

COLLEGE BOARD OF GOVERNORS

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 28 SEPTEMBER 2017

PRESENT:	C Partridge	Governor (Chair)
	S Turton	Governor
	D Shepherd	Governor
	S Brian	Governor
	P Clarkson	Governor

IN ATTENDANCE:	A J Oaks (Clerk to the Board)
	Y Kouris (Deputy Principal)
	T Johnson (VP Corporate Services)
	L Lawton (VP Finance)
	V Dalton (VP Funding, Data & Compliance)
	D Watson (GT UK)
	J Creed (ICCA ETS)

APOLOGIES

17.58 There were no apologies received.

DECLARATION OF INTERESTS IN ANY AGENDA ITEM

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

MINUTES

17.60 The Minutes of the meeting held on 19 June 2017 were agreed as a true and accurate record and were signed by the Chair.

MATTERS ARISING

17.61 The Committee received a list of actions arising from previous meetings. With regard to 17.39 and the free benchmarking data report, ICCA advised that they could produce a report using finance data when this became available. The Deputy Principal commented that it had been the intention to use the report to assist with taking forward the ABR recommendations therefore the requirement had been deferred. The Deputy Principal proposed meeting with ICCA with a view to producing a more relevant benchmarking report.

17.62 With regard to 17.48 and the College's approach to terrorist attacks and critical incidents, the VP Corporate Services informed members of actions that had been taken by management in recent weeks. The Disaster Recovery Team had met recently and discussed incident response, evacuation and lock down arrangements in respect of various scenarios as there was no prescribed plan. It was recognised that due to the number of buildings and exits it was challenging. The VP CS added that having reviewed current arrangements on internal threats, it was proposed to continue with national advice, particularly to the threat of an armed intruder, which was 'Run, hide, tell', which could be employed without the sounding of an alarm. A flow chart had been produced to incorporate into the Disaster Recovery Plan and would be circulated to all staff and students.

Questions were raised with regard to evacuation, whether this would be appropriate in a terrorist attack, and of staff training for different scenarios. The VP CS confirmed that the Disaster Recovery team were fully trained on site and would manage incidents as they arose in line with procedures.

- 17.63 Further discussion took place with regard to levels of severity in a potential incident and it was agreed that 'critical level' could only be sustained for a short period of time after which it would become 'severe'. In seeking advice from other Colleges, it appeared that Run, Hide, Tell was being advocated in the majority. The Chair thanked the VP CS for the report and reminded members that the presentation of a report to provide assurance around security and protection against cyber-attacks had been superseded by the decision to include this as part of the Internal audit plan for 2017/18.

REGULARITY AUDIT SELF ASSESSMENT QUESTIONNAIRE

- 17.64 The Committee received the completed Regularity SAQ for consideration and approval in accordance with the requirements of the Post 16 Audit Code of Practice. The VP Finance explained that the external auditors required the completed questionnaire as part of their annual audit work, which was reiterated by D Watson from Grant Thornton. S Brian referred to the question relating to settlement claims for staff and asked that his interest be recorded, given that his firm had provided professional advice to the College on several employment cases. He observed that the management response referred to a senior post holder settlement claim and it was agreed that the management response should be expanded to include settlement claims for all staff, not just SPH. The VP Finance undertook to amend the template accordingly.

RESOLVED 17.65 **that subject to the change as agreed, to recommend approval of the Regularity SAQ and to authorise the Chair of the Board and Accounting Officer to sign it.**

INTERNAL AUDIT REPORTS

English and Maths part 2

- 17.66 The Committee received a report from ICCA following Part two of the review of the English and Maths Condition of Funding. Part one, undertaken earlier in the year, had covered compliance and cross college consistency, while Part two related to the effectiveness and impact of the English and maths strategy, its monitoring and reporting. The report provided a substantial assurance opinion with one low priority recommendation, which had been accepted and implemented by management.
- 17.67 J Creed referred to the findings of the report which identified that 58 students had not met the conditions of funding; this figure had reduced from 94 when Part One was undertaken, therefore 1.2% of the 16-18 cohort was an excellent result and well below the ESFA tolerance of 5%. The Report also noted that the College had been confirmed as the 10th best in the Country (out of 212 colleges) for English and maths achievement, an accolade that the Principal had reported to the Board in the summer. In response to questions about attendance in comparison with other subjects, the Chair of the Committee was aware this varied, and that there was a tough target for attendance which was reviewed through regular departmental performance review.

The report was noted and received.

BOARD ASSURANCE FRAMEWORK

- 17.68 The VP Corporate Services presented the BAF, explaining that the new strategic pillars: quality, sustainability and reputation had been incorporated, with individual risks cross referenced to

the strategic goals. The purchase of a new MIS system had been added as a risk; no risks had been removed or had residual scores reduced, and residual scores relating to teaching and learning, business use and quality had increased. The Committee was provided with the details of the amendments that had been made to the BAF, particularly around controls that had been added to specific risks.

- 17.69 In response to S Brian's observation that there was no change recorded in the BAF in respect of HE, which had been the focus of discussion by Board members on 26 September, the VP confirmed this was only a timing issue as the BAF had already been circulated before the HE results were discussed. The Chair asked management if they were content with the mechanism for mapping the strategic pillars to the BAF. The Deputy Principal commented that further work would be undertaken around this, to ensure that risks were mapped accordingly to areas of strategic focus, and that the VP Corporate Service's next review would provide an opportunity for this.
- 17.70 Further observations were made regarding the variation in the amount of detail and clarity of actions against some risks with the same residual risk score, and Governors sought to understand the reason for this. D Shepherd commented specifically on the forthcoming HE review, acknowledging the work the Deputy Principal was undertaking in this area and had therefore expected to see more detail in the BAF. The Deputy Principal accepted that the HE outcomes were not as expected and explained that as part of the HE review he would expect existing and new controls to be added to the BAF which were more specific, thus providing a higher level of assurance to the Committee and Board going forward. The Chair commented that it was important the risks should be captured with sufficient detail.
- 17.71 In terms of proportionality, S Brian made a similar observation in terms of the residual risk score for Quality which had increased. The Deputy Principal explained this was linked to teaching and learning and reminded governors of the discussion that had taken place at Q&S Committee and Board in relation to whether teaching, learning and assessment continued to be outstanding. The VP Quality and Student Experience who had responsibility for this risk would present any reports due to the Board through reporting against the new balanced score card.

RESOLVED 17.72 subject to changes, to ensure the BAF is presented to the Board

FINANCIAL REGULATIONS

- 17.73 The Committee received a report from the VP Finance following the annual review of the Financial Regulations. Changes had been made as standard to reflect current roles and responsibilities of staff and to references to funding bodies and the Post 16 Audit Code of Practice. In addition, further changes had been made which were summarised by the VP Finance. Amendments had been made to the Travel Policy in terms of rates, and a new International Travel Policy had been introduced, but was not yet finalised. The Committee had been aware of the work around this, as approval of the Financial Regulations had been deferred to allow work to be completed prior to Board approval.
- 17.74 The VP Finance reported that further to reviewing examples of Financial regulations from other colleges in the sector, in respect of the Principal travelling overseas, Chair of Governors approval was required, while approval for other senior post holders was captured within the Principal's remit of authority. The VP Finance proposed the clause relating to authorisation of overseas visits for the Principal be expanded to provide clarity over itinerary, estimated expenditure including flights, hotels and any cash advances, and where economy travel was not appropriate the approval request must justify an alternative class of travel. The associated approval documentation had subsequently been amended to reflect the change, which the Committee was comfortable with.

- 17.75 Referring to the International Travel Policy which had not been finalised, the VP Finance suggested the Committee may wish to receive it given it was a new policy associated with the Financial Regulations. The Clerk advised that this should not prevent the Committee recommending approval of the Financial Regulations and that the International Travel policy could be presented to the next meeting of the Committee for transparency and completeness. The Chair believed this to be the appropriate procedure and emphasised the importance of ensuring the Principal's overseas visits were authorised and approved by the Chair of the Board for the purposes of proper assurance and governance. ICCA reiterated the Chair's comments and provided some examples where Colleges had failed to recognise and follow proper governance arrangements.
- 17.75 The limit for obtaining three quotes had been reduced from £10k to £7.5k to align with approval limits and central contract requirements; and individual debt write off authorisation limits had been reduced to VP Finance at £6k, Principal up to £10k and any over £10k requiring Board approval.
- 17.76 Governors questioned the rationale for changing the limit for obtaining quotes. The VP Finance explained the reasons for bringing the approval limits in line, commenting that she did not anticipate any additional procurement activity as a result of the changes, and that any impact on budget holders was likely to be minimal as the process would continue to demonstrate value for money. Further to discussion, members were content to allow the VP Finance to reflect on the proposal and ensure it did not create any further bureaucracy or administrative burden.

RESOLVED 17.77.1 to recommend approval of the Financial Regulations
RESOLVED 17.77.2 that the International Travel Policy be presented to the Committee at its next meeting

ANNUAL INTERNAL AUDIT REPORT

- 17.78 The Committee received the Annual Internal Audit Report for year ending 31 July 2017. J Creed from ICCA reminded the Committee that in line with the Post 16 Audit Code of Practice the Committee must submit its own Annual Report to the ESFA once approved and signed by the Chair and Accounting Officer. The Committee's opinion on the College's internal controls would include, amongst other areas of assurance, assurances gained from the Annual Internal Audit report, which may be appended to the Committee's own report.
- 17.79 Attention was drawn to the assurance opinion which stated that *'based on the work undertaken during the year and the implementation by management of previous internal audit recommendations, we can provide the Audit Committee and Corporation with reasonable assurance that Barnsley college's governance, risk management and systems of internal control were operating adequately and effectively, and that there were no instances where any breakdown of control resulted in a material discrepancy. In our opinion, the College has adequate and effective governance, risk management and systems of internal control in place to manage the achievement of its objectives and securing economy, efficiency and effectiveness. No significant control issues were identified in 2016/17 as a result of the work undertaken'*.
- 17.80 The Audit Committee were encouraged to review and assess the opinion as part of preparing its Annual Report to the Corporation in support of the preparation of the Statement of Corporate Governance and Internal Control within the College's Annual Report and Accounts for 2016/17. The summary of the opinion components was also highlighted, J Creed commenting that the Committee should note the continuing positive trend over recent years with regard to the opinions given. A total of 12 assurance reviews covering a range of key risk areas had been undertaken during the year including a Follow Up of 2015/16 recommendations, all of which had been implemented. No advisory reviews had been undertaken. A total of 48 days had been expended against the agreed 50, as two contingency

days had not been required. Referring to the summary of assurance opinions, the Chair commented that it was an extremely positive report providing good overall assurance.

RESOLVED 17. 81 To recommend the Annual Internal Audit Report be approved.

FRAUD INCIDENT REPORT

- 17.82 The Committee received a report from the VP Finance summarising details of a fraud incident that had occurred in June 2017 where monies totalling £972 had gone missing from funds collected for a trip organised by the Sports Department. Full details in relation to notification, response and the findings of the investigation were set out within the report. The incident was not regarded as significant therefore the College was not required to inform the ESFA. Since the report had been circulated to Committee members, Police investigating the incident confirmed that the individual concerned had not admitted to taking the money, but had returned the missing cash to them. The case was awaiting a decision from the CPS. The employee had been dismissed.
- 17.83 As a result of the incident and investigation the College had taken action to revise its cash advance procedures, details of which were shared and discussed with the Committee. Members were content with the actions that had been taken.

The Report was noted and received.

MONITORING OF AUDIT RECOMMENDATIONS

- 17.84 The Committee received a report from the Clerk summarising the status of audit recommendations 2016/17 to date. Of 18 recommendations made to date, 13 had been fully implemented, two were work in progress, 2 had future implementation dates and one had been superseded. Details of those classed as work in progress were provided. The Chair commented on management's response to the recommendation to develop a marketing strategy and asked the Deputy Principal to update the committee on progress. The Deputy Principal explained the work currently being undertaken, stating that it was a Plan rather than a strategy and that it should be completed by Christmas. The Chair sought clarification of whether it was strategic or operational and suggested that it would effectively link to the Reputational strategic pillar therefore there was an expectation that it would come to Board at a future date.

The Report was noted and received.

J Creed and D Watson left the meeting.

The Minutes relating to the remaining items on the Agenda are recorded separately.

Signed _____

Date _____