the requirement to declare any financial or personal interests in any agenda items. C Partridge asked that a standing declaration be noted in respect of KPMGs provision of audit services to other colleges in the region.

MINUTES

15.03 The Minutes of the meeting held on 3 December 2014 (Part I) were agreed as a true and accurate record and were signed by the Chair.

MATTERS ARISING

15.04 The Committee received a list of actions arising from previous meetings. The Director of Finance confirmed there had been no departures from the procurement procedure. Re 14.65, J Creed stated that due to timing, the data in the finance record was unavailable therefore the report would be presented to the Committee later in the year.

15.05 With regard to 14.12.5, the Committee's Annual report to the Board and Accounting officer, the Chair reminded members of the changes in the JACOP which brought about increased responsibility on the Audit Committee to provide assurance to the Board over the College's internal controls governance and risk management processes. The Committee would need to be comfortable that it was obtaining sufficient assurances from management in areas other than external and internal audit, such as Ofsted. It was proposed management consider ways in which they could provide additional assurance to the Committee during the remainder of the year.

15.06 J Creed commented that other colleges in the sector were beginning to develop Board Assurance frameworks based on the college risk register in order to map key risks to the college strategic objectives. The process would allow the Audit committee to easily identify areas of assurance and any gaps. S Turton commented that this would be a useful exercise given that within the existing risk register the relationship between the current risks and the college's strategic objectives were not evident.

15.07 Discussion took place with regard to assurances the Committee were currently receiving over and above existing controls.

It was agreed that it would be useful for SMT to consider a mechanism to ensure the relevant information could be triangulated in order to inform the Committee. J Creed undertook to provide some examples of a Board assurance framework to the VP Corporate Services. It was agreed to discuss this under the relevant agenda item later in the meeting.

INTERNAL AUDIT REPORTS

Think Barnsley College

15.08 The Committee received a report following an internal audit review of Think Barnsley College to review compliance with the ATA framework. The Report provided substantial assurance, highlighting one low priority recommendation and one advisory point. J Creed took governors through the findings, recommendations and management responses, commenting that there were minor housekeeping issues. He added that whilst this was a significant area of risk, there had only been seven apprentices involved. Following a question from the Chair, the director of finance commented that the take up had not been as anticipated and that the original target income of £100k had been reduced to a forecast of £40k.

The Report was received.

Learner Responsive 19+

15.09 The Committee received a report following an internal audit review of learner records 19+, the scope of which had been extended to cover data security. The report provided substantial assurance as in previous years, with four low priority recommendations three of which had been implemented. J Creed commented that it was a good report with a low total error rate representing extremely isolated incidents. In respect of achieving ISO 27001, the review had identified a number of areas for improvement that had been agreed by management and would be implemented by April 2015.

15.10 The Chair raised questions with regard to data security, seeking assurance from management with regard to the level of control over staff leaver records and access to the college MIS and other systems. The VP assured the Committee that there was a policy in place to ensure all leavers were notified to HR on the date they were leaving, which alerted the IT department to disable the account. He added that the College was currently driving forward the relationship between HR and IT through HoDs to ensure the process was managed effectively, through weekly reviews. He added that he had no concerns about the process and that the VP Funding, Data and Compliance was aware of the audit requirements in order to achieve ISO 27001.

The report was received.

Learner Responsive 16-18

15.11 The Committee received a report following an internal audit review of learner records 16-18. The report provided substantial assurance as in previous years, with one medium priority recommendation that had been implemented immediately. J Creed commented that no errors had been found in the sample of records tested. However, the review had identified a potential impact on future funding of £340k due to 85 learners who were currently not meeting the conditions of funding for English and maths. Whilst this was an issue at the majority of colleges, the 85 learners represented 1.93% of the total number of 16-19 learners in the college, which was slightly higher than would be expected. The VP responded, stating that quality was monitored at each performance review meeting and the numbers were reducing as staff increased their focus on individual learners. Following a comment from M Wesson, it was agreed that she and C Partridge would follow through this point during their next strategic lead monitoring visit with the AP Access to Learning.

The Report was received.

International

- 15.12 The Committee received a report following an internal audit review of international student provision including HE. The report identified good design of control, adequate application of control and substantial assurance. Two medium priority recommendations had been made which had been agreed by management and implemented. J Creed spoke of the college's aim to generate significantly more activity in this area with various initiatives across several overseas countries. The intention to bring learners into Barnsley had not been as successful as planned. As a consequence the viability of the activity required management to re-evaluate financial forecasts in the context of current contracts and actual / expected student activity across all regions.
- 15.13 The second recommendation related to compliance with UKVI regulations and need for the college to ensure all evidence was retained for UK Border visits. J Creed emphasised the significance of the compliance and risk to HTS. In terms of the viability of the international strategy, the Chair posed a question to the Committee regarding assurance. The VP explained that the F&R Committee received regular income and expenditure reports for monitoring purposes and were aware of the activity to date. Following discussion it was agreed that the F&R Committee be requested to provide assurance to the Audit Committee of the viability of the strategy going forwards. It was also agreed that the Chair of Audit should raise the matter at Board level.

RESOLVED 15.14 **That the F&R committee be requested to provide assurance to the Audit Committee and to the Board of the future viability of the International Strategy.**

PROGRESS REPORT

- 15.15 The Chair proposed that ICCA provide a Progress Report to each meeting of the Committee to inform Governors of progress in-year. In addition, ICCA undertook to send a progress report to date via email to the Clerk for circulation to members.

RISK MANAGEMENT

- 15.16 The Committee received the top level risk register following a mid-year review and completion of the most recent performance review cycle. Three new risks had been added to the Register, one removed and various changes made to actions. No changes had been made to inherent or residual scores. For new members to the Committee, the VP explained the scoring system.
- 15.17 The Chair made reference to the high level risks, commenting that the Committee's role was to look at the process and obtain assurance that there were effective mechanisms in place at an operational level to identify and manage risk. M Taylor commented on the residual risk score associated with the Heating and ventilation case, suggesting this should be greater given the level of financial risk involved. The Chair suggested that Pensions costs should also be included within the register and that management define the controls and actions more clearly.
- 15.18 Discussion with regard to the process from departmental level through the Committee brought members back to the point of how the risk register helped the college manage its strategic objectives. Members believed that undertaking an assurance mapping exercise would help to identify operational and strategic risks. The Chair proposed to discuss assurance mapping with the Chair of the Board adding that the Risk register should also be received and considered at Board level going forwards.

RESOLVED 15.18.1 **That the VP Corporate Services bring forward proposals for producing a Board assurance framework based on the risk register for consideration by the Committee at the September 2015 meeting.**

RESOLVED 15.18.2 That the Chair of Audit refer the consideration of the Risk Register by the Board to the Chair of Governors.

UPDATE ON INTERNAL AUDIT RECOMMENDATIONS

15.19 The Clerk's report summarised the status of audit recommendations made over the last two years. One outstanding recommendation from 2012/13 was to be implemented by April 2015. With regard to 2014/15, eleven of 16 recommendations to date had been implemented, one was work in progress and four had future deadlines. Overall the Committee considered this to be very good progress. D Watson proposed the report also include the recommendations made within the management letter following the financial statements audit in 2014. The Clerk agreed to address this in the next report.

The Report was received.

End of Part I.

Signed _____ Chair

Date _____