

Present: Paul Cumming, Richard Reece (arrived at 5.45pm), Abi Stephenson, Ben Kenwright.

In Attendance: Michael Kitcatt (Principal), Ed Senior (Deputy Principal), Barbara Clements (Finance Manager), Jo Payne (Interim Clerk) and Carole Liddle (Kendall Wadley).

1. **Apologies:** Paul Shewry and Paul Oxtoby (RSM).
2. **Standing Items:**
 - (i) No declarations of interests were received.
 - (ii) No items were identified as confidential to the Governing Body.
 - (iii) No urgent items were raised.

ITEMS FOR DECISION

3. **Minutes: 15th March 2018**

The Committee **approved** the notes of the meeting held on 15th March 2018.

4. **Audit Reports**

(i) Learner Numbers

The Deputy Principal reported that the Learner Numbers audit had taken place on 21st and 22nd June and, whilst the draft report had yet to be received, the senior auditor had emailed the key aspects that were likely to be in the report as advisory or subject to review. This email was shared with the Committee and the following points noted:

- The College had requested that the scope should include review all funding factors;
- The auditors advised that course change forms should be signed, however, for a number of years this had been done electronically;
- It was suggested that time tutors spend with students outside of tutorials should be recorded, however, it was felt that this was not manageable.

The Deputy Principal advised that the final report would be presented to the Committee in the autumn term. The Committee **noted** the information provided.

(ii) Key Financial Controls – spring term

Carole Liddle from Kendall Wadley presented the spring term report and commented that since the Finance Manager had been in post there had been a huge overhaul of systems and a restructure of the finance team. It was harder to find things to report, but the systems in place were testing the report included the following points:

- Three low priority aspects were identified alongside two others which were not tested on this occasion and were carried forward;

- In relation to the payment of sports referees, it was suggested that they should sign a declaration to confirm that they were responsible for declaring earnings to the Inland Revenue;
- It was previously recommended that the safe log should be reviewed on a weekly basis and this was not happening as frequently as had been suggested;
- It was recommended that ageing debtors be reviewed and chased for payment.

In response to the recommendations made, the Finance Manager advised that:

- She had spoken to the PE staff about the declaration that would be introduced for the payment of sports referees. The Purchase Ledger Clerk was amending the form and PE staff would then ask the referees to sign so that the College had an audit trail;
- The safe log was being reviewed at least monthly;
- Aged debtors had now been cleared due to the excellent work of the Assistant Management Accountant.

The members of the Committee received Kendall Wadley's report and **noted** the information provided.

Carole Liddle left the meeting at 5.56 pm.

The Committee **noted** how improved financial controls now were and acknowledged that this was an indication of how seriously the Finance Manager had responded to recommendations.

5. Finance Manager Report

The Finance Manager presented her report and highlighted key areas of interest. She reported that:

- Liberata had submitted the end of year TPS certificate and RSM would visit College for two days in July to audit;
- The Resource package was slightly clunky, however, it might be possible to move to a web-based system if the College academises. The Finance Manager would attend a demonstration with Hereford Sixth Form College;
- The Financial Regulations had been revised to remove references to the Personnel Manager and to bring them in line with those of Hereford Sixth Form College in terms of the order;
- The Finance Risk Register had been updated;
- The budget for 2018-19 was balanced and would be presented to the Governing Body for approval on 11th July;
- The ESFA Financial Health score had fallen into satisfactory. Due to two of the loans being repaid, cash had been tight, although there were savings on interest;
- The College had dipped into its overdraft facility in March largely due to the phasing of ESFA funding;
- Cash was being invested on the overnight money market as a strategy for increasing income.

The Committee **noted** the information provided and thanked the Finance Manager for her report.

6. Risk

(i) Actions taken to prepare for GDPR

The Deputy Principal presented his report detailing the steps that the College had taken to prepare for the introduction of GDPR legislation. He reported that:

- A Data Protection Officer (DPO) had been appointed and a governor designated as a point of contact. As the DPO was the IT Support Manager, the governor contact was felt to be particularly important;
- Meetings had taken place with all areas of College and an Information Asset Register produced as a result of discussions;
- Audits of how information was being stored and retained would take place, however, it was not feasible for the Deputy Principal and DPO to undertake an audit of all areas so there would be spot checks of the areas of highest potential risk. Peer audits would also be encouraged;
- Staff had been increasingly willing to engage and there had been sensible discussions to ensure that staff would still be able to work effectively;
- The DPO would report termly to the Audit Committee in the first instances so that governors were reassured about the College's approach. This would be reviewed.

The Committee noted the information provided and challenged the Deputy Principal about the College's approach. The following responses were given:

- Steps were taken to ensure that personal and sensitive information was not taken home by staff or saved to a personal device e.g. Personnel had been advised that they could not take notes of an appeal hearing home given that this was both personal and sensitive;
- Staff had been instructed that work emails should not be used for personal matters;
- Emails would automatically be deleted after 3 years;
- The Deputy Principal would consult the DPO about the potential risk for data to be 'planted' and then a subject access request made as a scam;
- Information on students had to be retained for 7 years for funding purposes and some safeguarding information had to be retained for 50 years;
- The Deputy Principal would endeavour to undertake audits prior to the meetings of the Audit Committee so that findings could be reported;
- Not all staff were able to attach documents to emails without a second check or with another member of staff checking the attachment.

The Committee **noted** the information provided.

(ii) Risk Register and Assurance Map

The Deputy Principal outlined updates to the Risk Register and Assurance Map which included:

- Inclusion of reference to the visit of the FE Commissioner's office. Verbal feedback from the visit was that whilst finances were tight, the College had taken action to ensure it remained solvent;
- The score for 'reduced operational effectiveness as a result of loss or retirement of Senior Postholder or Senior Manager' had been reduced as, whilst the impact would be the same, the likelihood was less due to measures that had been put in place to support senior managers next academic year;
- There had been a change to the IT Strategy and due to changes in staffing, the IT Support Manager was not the only member of IT Support with programming expertise. Whilst the intention was to become less reliant on the IT Support Manager given his heavy workload, in the short term, it increased reliance on him;

- Commercial software would be purchased and staff were in place to support with the implementation of these packages;
- In response to ESFA intervention, the College had produced an action plan in relation to English and Maths GCSE evening provision. Whilst students who remained on the courses were more successful than students nationally, retention had been an issue which resulted in success rates falling below minimum standards. This was largely due to the fact that students did not have to pay course fees and it was government funded. The ESFA had been informed that the actions would not impact on the retention in the current academic year, but it was hoped that the identified actions would improve retention in the following year.

In response to the update on IT staffing, the Committee requested that consideration be given to contractors who might be able to offer programming support if there was a situation where the College found that it did not have internal capacity. The Deputy Principal **agreed** to give this further consideration.

The Committee **noted** the information provided.

7. Governance

The Interim Clerk presented her report and asked the Committee to consider the draft schedule of meetings for next academic year. The Committee were also asked to consider minor changes to the Committee's terms of reference to propose that the minimum number of governors required to sit on the Committee be reduced from five to three given issues with quoracy. The cycle of business had been revised to reflect the responsibility of the Audit Committee to monitor and review the College's compliance in relation to GDPR.

The Committee noted the information provided and **agreed to recommend** the draft schedule of meetings to the Governing Body. The proposed changes to the terms of reference and cycle of business were **approved**.

8. Audit Plan 2018-19

The Principal presented the draft audit plan for 2018-19 and reported that no significant changes were proposed. The Committee **approved** the Audit Plan.

RSM Audit Plan

In the absence of Paul Oxtoby, the Finance Manager presented RSM's Audit Plan and highlighted the main areas including:

- The scope of the financial and regularity audits;
- Timescales for delivery;
- Areas of risk, the approach RSM would take and the responsibilities of governors e.g. whether adopting the going concern basis of accounting for financial statements remained appropriate;
- The 1.3% increase in fees.

The Committee **noted** the information provided. The Finance Manager acknowledged that whilst it was good practice to go out to tender and to review audit provision, it did not seem sensible to do this at the current time whilst academisation was ongoing.

9. Policy Reviews

Risk Management Policy

The Deputy Principal reported that the policy had been updated to reflect that he would continue to act as risk champion next academic year. The Committee **agreed to recommend** that the Governing Body **approve** the Risk Management Policy as outlined.

Disaster Management Policy

The Deputy Principal reported that the policy had been updated to reflect personnel changes next academic year and referred to job roles rather than individuals. The Committee **agreed to recommend** that the Governing Body **approve** the Disaster Management Policy as outlined.

10. Closing Standing Items

(i) Risk Management

The Deputy Principal **agreed** to investigate the cost of engaging the services of a Programmer as a contingency and agreed to review the risk register in light of this.

(ii) Impact:

The Committee agreed that the ongoing monitoring of financial controls reduced the risk of fraud which safeguarded provision for students.

(iii) Any Urgent Business

No items were raised.

(iv) Date of Next Meeting: Wednesday, 28th November 2018 subject to Governing Body approval.

11. Review of Internal Auditor’s performance:

(i) To consider Audit provision (LN) in 2017-18 and the re-appointment of ICCA for 2018-19

The members of the Committee were minded to **recommend** the re-appointment of ICCA for 2018-19.

(ii) To consider Audit provision (Audit and Regularity) in 2017-18 and the re-appointment of RSM for 2018-19

The members of the Committee were minded to **recommend** the re-appointment of RSM for 2018-19.

To consider Audit provision (KFC) in 2017-18 and the re-appointment of Kendall Wadley for 2018-19

The members of the Committee were minded to **recommend** the re-appointment of Kendall Wadley for 2018-19.

The meeting finished at 7.03 p.m.

Signed..... Date.....

Paul Cumming (Chair)

AUDIT COMMITTEE: ACTION POINTS ARISING FROM MEETING OF 27TH JUNE 2018

Report Reference	Action Point	Person Responsible	Completion	Check
AC/27.06.18/4(i)	Learner Number audit report to be presented to autumn term Committee meeting.	EYS	28.11.18	
AC/27.06.18/6(i)	Consult DPO about potential risk of data being planted as part of a scam.	EYS	28.11.18	
AC/27.06.18/6(ii)	Investigate the cost of an external contractor with programming experience.	EYS	28.11.18	

ACTION POINTS BROUGHT FORWARD

Report Reference	Action Point	Person Responsible	Completion	Check
AC/29.11.17/5(ii)	Discuss testing of IT back-up restoration with IT Support Manager.	EYS	07.03.18	

ACTION POINTS COMPLETED

Report Reference	Action Point	Person Responsible	Completion	Check
				✓

* Denotes revised date.