

Minutes of the meeting held at 5.00pm on 4 March 2014

Present: K Golding
N Roberts
W Burrlock

In Attendance: D J Howells, Deputy Principal
P Ewan, Head of Finance
P Goddard, Scrutton Bland
S Gravener, Scrutton Bland
J Bridges, Clerk to the Corporation

No interests relevant to items on the agenda were declared by members.

Action

1 Apologies for absence

Apologies for absence were received from C Manning and Hannah Catchpool and Claire Sutherland of Baker Tilly.

2 Minutes of the meeting held on 28 November 2013

The minutes of the meeting were confirmed as a correct record.

3 Matters Arising

From the minutes of the meeting held on 28 November 2013:

6 Audited Accounts for the year ended 31 July 2013

The Chairman of the Finance and Property Committee has been informed that the Audit and Risk Committee has requested that a review of the financial objectives in the Financial Statements are reviewed to ensure that they are relevant and appropriate for 2013/14. This will be added as an agenda item for the Finance and Property Committee meeting to be held in March 2014.

The Committee's concern of the decline in income and risk of resulting deficit accounts and adjustments in relation to FRS17 pension contributions has been passed to the Chairman of the Finance and Property Committee.

7 External Auditor's Report for the year ending 31 July 2013

The statement concerning the decision not to go ahead with a new Engineering Block was changed to read "It is our understanding that management are still considering whether to progress with a new engineering block. Any costs incurred to date on assessing the feasibility are included within fixed assets".

In response to simplify the reconciliation process for accounting grant income a separate schedule has been drafted to show reconciliation funds received to contracted income to amount shown in Profit and Loss and any provision for clawback.

The draft SORP for comment was published last year and various interested parties were asked to respond in the consultation period which closed on 17 November 2013. As of yet there has been no publication of the responses to the publication. The biggest concern for College's appeared to be relating to accounting for deferred capital grants. It is understood that it is likely that two

alternative treatments for deferred capital grants will be allowed but obviously this is not yet confirmed. As and when Baker Tilly hear anything further the Committee will be advised.

13 **Committee Self Evaluation**

The proposal for the Committee to meet 30 minutes prior to their meetings was withdrawn. Members feel that they have progressed as a Committee and will continue to meet at the advertised time.

4 **Internal Audit Recommendation Tracking Report**

Only two partially completed recommendations remain although three internal audits have been completed since the November meeting that have recommendations arising and their progress will be tracked in the tracking reports to the Committee. Due to a lack of resource the Project Office has not progressed developing a standard filing system for each of the projects but this will try to be progressed over the forthcoming months. Progress will be reported to the Committee at the meeting to be held in June 2014 under this report.

JBridges

5 **Internal Audit Reports**

i. ***Work Based Learning and Additional Learning Support Staff Utilisation***

The budget figures on page 1 of the report were extracted by Scrutton Bland from the two cost centres pertaining to the Employer Responsiveness areas of Health Care and Business Art and Service Industries in order to provide some context into the size and scope of the internal audit. These figures will be revisited by the Deputy Principal as it was suggested that the numbers were not representative of the overall College budget.

DJHowells

It was evident at the meeting that the preamble provided by Scrutton Bland in the report had not been scrutinised by the sponsors of the report but management responses provided on pages 8 and 9 of the report had been fully considered and progress already made against the recommendations made. Members queried the necessity of providing such extensive detail in the internal reports and it was agreed that this will be reviewed for future reports to the Committee.

Overall the resulting assurance level provided by the Internal Audit Report was 3 of 5 (reasonable assurance, yellow status) and two medium and two low recommendations made. The report confirmed that governance, risk management and control arrangements provide reasonable assurance that the material risks reviewed are managed effectively but there are some areas where the adequacy of controls in practice needs to be significantly improved.

The Vice Principal, Business and Community confirmed that by 1 August 2014 OneFile will be totally implemented. There are some challenges experienced in implementing the new system where staff have found it difficult to work differently and wireless connectivity in some remote areas where assessors are visiting is problematic. An upgrade to OneFile will help to alleviate the connectivity issues so that data can still be entered and then synchronised with the system once connection has been re-established.

Electronic portfolios have made a huge difference to the efficiency in these areas and has significantly improved the College's monitoring and reporting abilities. Tactical decisions can be made weekly to remedy any decline in the number of case loads.

With regard to how the management of teaching support staff is organised this is being realigned by the Vice Principal, Curriculum and Quality. This is an area that is financially over budget and requires tighter control. The manager of this area is under pressure to address the financial position and get the overspend back under control.

Since the internal audit undertaken in October 2013 the employer responsive areas are reporting much improved numbers of caseloads and reports have been designed to enable analysis of income per assessor. Reports are also being developed to calculate the average length of stay of learners so further analysis can be drawn. OneFile has been implemented within Workplace Learning. The equivalent software used for students assessments in full time FE is MarkBook.

M Wagner left the meeting at 5.55pm

ii. **Financial Controls**

The focus of the internal audit was to ensure that the Human Resources and payroll system has been successfully implemented and that this links proficiently with processes in Finance. The audit found no fraud issues arising and the implementation process carefully project managed.

Overall the resulting assurance level provided by the Internal Audit Report was 2 of 5 (significant assurance, green status) and three low recommendations made. The report confirmed that governance, risk management and control arrangements provide significant assurance that the material risks reviewed are managed effectively but there are some areas where the adequacy or operation of controls in practice should be improved further.

The Chairman of the Committee has been informed of a case of fraud detected in relation to £800 child care costs claimed through a bursary application and presentation of fraudulent invoices presented by the student who has since left the College. The case has been reported to the Police. The peak activity of applications happens over the months of July and August. This year a dedicated finance member will be located in Student Welfare to work specifically on bursary applications and support for the students through the process. The household income threshold will also be lowered in 2014/15 to £21K. This year it was set at £25K.

iii. **Quality Assurance and Performance Management**

The objective of the internal audit was to ensure that the performance of teaching and learning is reported transparently and is fully understood at Committee and Corporation level.

Overall the resulting assurance level provided by the Internal Audit Report was 3 of 5 (reasonable assurance, yellow status) and five low recommendations made. The report confirmed that governance, risk management and control arrangements provide reasonable assurance that the material risks reviewed are managed effectively but there are some areas where the adequacy of controls in place needs to be significantly improved.

Members received assurance that the source data reported to governors at Corporation and Committee meetings when tracked back were found to be accurate the issues found related to inconsistencies in how the data had been presented and not the data itself. This audit has helped focus the attention of the authors of the reports in terms of how data and its relevance to the report

is consistently presented. This will be a process of evolution over the coming months and the poor experience of this academic year used as a learning tool to improve the timeliness of reporting in future. Progress has already been made against the recommendations made in the report.

6 Progress Report

The report summarised the agreed audit plan at the beginning of the academic year. The College Secretary has prepared a draft Board Assurance Map that is based on the risks stated on the Corporate Risk Register to map the source and level of assurances that governors receive. This has been independently challenged by Scrutton Bland and will be shared with the Committee when completed at the meeting to be held in June 2014.

It was agreed that the scope of the 3 day Human Resources internal audit scheduled for 6-8 May 2014 will be considered by the Senior Management Team. It is thought that there is opportunity to refocus the scope of the audit around the implications of inadequate performance management in place. SMT will also be asked to consider how best to utilise the unallocated 2 days of audit work.

DJHowells

7 Risk Management Update

The Senior Management Team has reviewed the Corporate Risk Register to ensure that the risks for 2013/14 remain appropriate.

The Committee focussed their attention on the top risks of the register. In particular focussing on the risks relating to HE and Fee income (R001 and R002). It is expected that these risks in terms of overall risk rating score will reduce over the coming months as indications suggest that budget and/or targets will be hit or closer than anticipated. The wording of both of these risks will be reviewed by the Deputy Principal as the risk of not being able to recruit sufficient HE or Adult learners is no longer the relevant risk.

8 Committee Meeting Times

The Clerk will arrange for meetings to continue to be held on Tuesday's at 5.00pm in 2014/15.

9 Any other business

Scrutton Bland will work toward presenting a draft internal audit plan for 2014/15 at the meeting to be held in June 2014 and this will be added as an agenda item.

Scrutton
Bland
JBridges

Date of next meeting

Agreed to be moved forward to Tuesday 17 June 2014 at 5.00pm. Room TG1.16

The meeting closed at 7.05pm