

Governing Body Minutes

<b>Meeting</b>	Audit Committee	<b>Date</b>	4 <sup>th</sup> March 2016
<b>Location</b>	Boardroom, 2.119, Discovery Park	<b>Time</b>	10.05am
<b>Membership</b>	Tim Kent (Chair), Patrick Finucane (Vice-Chair), Charles Buchanan, Tom Price and Gail Clarke		
<b>In Attendance</b>	Chris Legg (Officer) Paul Sayers (Officer) Paul Nixon and Andy Costin - Wilkins Kennedy (Item 5) Jane Spurgin (Item 6)  Tara Ashman (Clerk)		

	ITEM	COMMENTS	ACTION POINT REQUIRED
1	<b>Welcome and Apologies for Absence</b>	<p>The Chair welcomed members to the meeting, in particular Tom Price as a new member, and thanked Paul and Andy for the development session on the role of Internal Auditors. PS noted he would take the suggestion to test some of the key policies with questions and scenario testing to demonstrate staff understanding forward to the College Policy Committee.</p> <p>There were no apologies.</p>	PS
2	<b>Declarations of Interest</b>	There were no additional declarations of interest to those previously declared.	
3	<b>Minutes of meeting held on 23<sup>rd</sup> November 2015</b>	The minutes of the meeting held on 23 <sup>rd</sup> November 2015 were reviewed and formally approved as an accurate record which were duly signed by the Chair.	
4	<b>Matters Arising</b>	There were no matters arising not covered within the agenda.	

5	<b>Internal Audit Report - Financial Controls</b>	<p>Paul Nixon led members through the detail of the report on the audit of financial controls and explained the RAG rating. There were no red issues, one amber issue and some green issues highlighted.</p> <p>Items of note included:</p> <ul style="list-style-type: none"> <li>• Wilkins Kennedy were impressed in the way budget holders managed their budgets but noted the VAT recovery element. CL advised this is credited back to the Commercial areas where it is relevant;</li> <li>• Financial Regulations - members discussed the different processes for cash handling across the campuses, detailed information will be redacted from the public report due to its commercial sensitivity. The process recommended within the report has been implemented;</li> <li>• Fixed assets policy refers to stock which needs amendment;</li> <li>• VAT return - this was amber rated in the report, an error was picked up regarding mis-posting on a control visit from HMRC, there is now a second person within the College checking the return and this has been delegated to the Deputy Head of Finance;</li> <li>• Document control - an old copy of the financial regulations was provided to Wilkins Kennedy, although this was rectified this prompted discussion amongst members regarding controlled copies or the facility within technology at the College for copies to be 'view only' but not printed. CL will take this up with the Director of Technology, Barry Boden. Members discussed the scale of undertaking for this to be done across the College however agreed that the control should be appropriate to the risk. The Chair asked for feedback to the Committee on document control at the next meeting.</li> </ul> <p>The Chair thanked Paul Nixon and Andy Costin for their attendance.</p> <p>[Paul Nixon and Andy Costin left the meeting at 10.33am]</p>	<p>CL PS/Agenda</p>
6	<b>Internal Audit report - ESF and records management</b>	<p>[Jane Spurgin joined the meeting at 10.33am]</p> <p>JS advised the members that the work she had been commissioned to undertake was to offer assurance on the compliance of the ESF contracts and record retention which has to be held for 6 years after the completion of the project. There were three contracts funded through ESF monies with a total value of £3,000,000.</p> <p>The project, Skills Support for the Unemployed, was very robust and has been checked, reconciled and filed appropriately. There were a couple of minor issues but overall JS was assured.</p>	

		<p>The other two projects, Skills Support for the Workforce (College and LEP), does not offer the same level of assurance at this stage and JS detailed a number of areas in which the College would need to work on including:</p> <ul style="list-style-type: none"> <li>• Completeness of documentation - over a sample of 91 learners documented evidence was incomplete for a number of these learners. The work may have been undertaken but the supporting evidence is not there;</li> <li>• Systematic over or under claim of credit values on some programmes. The SFA has already identified this and some of the money has been taken back from the College which mitigates the risk however there is now the process to reclaim or reconcile with some of the partners on the project;</li> <li>• Record management - not all original agreements are back from partners, JS noted this is the time to obtain the documents whilst the project is still recent.</li> </ul> <p>JS listed a number of recommendations which the College are taking forward and invited questions. Governors asked whether the College would bid for further ESF funding in the future and what lessons had been learnt. PS advised once the bids re open it is something the College would consider, a Governor commented that this would presumably be jeopardised by the EU referendum. There were changes within the administration of the project and the knowledge base was not perhaps transferred as it should, the College would ensure this does not happen in future projects and the processes and policies will be set out from the start with detailed contract requirements.</p> <p>The Chair thanked JS for her report and attendance.</p> <p>[Jane Spurgin left the meeting at 10.50am]</p>	
7	<p><b>College Performance Indicators</b></p>	<p>CL detailed the changes within the CPI regarding staff absence; at the last Full Governing Body Governors were informed that the data for staff absence had been reviewed to ensure it is now accurate due to under reporting from the old HR system in previous years. CL advised there is a sub-group within the College looking at sickness absence at the moment and members discussed the Bradford Factor and existing sickness entitlements. The Chair asked about the role of Audit in the review of sickness and members were assured it is being managed and will continue to keep a watching brief.</p> <p>Members felt the approach to Health and safety was comprehensive and the Full Governing Body had recent assurance from the Health and safety action plan recently brought to the board.</p> <p>The outstanding audit points fluctuate dependent where the College is following an audit, the indicator is a discussion point rather than a target.</p>	

8	<b>Internal Audit Report - Subcontracting Controls</b>	<p>PS reported the SFA requirement for subcontracting controls has changed due in part to the high profile issues in the sector. Buzzacott were commissioned to undertake the necessary audit assurance and the certificate has been issued. The 2 recommendations have already been implemented and there will now be annual finance and due diligence checks for existing providers.</p> <p>The College has taken the decision to reduce its subcontracting so the risk is smaller however the ability to subcontract remains.</p> <p>A Governor asked if a College could subcontract all its provision in a managing agent function and, although this is unheard of, in theory this could happen.</p> <p>The Chair thanked PS for his report.</p>	
9	<b>Risk, Audit and Compliance Committee Report</b>	<p>CL shared the minutes of the Risk, Audit and Compliance committee to offer assurance and confidence that the key issues are being discussed and invited questions.</p> <p>Governors commented on the comprehensive minutes but noted their concern about the level of attendance at the meeting. CL noted that there was a key representative from each campus in attendance however Governors suggested that CL consider alternative ways in managing the meeting. PS agreed it was something to look into and discussed cultural and technological capabilities.</p>	CL
10	<b>Risk Management Report</b>	<p>PS reminded the audit committee of their responsibility in not only ensuring the risks are reviewed but whether the systems operate effectively and there is a clear and adequate process in identifying, monitoring and assessing the risks and mitigation.</p> <p>Governors discussed the risks as presented and asked whether any risks could be lowered. PS reported the College is still waiting for the 15/16 allocation from the SFA and are still in negotiation regarding the work skills pilot. After some discussion it was felt too early to reduce some of the other financial risks in particular the cash management and capital projects.</p>	
11	<b>Review of Audit function within Carver Model</b>	<p>Governors considered the Audit Committee function within the Carver model and discussed how the role could be achieved adequately and referred appropriately.</p> <p>A Governor suggested the AoC module on the Audit Committee is a good reference point and after some consideration members agreed that three meetings a year was appropriate, with a potential for an additional meeting earlier in the academic year if necessary. The strength is within the quality of the internal audit plan, the Chair commented that members should consider the Audit Committee responsibilities within the Full Governing Body to offer additional assurance.</p>	

		Governors concluded that it was still too early in the adoption of Carver to know whether there was any duplication across the Audit Committee and Full Governing Body and will review the function again in the Autumn term.	
12	<b>Insurance Renewal Tenders</b>	<p>PF chaired this item as TK was the Governor representative on the tender panel.</p> <p>Three companies were interviewed, one being the existing insurers, Marsh. The panel agreed on Arthur J Gallagher who offered a more bespoke brokerage, the existing cover may need to be extended until the end of July which would save approximately £9,000 from the budget.</p> <p>A Governor asked whether all 8 companies on the list provided within the papers were invited to tender and CI considered this was the case with only 4 submissions.</p>	
13	<b>Draft agenda for the next meeting</b>	<p>Governors discussed the development session however felt that more focus should be given within the meeting to the responsibilities of the Audit Committee regarding the Yarrow Hotel, particularly as the review of the operation is within the 16/17 internal audit plan.</p> <p>The development session for the Autumn meeting was agreed for CL to lead on the role of Audit module from the AoC.</p>	
14	<b>Any Other Business</b>	A Governor identified some of the content of the report from Wilkins Kennedy on financial controls could be commercially sensitive, it was agreed that these references would be redacted from the paper.	Clerk
15	<b>Date of Future Meeting</b>	Monday 6 <sup>th</sup> June 2016 at 4.30pm, Boardroom, Broadstairs	

There being no further business the meeting closed at 11.54am

Signed: ..... Position: ..... Date: .....