

Minutes of the meeting held at 5.00pm on 18 June 2018

Present: **J Gazzard (Chair)** **N Roberts (Vice Chair)**
 H Nydam **A Maltpress**

In Attendance: **S Jones, Vice Principal Finance and Resources**
 P Ewan, Head of Finance
 L Keane, Scrutton Bland
 J Smith, RSM
 L England, RSM
 J Bridges, Clerk

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

Action

- 1 **Apologies for absence**
There were no apologies for absence from Committee Members. Apologies from P Goddard of Scrutton Bland and C Sutherland of RSM were received.
- 2 **Minutes of the meeting held on 5 March 2018**
The minutes of the meeting were agreed as a correct record.
- 3 **Matters Arising**
From the minutes of the meeting held on 5 March 2018:
 - 2 **Minutes of the Meeting held on 21 November 2017**
The minutes have been amended as requested.
 - 3 **Matters Arising – 8 External Audit Finding’s Report**
It has been proposed that the Assistant Principal for HE and the Vice Principal Finance and Resources will sense check the overall HE income due and then once the completion statement for the year is provided by the University at student level a sample will be tested for accuracy against the College’s own records. It was noted that to audit over 600 records (100%) would take an individual almost one month to complete.
- 5.i. **Follow Up of Previous Cash Handling Report**
Spot checks are part of a routine and paperwork is reviewed each time a spot check is performed. Where necessary paperwork is amended to achieve greater consistency.
- 5.iii. **Learner Progress**
At the request of the Committee the summary audit reports have now been updated to include the benchmark data.
- 4 **Membership**
 - i. ***Renewal of co-opted Membership; N Roberts and H Nydam***
Membership of this Committee, under its Terms of Reference, is able to include up to two members who are not members of the Corporation. At the Committee’s suggestion co-opted membership to the Audit and Risk Management Committee is subject to annual review rather than an appointment to serve a three year term of office.

The Appointments and Governance Committee met on 9 May 2018 and subject to the endorsement of this Committee, it is proposed that they will put forward a recommendation to approve the reappointment of N Roberts and H Nydam at the Corporation meeting to be held on 5 July 2018.

The reappointments were **approved** by the Committee. **Proposed** by J Gazzard and **seconded** by A Maltpress.

5 Internal Audit Recommendation Tracking Report

Members considered the progress made toward the completion of recommendations arising from internal audit work. Since the last report in March 2018 eight of the seventeen recommendations have been completed, one has been closed, five continue as work in progress and one has been completed this month. The remaining two out of seventeen arising from the Governance Internal Audit Work are to be progressed this term as part of the review and changes to our governance arrangements; these are not a priority at this time but will involve a review of our induction process for Governors and also a proposal to introduce more opportunity in the year for governors to participate in First Hand.

6 Internal Audit Reports

i. GDPR Preparedness

The objective of this audit was to confirm that the College is appropriately prepared to comply with the changes in legislation (GDPR) and to assess the level to which the College complies with the new requirements.

Auditor's confirmed in their report that due to the likelihood that full compliance would not be achieved by the GDPR implementation date (25 May 2018), they assigned a 'significant' assurance, as opposed to 'strong' assurance level, to this audit. They did not raise any new recommendations as a result of this audit as they considered that the steps being taken by the College to prepare for GDPR to be appropriate.

The report also identified that a number of previous recommendations arising from the data security field work undertaken last year have now been completed.

ii. FE Quality Assurance

The objective of this audit was to review the processes followed when developing the College's Self-Assessment Report and Quality Improvement Plan, including how the comments made in the College's most recent Ofsted report have been incorporated into these documents and are being addressed.

Auditors reported that the College is taking the appropriate steps to improve the Self-Assessment Report and Quality Improvement Plan in order to ensure these are easily understood and are manageable. The audit received a strong assurance level and no recommendations for action were raised.

iii. HE Student Recruitment

The objective of this report was to confirm that the strategies in place for Higher Education (HE) recruitment are appropriate, that progress against these is being effectively monitored, that the admissions process is undertaken in an efficient and effective manner and to confirm that appropriate and timely information is available and provided to the College by the University of Suffolk.

Auditors found that in their field work that the College has taken positive steps to provide oversight of the recruitment and enrolment of students based upon a targeted marketing plan which underpins the College Strategy. Whilst up to this point much of the activity completed and reported on, including enrolment, admissions, communications and brand usage have been led by the University of Suffolk, the College is now developing their own approach and is committed to implementing this.

A 'Strong' assurance level has been awarded and no recommendations have been raised as a result of this audit work. One added value point has been raised in order to enhance the work currently being completed for HE growth within the College.

iv. *HE Quality Management*

The objectives of this audit were to 1) confirm that the quality assurance framework in place surrounding the Higher Education (HE) provision is fit for purpose, including how the recommendations arising from the Integrated Quality and Enhancement Review (IQER) and the Quality Assurance Agency for Higher Education (QAA) reports are being addressed; and 2) confirm that the outcomes from the Internal Student Survey (ISS) and National Student Survey (NSS) are being analysed and actions for improvement raised and monitored.

As a result of the audit work a 'Significant' assurance level has been awarded with one low improvement area identified and recommended and this relates to ensuring that the Action Plans developed following the Course Committee meetings are kept up to date throughout the year.

The Committee commented that the review of this audit work is consistent with the results shared with the Standards and Excellence Committee where results of student NSS and ISS surveys have both shown positive response rates with increased communication and action plans with student participation to redress any low satisfaction rates.

v. *Apprenticeships*

The objective of this audit was to provide assurance that the processes in place to deliver apprenticeships are in compliance with the 2017/18 funding rules.

A level of 'Significant' assurance has been awarded to this area with one medium and two low risk recommendations. The additional steps required to enhance the evidence in place to support full compliance with the guidance include a) ensuring that the total number of hours worked per week by each apprentice is being captured, using the correct calculation and documenting the required off-the-job training hours for each apprentice and ensuring suitable evidence is in place to demonstrate that these will be delivered; and b) ensuring that the Application Form is fully completed in all relevant sections for each Apprentice. In particular, the three year residency declaration should be completed in all cases.

A Maltpress left the meeting at 5.35pm

7 Progress Report

The Progress Report confirmed that the Payroll, Cash Handling, Learner Progress, GDPR Data Protection Preparedness, HE Student Recruitment, FE

Quality Assurance, HE Quality Management, Apprenticeship Post Levy Implementation and HR Recruitment internal audit work have all been carried out.

The HE Student Recruitment and FE Quality Assurance work were both awarded a 'Strong' assurance level. Payroll, Learner Progress, GDPR Preparedness, HE Quality Management and Apprenticeship Post Levy Implementation were all awarded a 'Significant' assurance level. Cash Handling has made 'Good Progress' (green status).

The HR Recruitment, Performance Management and Succession Planning field work has been carried out and the Committee will receive the report at the first meeting in the new academic year.

8 2018/19 Draft Audit Plan

The initial planning meeting has been held, the timetable confirmed and audit deliverables agreed.

The plan explains the scope of the audit of the financial statements and the regularity assurance engagement, the proposed approach, and highlights the key risks that auditors will be focusing their audit work upon.

The scope of the audit is set out on page 4 of the plan and is unchanged from last year. Auditors will be on site in July 2018 to do their detailed planning and initial site work in anticipation of preparing and presenting draft financial statements and annual report in November 2018 to the Committee.

The key business and audit risks and areas of material irregularity affecting the audit plan include a review of income recognition, pension scheme liabilities, going concern, management override controls and the accommodation strategy.

The review of income recognition will look at the income of each funding stream to ensure that it has been recognised in accordance with the SORP (Statement of Recommended Practice). A key element of the annual audit planning is to make an assessment of the risk that the financial statements might contain material errors, and for regularity assessing the areas where material irregularities or non-compliances are likely to arise.

The Corporation is responsible for assessing whether adopting the Going Concern basis of accounting for the financial statements remains appropriate. It was noted that bank covenants of the College are calculated on the old UKGAAP (Generally Accepted Accounting Practice UK) and conversion to the new UKGAAP is in progress.

Auditors plan to look at journal entries and other systems under Management Override Controls to ensure that transactions made in the preparation of financial statements can be traced back to source documentation.

Under the review of the College's Accommodation Strategy Auditors intend to look at the costs incurred in respect of the new Engineering building and the timing of works carried out over the summer to ensure that expenditure is correctly accounted for.

Assurance fees were detailed in the plan and accepted by the Committee (recognising a minimal £30 increase on last year on the Teachers' Pensions' Report).

Appendix A of the plan details the contact details of the Audit Engagement Team. Appendix B sets out the other matters relating to audit and regularity scope, approach and reporting. Appendix C include the pro forma audit and regularity reports (unmodified) and Appendix D details the governance, control and independence arrangements. It was noted that auditor independence has been maintained in accordance with ISA (International Standard on Auditing (UK) 260).

Appendix E sets out some of the key issues currently affecting the sector and details of recent developments in this regard that may be of relevance to the College. Topics included; Apprenticeship Reforms and contractual arrangements around the Levy; the Strategic College Improvement Fund; the ESFAs National Leaders of FE programme; Annual Report of the FE Commissioner, 2016/17 Ofsted Annual Report; Teaching, Leadership and Governance; T Levels; VAT; Post 16 Audit Code of Practice; College Accounts Direction and Risk Management.

9 Indicative Internal Audit Needs Assessment for 2018/19

The Committee considered the indicative internal audit areas of focus for the 2018/19 internal audit plan. This potentially could cover areas such as the anti-fraud framework, Curriculum Planning, GDPR Implementation success, Financial Controls (ordering, purchasing and payments), Financial Controls (Fixed Assets), Governance, Health and Safety, Learner Records Systems, Risk Management and Strategic Planning.

The Committee agreed that subject to an ESFA Learner Records audit an additional audit of Scrutton Bland may not be appropriate or required so this was noted by auditors. The Committee asked that the scope of the Governance audit work would be better aimed at our planned changes to our governance arrangements pending the 'merger' of Boards between WSC and Suffolk Academies Trust.

The Chair, Vice Chair, Vice Principal Finance and Resources and the Clerk are to meet with Auditors over the summer to agree the plan and bring the finalised document back to the Committee at the first meeting in the new academic year.

10 Risk Management Update

At a glance the number of risks with a high likelihood of occurrence has stayed the same with 2 risks in the red zone between the months of February and June 2018 and the number of risks within the medium (amber zone) has decreased by 2 from 9 down to 7. Risks in the yellow zone (12) have decreased by 4 from 16 (February 2018) with now 18 in the green (low risks) compared to 12 in February 2018. There are no new risks added to the register and none have been removed.

11 Risk Management Procedure Review

The Risk Management Procedure is subject to an annual review by the Committee and the Corporation. There is a direct link between the Risk Management procedure and the College's Strategic Plan. The procedure has been reviewed and only the footer details require updating. The Committee

JBridges

approved the procedure and will put forward a recommendation to the Corporation to approve the procedure at the meeting to be held on 5 July 2018.

JGazzard

L Keane, J Smith and L England left the meeting at 6.00pm

12 External and Internal Audit Services

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

13 Any other business

Nothing to report.

Date of next meeting

Tuesday 9 October 2018 at 5.00pm. Room TG1.16

The meeting closed at 6.05pm