

MEETING OF **AUDIT COMMITTEE**TIME/DATE **5.00PM, Monday 20th June 2018**VENUE **Conference Room (PS108) Professional Studies Building, Parson's Walk, Wigan Campus****ATTENDANCE:**

Committee Members	<i>Ann Harrison (Chair)</i> <i>Gill Edwards</i> Susan Loudon
External Co-opted Member	Pauline Hunter
Clerk	Robert Smith
Finance Director Vice Principal College Services Assistant Principal College IT Services, MIS and Subcontracting	Steve Scott Louise Brown Dave Harrison
Internal Auditor (ICCA)	Kath Stott

MINUTES

Item	The meeting opened at 5.00pm and was quorate with at least 2 members present.	
1	A/18/06/50	CONSULTATION WITH AUDITORS Members met with the Internal Auditor before members of the Executive Team and the Clerk joined the meeting.
2	A/18/06/51	APOLOGIES Apologies for absence were received from Ann Harrison and Gill Edwards. It was also noted that Jennifer Cockram had left the committee in order that the Board would comply with new provisions in the Post-16 Audit Code of Practice, which state that staff governors should not be members of the Audit Committee.
3	A/18/06/52	APPOINTMENT OF CHAIR In the absence of the Chair of the Audit Committee, Susan Loudon was elected as Chair for this meeting.
4	A/18/06/53	DECLARATIONS OF INTEREST There were no declarations of interest.
5	A/18/06/54	MINUTES OF THE MEETING HELD ON 14th MARCH 2018 The minutes were approved as an accurate record of the meeting and for signature by the Chair.
6	A/18/06/55	MATTERS ARISING The Clerk advised that both the Resources Committee and the Curriculum & Student Matters Committee had discussed in detail the challenges relating to recruitment of

		<p>specialist staff. However, it was noted that neither committee would formally monitor this matter as an ongoing risk as this would be done by the Audit Committee as part of its risk management reporting. It was also noted that the Finance Director had reviewed risks relating to the Criminal Finances Act 2017 and, as a result, had added a section to the college's Financial Regulations to address the statutory obligations contained within the Act.</p> <p>The Internal Auditor was invited to comment on the college's systems of controls in place to address sector-wide concerns identified by the former Chief Executive of the Education & Skills Funding Agency (ESFA). She agreed to discuss the matter further with the Finance Director and report back to the committee at its next meeting.</p> <p>It was noted that other matters on the committee's Action Sheet had either been completed or were scheduled for reporting at a later date.</p>
<p>7</p> <p>7.1</p>	<p>A/18/06/56</p>	<p>INTERNAL AUDIT REPORTS</p> <p><u>Corporate Governance</u></p> <p>The Internal Auditor reported that the audit of Corporate Governance had resulted in an overall assurance rating of 'substantial', with the design and compliance of controls both identified as 'good'. It was noted that there were four recommendations for improvement actions, with three identified as 'low risk' and the final action identified as 'medium risk'.</p> <p>The Internal Auditor advised that the Clerk had agreed to review committee terms of reference to ensure that arrangements for the use of Vice Chairs or Co-Vice Chairs were accurately reflected and that the Audit Committee terms of reference were in compliance with the Post-16 Audit Code of Practice. She also advised that the Clerk had agreed to present to the Search & Governance Committee the recommendation that a formal end of term of office review be introduced for any governor wishing to continue as a member of the Board after two four-year periods in office. It was noted that the purpose of this review would be to ensure that the Board was clear about the benefits of renewing individual membership against the potential benefits of seeking the appointment of a new governor with skills and experience to match any identifiable skills gaps within the overall Board membership. The Clerk confirmed that he had advised the Search & Governance Committee about this recommendation and would include it in his review of committee terms of reference.</p> <p>The Internal Auditor explained that the third recommendation related to induction and training of governors. Firstly, the recommendation had suggested that all members should complete the college's online Safeguarding and Prevent training modules and that this should be recorded by the college alongside its staff training records. The Vice Principal, College Services explained that this training was already in place and that all governors had completed these training modules. Secondly, the recommendation suggested that the governor induction process should be formally documented. The Clerk advised that the Search & Governance Committee had now approved a draft Induction Procedure and Checklist and this would be presented to the Board for approval.</p> <p>It was noted that the final recommendation had been identified as 'medium risk' and related to the Remuneration Committee's review of the pay of senior post-holders other than the Principal. The Internal Auditor explained that it was important that the Remuneration Committee was well-informed about the performance and achievements of all senior post-holders before making recommendations relating to their levels of pay. It was noted that the Principal had agreed to formally report to the committee in these circumstances prior to the committee reviewing senior post-holder remuneration. The Clerk confirmed that the terms of reference for the Remuneration Committee would be updated to reflect this.</p>

7.2	<p><u>HE Strategy</u></p> <p>The Internal Auditor reported that the audit of HE Strategy had again resulted in an overall assurance rating of 'substantial', with the design and compliance of controls both identified as 'good'. It was noted that there were two 'low risk' recommendations for improvement actions.</p> <p>The first action related to the degree to which HE provision was reflected within the college's Strategic Plan. It was noted that the recommendation suggested that the Plan should include growth targets, specific widening participation challenges and aims in relation to the Teaching for Excellence Framework.</p> <p>The second action related to the terms of reference for the HE Strategy Board and required the inclusion of the Strategy Board's activity in relation to the development of HE Strategy and proposals for tuition fees.</p>
7.3	<p><u>English & Maths Strategy</u></p> <p>The Internal Auditor reported that the proposed audit of English & Maths Strategy had been carried out but that she had agreed with the college that it had not considered a number of important relevant points and had made recommendations to introduce controls that were in some cases already in place. She stressed the importance of learning from audit activity so that improvements could be delivered and it was agreed that this audit would be carried out again early in 2018/19 and reported to the Audit Committee at that time.</p>
7.4	<p><u>Curriculum Planning</u></p> <p>The Internal Auditor reported that the audit of Curriculum Planning had again resulted in an overall assurance rating of 'substantial', with the design and compliance of controls both identified as 'good'. It was noted that there were no recommendations for improvement actions. The Internal Auditor commented that she has personally carried out this audit and had found that the college's approach to curriculum planning showed many areas of good practice, with very good use of data to inform the planning process and good consistency of approach in all areas.</p>
7.5	<p><u>Mock Funding Audit</u></p> <p>The Internal Auditor reported that the Mock Funding audit had again resulted in an overall assurance rating of 'substantial', with the design of controls identified as 'good' and compliance of those controls identified as 'adequate'. It was noted that there were four recommendations for improvement actions, with three identified as 'low risk' and the final action identified as 'medium risk'.</p> <p>The first action related to a finding for one learner in the audit sample where a box was not checked to indicate residency compliance. However, the Internal Auditor confirmed that the audit team had been able to secure evidence that this learner met residency requirements from other documents. It was noted that managers had agreed to emphasise these requirements during staff training to ensure full compliance in future.</p> <p>The second action related to the tracking of Level 2 English and Maths enrolments. The Assistant Principal advised that college systems were being further developed to improve its tracking of these enrolments.</p> <p>The third action related to the 20% off-the-job training requirements for apprentices and the individualisation of associated enrolment records. The Internal Auditor advised that one day a week at college for the 34 week academic year would not meet the 20% requirement as this was based on a 52 week working year. It was noted that college</p>

7.6		<p>management had enhanced its online tracking system to improve the recording of off-the-job training, including aspects facilitated both by the college and the employer. It was noted that this would help to ensure that the full evidential requirements would be met. The Internal Auditor also advised that the recommendation required an increase in the clarity of individualised evidence for each apprentice. The Assistant Principal advised that sign-up paperwork had been reviewed in order that these improvements could be put in place.</p> <p>The final action was identified as 'medium risk' and related to attendance and the commencement of learning. The Internal Auditor explained that evidence of learning is required from the first week of a funding claim as funding could not be drawn simply for enrolment, induction or initial assessment. It was noted that some evidential improvement was required in relation to a new course. The Assistant Principal explained that the tracking process was being reviewed to eliminate the audit issue and that the sign-up process for apprentices was also under review to ensure evidence was clearly available so that funding is claimed only from the first day of evidenced learning.</p> <p><u>Follow-Up Audit</u></p> <p>The Internal Auditor reported that there would be no follow-up audit during 2017/18 as it had been agreed with the Executive Team that this should be carried out in the year after the related audits. It was noted that this approach was normal practice across the sector but had been amended by a previous Finance Director so that it would be carried out in-year. Members agreed that carrying out the follow-up audit in the following year would be more appropriate as this would give time for improvement actions to be put in place and for evidence to be available that the action had been embedded into college systems of control.</p>
8	A/18/06/57	<p>INTERNAL AUDIT PLAN 2018/19</p> <p>The Internal Auditor outlined the proposed Internal Audit Plan for 2018/19 and explained that this had been based on an annual Organisational Assessment, a review of the college's risk register, curriculum and financial performance, and consideration of other factors affecting the FE sector. It was noted that the plan included the following.</p> <ul style="list-style-type: none"> • Safeguarding and Prevent Duties • English & Maths Strategy • Sub-Contracting External Assurance Review (mandatory annual audit) • Financial Controls (payroll) • HR Performance Management • Apprenticeship Sub-Contracting Controls • Mock Funding Audit • GDPR Compliance • Follow-Up Audit <p>Members acknowledged that the proposed audit subject-matter appeared to be relevant to priorities known to the Board and to a number of significant college objectives, such as improvements in sub-contracting and compliance with GDPR regulations and safeguarding requirements.</p> <p>RESOLVED: That the Board be recommended to approve the proposed Internal Audit Plan.</p>

9	A/18/06/58	<p>EXTERNAL AUDIT PLAN (FINANCIAL STATEMENTS 2017/18)</p> <p>The Finance Director presented the draft External Audit Plan and advised that it represented a standard approach and was in line with audit planning in the previous year. Members discussed the risk assessment upon which the Plan was based and the table of expected audit activity. The Finance Director reported that the Audit Partner from Wylie & Bisset had offered to attend the meeting in person to present the Plan but had been advised that, as it represented a standard approach in line with the previous year's activity, the Finance Director would be able to present the draft on his behalf. However, it was noted that the findings of the audit would be presented in person by the Audit Partner at the committee's November meeting.</p> <p>RESOLVED: That the Board be recommended to approve the proposed External Audit Plan.</p>
10	A/18/06/59	<p>AUDIT IMPLEMENTATION PLAN</p> <p>The Interim Finance Director outlined outstanding audit actions and highlighted the addition of one further action since last reported. He reported that five actions had been outstanding at the last meeting and confirmed that three had been fully implemented, one had been partially implemented, and that the final action was not due for implementation until September 2018.</p> <p>The Chair sought further information in relation to the audit action to ensure that Sub-Contracting Partners submit their due diligence returns on time. The Assistant Principal explained that these issues related mainly to generic contract dates set as 1st August for the start of each academic year, when some contracts may not be put in place until after this date. He advised that actual contract start dates would be applied in future and that this would rectify this issue. The Co-opted Member also highlighted an error in the text where a 'medium risk' had been identified as a 'low priority'. The Finance Director agreed that this was an error and explained that the Implementation Plan would be corrected to reflect the risk as a 'medium priority'.</p>
11	A/18/06/60	<p>RISK REGISTER</p> <p>Governors received the updated risk register and reviewed changes in risk position since the committee's meeting in March 2018. The Finance Director advised that one new risk had been identified, and the risk rating for a further risk had deteriorated. It was noted that the new risk related to potential impacts on the college's reputation as a result of external assessments of quality of provision. Members recognised that this risk had been added following the recent Ofsted Monitoring Visit, which had focused on sub-contracting. It was noted that the increased risk related to the need to continue to improve the quality of college curriculum provision. However, members recognised that the risk level had increased from a rating of 6 to a rating of 9, which indicated that the risk was still considered to be manageable and would remain under the regular monitoring of the Executive Team.</p>
12	A/18/06/61	<p>TENDER FOR EXTERNAL AUDITORS</p> <p>The Finance Director advised that the proposed tender for external audit services had been delayed after consultation with the Chair of the Audit Committee and the Chair of the Resources Committee. It was noted that this was as a result of the timescales required to</p>

		<p>complete the tender process in time for planned external audit activity to take place. The Clerk explained that the Chair of the Audit Committee had suggested that the decisions already made by the committee should remain in force but simply be applied to the tender process for the following year. It was noted that this activity would need to commence early in 2019. The Finance Director suggested that the current External Auditor should be included in those invited to tender as he felt the service provided was good and represented value for money. Members were content for the inclusion of the existing provider to be included, but it was noted that this would be considered by the Chair of the Audit Committee when she approves the final list of providers in line with earlier agreed delegation arrangements.</p> <p>RESOLVED: That the previous decision to carry out a re-tender process for external audit services should remain in force but with a view to carry out the re-tender in early 2019, and that the existing delegation to the Chair of the Audit Committee to agree the final list of those invited to tender should also remain in force.</p>
13	A/18/06/62	<p>WEBSITE PUBLICATION COMPLIANCE</p> <p>The Clerk explained that there was no definitive list of website publication requirements for FE colleges. However, it was noted that a variety of sources had been used to identify the publishing requirements detailed in the Clerk's report. Members were pleased to note that the college complied with all mandatory requirements and also published documents where this had been identified as good practice by various external agencies. However, it was noted that a further update to the website would be required to add details relating to the ways in which the college consults with its stakeholders when reviewing its educational character, mission and headline strategy. The Clerk agreed to update the committee when the college had added this information to its website</p> <p style="text-align: right;">Action: Clerk</p>
14	A/18/06/63	<p>ANY OTHER BUSINESS</p> <p>There was no further business.</p> <p>The Chair expressed her appreciation of the efforts of managers and staff across the college to improve the college's systems of control. She acknowledged that the results of these improvements were now clearly evident in internal audit outcomes.</p>
15		<p>DATE AND TIME OF NEXT MEETING – Schedule of meetings to be approved by the Board.</p>
		<p>The meeting closed at 6.00pm</p>