

MOULTON COLLEGE

AUDIT COMMITTEE

Minutes of the meeting held on Monday, 4th July 2016

Part 1

Present: Mr T Neville (in the Chair), Mr A Clarkson and Mr R O'Driscoll

In Attendance: Mr J Creed, Mr G Davies, Mr M Dawson, Mrs G M Hulley,
Mr J Mair and Mrs C Ryan

16/10 Apologies or absence (Agenda item 1)
Mr M Thomson, Mrs E Olson-Williams, Mr I Borley,
Mr M Ashton-Blanksby and Mr S Davies

16/11 Minutes of the meeting held on 11th April 2016 (Agenda item 2, Paper A)
The minutes were accepted as a true and accurate record.

16/12 Matters arising (Agenda item 3)
The Committee requested an update from the Director of Finance and Corporate Services in relation to the latest situation with the Bank. Members were informed that a formal offer had been made. A draft agreement had been produced which was being reviewed by solicitors from both sides. It was hoped that the external auditors would be in a position to sign off the 2014-15 accounts in time for their presentation to the Board at the end of July 2016.

16/13 Internal Audit Reports (Agenda item 4)

a) Quality Assurance: Lesson Observation, Intervention and Performance Development Review processes (Paper B)

The report carried an overall assurance rating of Limited and contained 2 high and 4 medium priority recommendations. The first high priority was to further develop the Performance Development Review (PDR) process to ensure it was fully embedded. The second high priority related to consistency and quality of PDRs which also included the need for clear targets that were linked to a range of objectives. The first medium priority related to the lesson observation process which required further clarity about how it feeds into the intervention coaching strategy and/or the performance management framework. Intervention coaching was also identified as a medium priority weakness as it was not considered to be sufficiently well resourced to provide measurable improvements in outcomes and quality. The Committee received an assurance that this would be adequately resourced in the future. The third medium priority related to the management of under-performance from all observation approaches. This needed to be identified to allow appropriate intervention strategies to be deployed. The final medium

priority weakness was monitoring and reporting which required further development so that it could be fully embedded.

Members were informed of the changes that had taken place during the year to ensure the PDR process was more robust and streamlined and thus more manageable for everyone involved. The changes would ensure that managers could focus on performance issues. Extensive training had also been made available. The Committee was given an assurance that positive results from the new process were expected by September 2016.

The Chair recommended that as this report had received a Limited assurance, it must be followed up as part of the 2016-17 audit plan. Following discussion, *the report was noted*.

b) Learner Records and Funding [EFA] (Paper C)

The report carried an overall assurance rating of Reasonable and contained 1 high, 1 medium and 1 low priority recommendations. The high priority related to Study Programmes where it was found that work-experience aims were not being reported in the individual learner record (ILR) although had been listed as an enrolment aim. Although this was not a funding concern, the importance of the work-experience element within Study Programmes was highlighted. Work-experience continued to be a strength of the College. Members received an assurance from the Director of Finance and Corporate Services that the way in which this was recorded would be resolved as a priority.

The medium priority related to planned hours which had been recorded differently on the learning agreement to those recorded on the ILR. This had been due to a CelCat 'bug'. Members were informed of actions that would be taken in the autumn term to resolve the problem. Finally, the low recommendation related to the accuracy of source data which during testing, identified one student where the start date did not match the first evidenced attendance on the register. Following discussion, *the report was noted*.

c) Learner Records and Funding [SFA and HE] (Paper D)

The report carried an overall assurance rating of Reasonable and contained 3 medium and 2 low priority recommendations. The first medium recommendation related to Accuracy of source data for a number of students. In the second medium recommendation which related to attendance, there was evidence of two students where attendance was not held. For 12 students, there were differences identified between the attendance evidence and ILR. Additional procedures had been put in place which would make sampling checks easier. The third medium recommendation identified one student who had been flagged as 'learner support funding' in error. This learner had been offered support but subsequently declined it. This had now been removed from the ILR.

The first low priority recommendation identified that the question around country of domicile had not been asked of two students. Both students were eligible. New guidance for 2016/17 has since been issued. The second low recommendation related to achievements where a blank form had been signed by an apprentice prior to the framework being completed. Members were assured that this practice no longer happened at the College. Following discussion, *the report was noted*.

d) Benchmarking – Advisory Support Costs Review (Paper E)

Members were advised that this report was an advisory piece of work which did not result in a formal assurance opinion. The report identified general trends and areas that may require more focus. Support costs (pay and non-pay expenditure) had been reviewed across the College and the report identified those areas which were below or above the benchmark based on a group of similar sized colleges.

The report related to staffing levels as at September 2015. A number of staff changes had occurred since that date. The report highlighted that the overall support staffing level was 25% lower than the median. This was a high level indicator. This had been achieved as a result of the College adopting a multi-functioning model which required fewer staff of a higher grade which resulted in a lower pay cost. Members agreed there was a need to continue to monitor staffing levels. Following discussion, *the report was noted*.

16/14

Internal Audit Plan and Strategy (Agenda item 5, Paper F)

The report included an internal audit plan for the period 2016-17 and an updated strategy for 2013/14 to 2018/19. Forty days of work were planned for 2016-17 around 12 identified areas. The report included proposed fees for the three year period. The planned work was discussed. The Committee suggested two additional areas should be considered for this period. In relation to Food and Drink, Members received confirmation that the planning application was expected in late 2016 or January 2017 with building works starting in early summer. As this would be a major programme of work for the College, it was recommended to add this to the internal audit list for 2017-18. Members' were also informed of the Higher Education and Research Bill which was due to have its second reading before July. This would include recommendations related to a Teacher Excellence Framework (TEF). If this Bill was successful, there would be a need for this to be considered as part of the internal audit plan as there would be implications for TEF data. Following discussion, *with the addition of the two extra items, the plan was approved for recommendation to the Board*.

16/15

External Audit Plan and Strategy (Agenda item 6, Paper G)

The strategy was outlined and discussed. The key areas of focus for the period would be around two areas: Revenue recognition and Risk of management override of controls. The risk of overall financial position forecast and bank covenant to be resolved would be looked at.

The accounts would look different due to the adoption of FRS 102. The materiality was set at £370,000 with individual differences over £19,000 being reported. There were no changes to the group structure or subsidiaries. The timeline and approach would be similar to the previous year. Following discussion, *the strategy was approved.*

16/16

Risk Management (Agenda item 7, Paper H and Hi)

Changes to the risk register and scoring of risks recorded at the last meeting of the Risk Management Group on 9th June 2016 were outlined and discussed. Three items had completion dates of May 2016 rescheduled to October 2016. Members were informed that two sub-categories within items E3: Revise the Environment Policy and Produce an energy saving policy were close to completion and the proposed completion date would be achieved. For item D5, the Committee requested confirmation via email of proposed completion date. Where the risk register was concerned, there had been one change with A8 where the likelihood had changed from 2 to 1. The current risk register had previously been aligned to the College strategic plan 2013-18. The College strategic plan 2016/17 – 2020-21 was due for submission to the July 2016 Board for approval. There was a need to consider at the next meeting of the Risk Management Group in September whether or not to undertake another restructure of this risk register. Following discussion, *pending written confirmation of the proposed completion date for item D5, the report was noted.*

16/17

Audit Register (Agenda item 8, Paper I)

Progress with the items in the register was discussed. Item 403 would not be progressed further. Item 439 was in progress with a steering group set up which was chaired by the Assistant Director of Student Services. Some items were incomplete, for example, item 435 which required an explanatory comment to be added. Members highlighted the number of items which still had to be completed before the next Audit Committee. The Committee was informed that some items could not be actioned until the start of the new academic year. By the next Committee meeting, it was expected that progress would have been made. Items would be updated to reflect this progress and include the necessary commentary (where applicable). Following discussion, *progress was noted.*

16/18

Key Information Set Audit – Action Plan (Agenda item 9, Paper J)

The action plan was outlined and discussed. No additional questions were necessary. Members confirmed that earlier discussions had addressed any queries relating to this plan. Following discussion, *the action plan was noted.*

16/19

Guidance: SFA financial assurance: SFA and EFA joint audit code of practice (Agenda item 10)

A new joint audit code of practice (JACOP) had been issued six months ahead of schedule. Changes were described as cosmetic. Following discussion, the verbal update was received.

16/20 Terms of Reference – Audit Committee (Agenda item 11, Paper K)

The report was outlined and discussed. As part of the annual review, Members considered relevant extracts from the AoC Code of Governance to inform any recommendations about changes. Following discussion, it was agreed that the terms of reference should be amended to take into account the number of meetings held during the year. No other changes were required. Following discussion, *the proposed changes to the terms of reference were recommended for approval by the Corporation in July 2016.*

16/21 Date of next meeting

Monday 21st November 2016 at 4.00 pm.

16/22 Any other business

There was no other business.

Part 1 of the meeting concluded. Mr J Creed and Mrs C Ryan left the meeting