

Minutes

MEETING OF AUDIT COMMITTEE

DATE 5.00PM, THURSDAY, 17th March 2016

VENUE Classroom PS211 PROFESSIONAL STUDIES BUILDING , PARSONS WALK,
WIGAN CAMPUS

ATTENDANCE: Committee Members:

Governors

David Rogers Chair (leave of absence)
Ann Harrison. Vice Chair (Acting Chair)
Kathryn Causey
Alison Dann

External Co-optee

Pauline Hunter

Clerk to the Governing Board

Lorna Lloyd-Williams

Finance Director
Executive Director, College Services

Claire Jarvis
Louise Brown

Internal Auditors (Baker Tilly)

David Fletcher
Nicki Crail

Italics denote absence

The Chair opened the meeting for business at 5.00 pm and the meeting was quorate.

Minute	Item	
A/16/03/13	1	CONSULTATION WITH AUDITORS The Committee met independently with the Auditors and there was nothing to report. It was Resolved that Louise Brown should act as Clerk in the absence of Lorna Lloyd-Williams.
A/16/03/14	2	APOLOGIES – Were received and accepted from Lorna Lloyd-Williams
A/16/03/15	3	DECLARATIONS OF INTEREST No declarations of interest were made.
A/16/03/16	4	MINUTES OF THE MEETING HELD ON THURSDAY 3rd December 2015 – were accepted as a correct record and approved for signature by the Chair.
A/16/03/17	5	MATTERS ARISING

A/16/03/18	5.1 5.2	<p>It was noted that these were all completed or scheduled. VP Finance/Clerk to action audit implementation plan and bring back to the committee. Governors queried the outstanding action regarding an H&S update report. It was confirmed that this was on the agenda and part of the follow up audit.</p> <p><u>Value for Money Report</u></p> <p>The Vice Principal Finance spoke to her report. She recommended that there was not a separate policy but that an annual report on value for money should be brought to the committee.</p> <p>Resolved: no requirement for a separate value for money policy and an annual report on value for money to be brought to the committee.</p>
A/16/03/19	6 6.1& 6.2	<p>RISK MANAGEMENT</p> <p><u>Risk Management review & Risk Management policy</u></p> <p>The Vice Principal Finance spoke to the report and also the risk management policy. Both reports set out for Governors the processes of how risk is managed across the organisation. A question was raised about the risk management software licence fee and whether the college was still paying for this despite not using the software. It was clarified the college wasn't currently paying for it but it could be reinstated in the future if required. It was</p> <p>Resolved – 1. The Risk Management Policy should be recommended to the Board but it was noted that this was stage 1 of a redraft and further draft in the future would be required.</p> <p>2. – Agree the recommendation of the risk framework and that it should include an advisory element as part of the process.</p> <p>3. – Following the audit, a Risk strategy should be developed either separately or within the Risk Management policy that sets out the process for identification and categorisation of risk, the scoring matrix, plans for training and the processes for monitoring.</p> <p>4 – To discontinue the use of the software (4Risk) and consider its reintroduction when and if appropriate.</p>
A/16/03/20	6.3	<p><u>Risk Register Update</u></p> <p>The Vice Principal Finance spoke to her report. She confirmed that there was no increased level for any item on the risk register and 1 risk had been downgraded.</p> <p>A request was made by the Governors for an arrow to show movement up or down to be included on the register and for a RAG rating to be applied. It was also requested that the risks be ordered with high risk presented together. Governors also asked if dates could be applied to the risks to identify how old they are and considerations about whether anything is being done to reduce the risks over time.</p> <p>The Governors questioned whether there should be risk included around not achieving a successful Ofsted grade. It was confirmed that the VP Finance would look at this although it may be covered in other risks identified. Governors also asked if a column</p>

		<p>could be added that identified which element of the risk assurance framework applied. The Vice Principal Finance confirmed that she would look into this and report back to the committee.</p> <p style="text-align: right;">Action Point – Vice Principal Finance</p>
A/16/03/21	7	<p>AUDIT IMPLEMENTATION PLAN</p> <p>The Vice Principal Finance spoke to her report. The Committee were informed that the results of the recent audits and follow up audits were very pleasing and should provide assurance to the Board. The conclusion being that good progress has been made. The Vice Principal also confirmed that all remaining recommendations were low and opinions all green from the newly carried out audits.</p> <p>The Governors confirmed that the outcome of the recent audits was very pleasing and commended the hard work of the teams involved in achieving these outcomes.</p>
A/16/03/22	8	<p>INTERNAL AUDIT REPORTS</p>
	8.1	<p><u>Internal Audit Report on Income Generation and Recognition.</u></p> <p>RSM talked through the process that had taken place. Looking at £850k income being an ambitious target from last year. They confirmed the formation of the Business Unit to attract funding had been established and that targets were on track with what they could see. They confirmed that it is a tough market place with strong competition but at the time of the audit things were stated as being on track. Overall the audit was positive with checks and balances in place but it was noted that documentation could be developed.</p> <p>The Governors asked a question as to where the funding is from. ESIF and GM Futures were noted. It was asked if this was general funding or for specific projects. It was confirmed it was general funding to support unemployed people. It was noted by Governors that reference was made to best practice. It was confirmed that Business Services is a fairly new and evolving area of the college and they would continually strive to develop practice across the service.</p>
A/16/03/23	8.2	<p><u>Internal Audit Report on Strategic Marketing – 16-18 Learners</u></p> <p>RSM advised that they had looked at overall strategy and how this links to marketing</p>

A/16/03/24	8.3	<p>and general communications. The cycle has been brought forward this year and this has had a positive impact on applications. They confirmed that the college was on target at the time of the audit and there were a number of positive indicators.</p> <p>Social media had also been reviewed as part of the audit and comparisons made with other colleges across the north west. A suggestion had been made from audit to look at how the effectiveness of the marketing could be quantified.</p> <p>The Governors were pleased with the work that has progressed around social media as this was important to reach out to young people. An update was given about some developments in this area, including WAMedu that is currently being explored as a further social media tool for the college.</p> <p>The Governors confirmed that this had been informative for them relating to what's happening across the college.</p> <p><u>Internal Audit Report on Curriculum Planning</u></p> <p>Auditors confirmed that the college was ahead of where it was last year at this time. There has been a marked improvement in class size/efficiency. It was confirmed that a lot of work had been undertaken relating to staff utilisation and the Vice Principal College Services talked through the processes in place at the college to monitor staff utilisation.</p> <p>The auditors confirmed that a number of new courses had been added and that they saw what they would expect to see at this point in the year, adding that planning was taking place early in the cycle so there was an opportunity to appropriately plan for September.</p> <p>Governors confirmed that they were pleased with the outcome of this report.</p>
A/16/03/25	8.4	<p><u>Internal Audit Report on Payroll- Key controls, establishment and Agency Usage</u></p> <p>Auditors advised that the payroll processing, authorisation and appropriate controls had been reviewed and also agency processes and costs. The auditors confirmed that appropriate monitoring and controls were in place. There was a clear authorisation process for contracting agency staff and high centralised control mechanism.</p> <p>They confirmed that the staffing establishment list was checked regularly for anomalies. The testing that had taken place proved all was happening as it should be.</p> <p>A question was asked by Governors about processes in place to ensure leavers were removed from the payroll. The Vice Principal College services talked through the processes and it was confirmed that information is independently reconciled against pay output and there was appropriate segregation of duties.</p> <p>The Governors confirmed that it was pleasing to see another green outcome with no recommendations.</p>
A/16/03/26	8.5	<p><u>Internal Audit Report on Student recruitment and Admissions</u></p> <p>RSM advised that across the sample/cohort there was a clear and consistent application of admissions process. There were variations dependent upon the mode of study but all fell within the framework. There was also evidence of a clear induction process. The audit findings were in line with other colleges and it was a positive outcome. No recommendations for improvement.</p>

A/16/03/27	8.6	<p>A point was noted by governors about the conversion rate and that it would be interesting to see an audit on the conversion rate from marketing if possible. It was also noted that a retention audit had taken place last year.</p> <p><u>Internal Audit Follow up Report</u></p> <p>The comments of the Vice Principal Finance's earlier report were echoed. The auditors confirmed it had been a good review of what has happened over the past year and that a lot of work had been undertaken with all actions addressed or in process due to timing.</p> <p>The Governors noted that it was pleasing to see so many green scores and a credit to the management team and strong reassurance that controls are in place.</p> <p>The Governors also thanked RsM for their contribution.</p> <p>The Committee also requested that it was reported to the Board recognising the hard work that had taken place to achieve this and asked that the Vice Principal Finance expanded on the summary report so that it reflects the work that has been undertaken.</p> <p style="text-align: right;">Action Point – Vice Principal Finance</p>
A/16/03/28	9	<p>INTERNAL AUDIT REPORT (SFA)</p> <p>The Vice Principal finance talked to the report. SFA guidance now requires that colleges undertake a subcontracting audit. This is now part of the funding rules. No audit opinion is issued but assurances provided. Overall the audit was good but some recommendations made which are being acted upon.</p> <p>The auditors confirmed that they had seen a number of these reports and the findings of the college's report were in line with other audits. Some of the issues are due to timings. The checklist audit required by the SFA is either do or do not but a balanced approach is needed.</p>
The Auditors were thanked for their attendance and contribution and left the meeting at this point.		
A/16/03/29	10	<p>INTERNAL AUDIT TENDER</p> <p>The Vice Principal Finance talked through the process for the tendering process. The current contract expires at the end of July with the proposed timetable starting at the end of March.</p> <p>The Governors asked who we would be going out to tender. It was confirmed that it could be limited to organisations on the CPC framework or go out to open tender. The Vice Principal explained that currently we have a contract for 45 days which is quite high and may want to be reduced as part of the tendering process.</p> <p>The Vice Principal explained to the Governors that the college was now working with a specialist procurement company to try and get best value out of contracts and they will assist the college with this process and provide guidance on the CPC framework.</p> <p>It was</p> <p>Resolved :</p>

		<ul style="list-style-type: none"> To use the CPC framework for the tender Ann Harrison to represent the audit committee in the tender process To approve the proposed timescales for the tender process
A/16/03/30	11	ANNUAL CYCLE OF AUDIT COMMITTEE BUSINESS
	11.1	<p>Terms of Reference of Committee</p> <p>The Chair spoke to this report and confirmed that she has had previous discussions with Lorna Lloyd-Williams regarding the suggested amendments for the terms of reference.</p> <p>Resolved :</p> <p>That the amended terms of reference are referred to the Board for approving</p>
A/16/03/31	11.2	<p>Occurrences of Fraud-Annual report</p> <p>The Committee noted that there had been no occurrences of alleged fraud in 15/16.</p>
A/16/03/32	12	<p>POLICIES</p> <p>The Vice Principal College Services spoke to the report highlighting the minor changes to the policy and that the policy had also been reviewed by Eversheds, the College solicitors.</p> <p>The Governors asked if the College had had any whistleblowing complaints. The VP College services responded in saying to the best of her knowledge no whistleblowing complaints had been received during her time at the college.</p> <p>Resolved :</p> <p>That the revised policy is referred to the Board for approval.</p>
A/16/03/33	13	<p>ANY OTHER BUSINESS</p> <p>KPIs for College financial statements auditors.</p> <p>The Vice Principal Finance talked through the proposed KPIs which had previously been presented at the Resources committee. The Resources committee had suggested some amendments which were highlighted on the document.</p> <p>Resolved:</p> <p>The committee approved the KPIs for the external auditors.</p>
A/16/03/34	14	<p>IDENTIFICATION OF:</p> <p>Matters to be brought to the attention of the Board arising from this meeting:</p> <ul style="list-style-type: none"> Risk Management Policy for approval Internal Auditor tender process Terms of Reference for approval Whistleblowing Policy
A/16/03/35	15	<p>ITEMS FOR THE NEXT COMMITTEE MEETING:</p> <ul style="list-style-type: none"> External Audit plan Appointment of Internal Auditors

		<ul style="list-style-type: none">• Internal audit plan 16/17• Internal Audit annual report
A/16/03/36	16	DATE AND TIME OF NEXT MEETING – Thursday 26 th May at 5pm
The Chair declared the meeting closed at 6.40pm		