**COLLEGE BOARD OF GOVERNORS**

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON**

**13 MARCH 2018**

**PART I**

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| **PRESENT:** | C Partridge | Governor (Chair) |
|  | S Turton  P Clarkson | Governor  Governor |
| **IN ATTENDANCE:** | A J Oaks (Clerk to the Board)  T Johnson (VP Corporate Services)  L Lawton (VP Finance)  V Dalton (VP Funding, Data & Compliance)  Monika Liskiewicz (GT UK)  J Creed (ICCA ETS) | |

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**APOLOGIES**

18.00 Apologies were received from D Shepherd and S Brian.

**MINUTES**

18.01 The Minutes of the meeting held on 27 November 2017 were agreed as a true and accurate record and were signed by the Chair.

**DECLARATION OF INTERESTS IN ANY AGENDA ITEM**

18.02 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.

**MATTERS ARISING**

18.03 The Committee received a list of actions arising from previous meetings. With regard to the action around reporting against publicly available data, the VP Finance undertook to incorporate this with her report to F&R and Board for the Financial plan in July. This would be removed from the action list.

**INTERNAL AUDIT REPORTS – ICCA**

**HE Students Early Statistics Survey (HESES)**

18.04 A review of HEFCE data returns had been undertaken to provide an independent assurance opinion that the College had robust systems, processes and controls in place with regard to the accuracy of the data being recorded on the HESES return, and to ensure the eligibility and existence of students recorded in the HESES. The audit review also included a check to ensure the college had undertaken the reconciliation between students recorded on the HESES and the ILR, for completeness and accuracy prior to submission to HEFCE and ESFA. As a result of the review a substantial assurance opinion was provided with no recommendations. J Creed responded to questions from members regarding the sample size used in the review.

The Report was noted and received.

**HE Unistats Data Return**

18.05 The Committee received a report following a review of the College’s annual HE Unistats Data return which had received a substantial assurance opinion with no recommendations. ICCA explained that this had replaced the Key Information Sets audit and was both qualitative and quantitative in terms of the HE offer, and allowed prospective student to view an accurate position of HE activity. The Committee was aware that the KIS undertaken two years previously had identified minor issues and it was clear management had put significant time into improving the internal control systems which were now robust. In response to a question from the Chair regarding planning for the forthcoming Office for Students regulatory requirements, the VP Funding Data and Compliance assured members that management were maintaining a regular review of both AoC Briefings, and the OFS website. The College would need to follow a registration process with OFS by 8 May 2018.

The Report was noted and received.

**Learner Support Funds**

18.06 The Committee received a report following a review of Learner Support Funds which had received a substantial assurance opinion with one low priority recommendation regarding the College’s current LSF Policies which still included references to Earn To Learn which was no longer offered. The college had since updated its LSF Policies and these were due to be presented to the Finance & Resources Committee and Board in May 2018. ICCA confirmed that there were no issues with the sample testing in terms of eligibility and despite the anomaly with the policies, the practice within the college remained consistent and was compliant with regulations.

The Report was noted and received.

**Equality and Diversity**

18.07 The Committee received a report following a review of Equality and Diversity (including Fundamental British Values) which had received a substantial assurance opinion. One high priority recommendation had been made in relation to the publication of the College’s Annual E&D Report in January each year, in accordance with the Equality Act 2010, whereby the College had a duty to publish its Equality Objectives in an annual report. This had been actioned immediately by the College. A further advisory point had been made around the promotion of equality and diversity and fundamental British values. ICCA commented that there was clear evidence in College documentation that positive action had been taken to promote E&D.

The Report was noted and received.

18.08 The Chair referred to the Gender Pay Gap reporting requirement and in terms of the Board having oversight of the position asked what action the College had taken. The VP Corporate Services advised the Committee that a report had been presented to the F&R Committee on 7 March 2018 in line with requirements, and would be reported via the Minutes to the Board on 20 March. Members were informed that the report identified the college was reporting a gender pay gap. ICCA spoke of perceptions in the sector around this requirement, where there was a lack of understanding of the difference between gender and equal pay.

**EXTERNAL ASSURANCE OF SUB CONTRACTING CONTROLS**

18.09 The Committee received a report following an Advisory review of sub-contracting controls to provide independent external assurance to the College. ICCA explained the external assurance process which was required where providers had subcontracting provision over £100k. The review had been undertaken to comply with ESFA guidance. Only one area was identified as being partially compliant where management were to issue revised contracts which strengthened the requirements around safeguarding, human slavery and reflected new apprenticeship arrangements. Given the external assurance was primarily a compliance check and did not demonstrate any evidence of the quality of the experience subcontractors delivered, the Chair raised questions around the quality assurance aspect. The VP FD&C stated that quality assurance was undertaken on a regular basis of all subcontracting provision through an internal compliance function whereby unannounced spot checks were carried out. Assurance was given that this included a review of initial advice and guidance. ICCA confirmed that there was evidence that the college had good processes in place in respect of IAG with sub-contractors.

The Report was noted and received.

**MONITORING OF AUDIT RECOMMENDATIONS**

18.10 The Clerk presented a report highlighting the status of all recommendations made by internal and external auditors from 2016/17 to date. One recommendation regarding the need for a Marketing Strategy to be produced remained outstanding. The Deputy Principal was not in attendance at the meeting to respond, therefore the Committee requested an implementation date be provided in order to close the item off. Five out of eight recommendations made in 2017/18 had been fully implemented, with one outstanding relating to IT Data and cyber security, and two with future implementation dates. In response to Governors’ questions the VP FD&C explained that the IT recommendation should have been completed by December 2017 but there had been further technical issues experienced with the solution. A new supplier and alternative solution had since been brought in and was due for testing.

18.11 The report highlighted that two of the three recommendations from the 2016/17 Financial Statements audit remained work in progress. The VP Finance reported that these were on track to be fully implemented by the end of March 2018.

18.12 The Clerk had summarised the recommendations pertaining to the GDPR advisory audit separately, given it was a substantial piece of work. Of the thirteen recommendations made, four had been fully implemented at the time of writing the report. The full action plan had been appended for members’ information. The VP FD&C commented that an updated action plan would be presented to the Board on 20 March 2018.

18.13 As designated link governor for GDPR, the Chair had undertaken a link visit on 22 February to monitor and discuss the College’s progress towards compliance. Her report would be presented to the Board on 20 March and included the recommendation that the Board receive an annual report on compliance in the autumn term.

The Report was noted and received.

**BOARD ASSURANCE FRAMEWORK**

18.14 The Committee received a report from the VP Corporate Services updating it on changes to the Board Assurance Framework since the Committee last reviewed it in September 2017. GDPR had been added as a new risk, and the risk relating to industrial action had had its inherent and residual risk scores increased as a result of the potential for industrial action relating to pay. Three risks, protecting tertiary status, HE and Apprenticeships had had their residual scores increased, the former as a result of the recent proposals for a Sheffield City Region Institute of Technology.

18.15 Discussion took place with regard to the new risks added, details of which, including the rationale, were provided. In response to a question from the Chair regarding the extent to which the BAF was embedded at an operational level, the VP Corporate Services commented that he believed SLT were more conscious of the links to the BAF, particularly during Performance review meetings which took place four times a year and that the process was now well embedded. This led to the BAF being presented to the Audit Committee in September and March.

18.16 The Chair observed that in terms of providing the necessary assurance around risk to the Board at year end, she felt that the Committee should have an enhanced role in scrutinising the BAF in more detail by way of a gap analysis. Members were asked to share their views with regard to how this might work in practice between management and the Committee. It was suggested that a deep dive into the top four key risks in the BAF be undertaken by the Committee during the year, either one at each of its meetings or two at the meetings where the BAF was presented, in order to satisfy the Committee of the process around risk assurance and internal controls and subsequently provide an additional level of assurance to the Board. The VP CS believed this would link effectively to the internal PR process and that the manager responsible could be invited to attend the meetings where it was going to be discussed. The Chair suggested the proposal be discussed at Board on 20 March with a view to further more in-depth discussion on the BAF taking place at one of the creative space sessions in the coming months.

**DATE AND TIME OF NEXT MEETING**

18.17 The next meeting would be held on Tuesday 19 June 2018 at 4.00 pm.

End of Part I

Signed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Chair Dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_