

Minutes of the meeting held at 5.00pm on 21 October 2014

Present: **K Golding** **W Burrlock**
 N Roberts **J Finn**

In Attendance: **D J Howells, Deputy Principal**
 P Goddard, Scrutton Bland
 J Bridges, Clerk to the Corporation

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

- 1 Apologies for absence**
Apologies for absence were received from C Manning, P Ewan Head of Finance, S Gravener of Scrutton Bland, C Sutherland and J Smith of Baker Tilly.
- 2 Minutes of the meeting held on 17 June 2014**
The minutes of the meeting were agreed as a correct record subject to amending the word 'is' to 'in' within the sixth paragraph of item 6.ii first line and the word 'out' to 'our' in the third sentence of item 11 on page 6.
- 3 Matters Arising**
From the minutes of the meeting held on 17 June 2014:
 - 4 Internal Audit Recommendation Tracking Report**
Progress made in relation to a property filing system is deferred until later in the year.
 - 5 Work Based Learning and Additional Learning Support Staff Utilisation**
The Deputy Principal confirmed that the figures in the internal audit report were incorrect and internal auditors have been advised.
 - 6.i. Apprenticeships and Workplace Learning Applications**
The misplaced website link for Business/Administration courses has been resolved.
 - 6.ii. HR – Performance Management and Sickness Absence Report**
The average total number of days lost for the same period in 2012/13 was confirmed to be 1,944 against the figure reported (as at March 2014) of 1,527 days lost.
- 9 2014/15 Strategy for Internal Audit**
The Committee was due to meet on 23 September 2014 to consider the scoping documents but the meeting was deferred to 21 October 2014.

The Internal Audit Plan for 2014/15 was shared with the Corporation at the 17 July 2014 meeting.
- 12 Risk Management Procedure Review**
The Corporation approved the policy at the 17 July 2014 meeting.

Action

JBridges

13 Internal and External Audit Services

The Corporation approved the reappointment of internal and external audit services at the 17 July 2014 meeting. At the request of the Committee the Deputy Principal and the Clerk met with the internal auditors on 20 October 2014 to discuss audit arrangements for this academic year.

4 Committee Terms of Reference

Each Committee is asked at their first meeting in the new academic year to review and approve its terms of reference. The thirteenth bulleted point is to include that the Committee's annual report is to also advise on the efficiency, effectiveness and economy processes. Subject to this amendment the Committee's Terms of Reference will be recommended to the Corporation for approval at the 12 December 2014 meeting.

JBridges

The terms of reference refer to a funding auditor which for clarification was defined as an auditing service contracted to audit the eligibility of funding claimed and attracted per learner. The College plans to contract KPMG in the New Year to carry out a funding audit; the focus of which will be around Maths and English. A condition of funding this academic year is that every student with Maths and/or English grades below C must attend English and Maths in order for the College to claim the funding for that student. Their attendance is business critical and the College is currently working through a range of issues with register completion and quantifying the funding impact.

5 Internal Audit Recommendation Tracking Report

There are fifteen recommendations arising from internal audit reports in the 2013/14 academic year. Of the fifteen recommendations seven were marked as complete, six as partially complete and two as work in progress. The Committee went through the report in detail.

The annual refresher fire safety is yet to be launched. The College Secretary confirmed that there has been a proactive approach to fire compliance across the College; fire risk assessments and action plans updated to meet the Fire Regulatory Reform, visits from local Fire Brigade service and fire extinguisher training completed across the College. The online fire refresher training will be made available to staff and the Health and Safety Manager tasked to have this in place by the next meeting of the Committee.

JBridges

The standard filing system for the Projects Office has not progressed since the last meeting of the Committee due to limited resource. The Deputy Principal will look at other options to complete this piece of work.

DJHowells

Members discussed the recommendation to significantly improve the management information that is available via OneFile, marked as complete in the status column of the report. This recommendation is not achievable unless all work based learning students are entered into the system. Currently all students with the exception of those on four year Engineering programmes are in the system. This means that not all of the data exists in the system and until 100% records are input the management information available from the system will not be effective. Members asked for assurance that investment in software systems is fully evaluated before investment and implementation takes place. The Management Information internal audit will be used to explore the implementation of OneFile and to evaluate the depth, accessibility, accuracy, timeliness and usefulness of the output reporting of management information that is available at departmental and management levels.

A further area to develop is a robust method of monitoring Learning Support staff deployment. There is confidence that now these staff are centralised under one manager and their sessions are timetabled utilisation information and reporting capacity is increased and can be used to manage staff costs more efficiently and effectively. This should positively impact student achievement and retention.

The College has created a new post of WPL Consultant who is responsible to ensure that the same service standards of full time 16-19 students exists for WPL. This links to the improvements in the management of WPL that were identified in the OneFile audit recommendations. The secret shopper exercise completed by internal auditors last year exposed weaknesses in our application processes for this area of our provision and a follow up internal audit would be useful to establish if processes have improved. W Burrlock provided a live example of a WPL student in the School of Computing who has been in College for seven weeks but is not appearing in College systems. The details of this individual will be passed to the Deputy Principal so that systems can be checked and resolved.

WBurrlock

DJHowells

The Committee asked that the HR department makes an explicit response including target completion dates concerning the outstanding recommendations from the internal audit undertaken in June 2014. The Clerk will take this back to the Head of HR to action.

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6 2013/14 Internal Audit Report

Internal Auditors, Scrutton Bland have prepared their annual report for the year ending 31 July 2014. During the year they oversaw the progress made with implementing the recommendations made by the former Internal Auditors, RSM Tenon, in their 2012/13 audit reports. In the opinion of Scrutton Bland, management has taken or have planned appropriate and timely action to implement the recommendations. If recommendations arising from 2013/14 internal audits are not implemented effectively in the year it was noted that the same positive opinion may not be able to be stated in the annual report for 2014/15.

Overall the report concluded in the opinion of Scrutton Bland, for the year ended 31 July 2014, the College has adequate and effective risk management, governance, control and efficiency, effectiveness and economy processes in place to manage its achievement of the College's objectives. A green status was applied to each area of effectiveness and pages 5 through to 8 detailed the specifics of how these opinions have been made and the specific key issues arising from the individual audit work in the year.

Members recognised a number of common theme outcomes from internal audit work in the year and are concerned that investment in software packages are not realising their full potential and the lack of an investment appraisal system in place to objectively look at potential implementation issues to inform purchase decisions is not effective. Value for money from our systems should be recognised and the Committee recommended that the management team spends more time in evaluating the effectiveness of our investment in software systems and a clear accountability structure for IT implementation needs to exist.

The summary of findings on page 12 of the report detailed that of the six internal audits completed in the year; two resulted with significant assurance (green status) and four with reasonable assurance (amber status). A total of 22 recommendations were made; 5 medium and 17 low risk. On page 13 of the report the assurance levels of internal audit has been benchmarked against the average percentage across all General FE clients (16-17 Colleges) showing that the level of reasonable assurance of West Suffolk College internal audits is more than double those of other Colleges. Members were clear that a marked improvement in the level of significant assurance would be expected in 2014/15.

7 Preparation for Committee Annual Report

P Goddard left the meeting for this item of the agenda.

Members completed the Performance Indicators Satisfaction questionnaire of internal and external audit services in the year, the results of which will inform the appraisal and content of the annual report of the Committee. The report will be prepared for the meeting to be held on 25 November 2014.

P Goddard joined the meeting.

8 Internal Audit Briefs

i. CRM System Implementation

The internal audit work will look at how the new CRM system is operating in terms of the level to which the system is being utilised, the accuracy of data held and how the outcomes compare to the original project objectives. This will be a two day audit and will test how the system has been implemented and the value of it to the College. Internal audit work is to include an assessment of how effective implementation has been and where, if any, blockages exist that may prevent full and effective implementation. Scrutton Bland are to, where possible, provide comparative experiences of other FE clients who have implemented the same system.

ii. IT Back-Up and Documentation Retention

The College experienced a major failure with Microsoft Outlook in the summer and has recently been subject to an email virus attack. This internal audit will confirm the means by which the College's electronic data is backed up, including how and when data is restored and the location of back-ups. Document retention periods adopted by the College will also be reviewed and tested in respect of confirming that primary documentation is appropriate and in line with legislation and best practice.

iii. Learner Records System

Internal audit work will confirm that the learner records in place in respect of data collection and processing for 16-18 and 19+ provision are operating efficiently and effectively. The Deputy Principal will identify the areas to be sampled and tested in order that the College receives added value from the fieldwork of this audit. A separate funding compliance audit will be commissioned from a specialist auditor in the New Year.

iv. Management Information

As discussed and agreed earlier in the meeting the fieldwork will focus on the implementation of OneFile and the usefulness of the output reporting capability of management information.

v. Cost Controls (Purchasing and Fixed Term Staff)

The fieldwork will confirm that the ordering process, including the level to

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which procurement needs are planned in advance and minimising the need for late orders being raised, is robust. Costs, risks to quality and the management of CPD responsibilities being appropriately managed following the movement of academic hourly paid staff onto fixed term contracts will also be audited.

9 Assessment of Internal Control Systems

Although the SFA has removed the requirement to complete and submit the Financial Management Control Evaluation (FMCE) the Committee considers that the assessment is a useful tool for the College to benchmark itself against expected sector good practice. The assessment has been completed in draft in order to determine whether the financial management and control arrangements assurance level of the College is effective. The Clerk confirmed that since releasing the assessment to the Committee an amendment has been made on page 7, area 1, section 2, question 2 to correct the job title of the Head of Finance and the qualifications that she holds. The yellow highlighted text on page 8 of the assessment will be completed once overall, levels 1, 2 and 3 success rates are finalised. Subject to inserting the success rates the Committee will recommend the document is approved by the Corporation at the 12 December 2014 meeting.

Clerkship was handed over to the Deputy Principal for the following item:

10 Risk Management Update

To ensure that the Corporate Risk Register remains appropriate the Senior Management Team has identified a number of emerging risks arising from PESTLE factors that may impact the College in the future. The emerging risks have been cross referenced to the College's new strategic aims and these will be transposed into the Risk Register for this academic year. A number of risks from the previous academic year will be removed from the register as they either are no longer relevant or are not a risk in the coming year. Members asked to be informed of the risks that are to be removed from the register in the update report to the Committee at the meeting to be held in November 2014.

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The Clerk resumed Clerkship from the Deputy Principal.

11 Governors' Conference Agenda Items

None.

12. Any other business

- **Case of Fraud**

Confidential item under paragraph 18(2) of the Instrument and Articles of Government

Date of next meeting

Tuesday 25 November 2014 at 5.00pm. Room TG1.16

The meeting closed at 7.15pm