

## MOULTON COLLEGE

### AUDIT COMMITTEE

#### Minutes of the meeting held on Monday, 5<sup>th</sup> March 2018

**Present:** Mr A Clarkson (In the Chair), Mr M Thomson, Mr I James, Ms L Knapp and Mrs H King

**In attendance:** Miss A S Bruce, Mr J Creed (Icca Education Training and Skills), Mr M Dawson (KPMG) and Mrs G M Hulley

**18/01 Apologies for absence (Agenda item 1)**

Mr S Davies had sent his apologies.

**18/02 Minutes of the last meeting (Agenda item 2, Paper A)**

The minutes of the meeting held on the 20<sup>th</sup> November 2017 were accepted as a true and correct record.

**18/03 Actions outstanding from the meeting held on the 20<sup>th</sup> November 2017 (Agenda item 3, Paper C)**

**16/48, Internal Audit Reports**

This related to a number of internal audit recommendations and these would be addressed as part of the existing College process. Since the last meeting, the financial controller had resigned and an interim has been put in place. An audit around budgetary control has been brought forward and would pick up any associated issues.

**16/55, Audit Highlights and Memorandum Letter**

Further controls had been put in place.

**16/63, Risk Register**

Work on this continued and further developments were part of an ongoing development process.

**16/60, Internal Audit Plan and Strategy**

This action related to a previous request from the Audit Committee about the risks associated with student recruitment and questioned whether the audit of the 'Marketing Strategy and Perception Analysis' planned for 2019-20 should be brought forward. The Chief Finance Officer (CFO) and Internal Auditor had considered this proposal and following a review of the internal audit and strategy, the College Senior Leadership Team agreed this was not something that could be factored into this academic year. The 'value for money review of processes' internal audit now planned for this year had been swapped with the 'budgetary control' internal audit.

The Committee questioned the rationale for the decision as there had been a number of occasions, not only at this Committee, when governors had registered their concerns and that further assurances were required. Where marketing was concerned, the only hard control to measure was the strategy itself. The decision to bring forward the budgetary control internal audit would address concerns with the budgetary control process and provision of information to the management.

A recommendation from the Corporation in the autumn term informed a decision to convene a virtual marketing group. The work of this group would provide valuable feedback on the marketing plan. In a discussion around recruitment, the Audit Committee stressed the importance of the marketing strategy and its link to one of the key risks of the College. The CFO explained that work had commenced on a draft budget for 2018-19 and would include details of any financial implications of changes to student numbers. The internal auditor explained that the proposed internal audit of marketing in 2019-20 would look at the College systems and the College's approach to marketing after the marketing plan was in place; LMI (labour market information) data would be reviewed and what was happening in the local economy; internal and external drivers would be considered; what local competitors were doing; and, recognition of the College's wider reach due to its specialisms and therefore what was happening with the local labour market and how that was factored into the curriculum plan; had the best approach been adopted for the curriculum delivery and how that was being taken to the end user. The Chair summarised the discussion by confirming that the determination of the timing of the internal audit of marketing should be informed by the findings from the virtual marketing group. Following discussion, the Committee asked the Clerk to make the arrangements for a progress report from the virtual marketing group to be shared with the Corporation at its next meeting on the 22<sup>nd</sup> March 2018.

In a discussion around the proposed internal audit plan and strategy for 2017-18, Members commented on the number of internal audits that still needed to be completed. Assurances were sought about the extent to which these could be achieved within the agreed deadlines. One internal audit was due to report in the next 7 days; a second audit was due to start within 7 days; all other internal audits were progressing as planned.

**18/04**

**Risk management (Agenda item 4, Papers Ci and Cii)**

The first report set out the significant risks for the College; these were the top 7 risks to the College. A heat map had been prepared and this provided members with a visual representation of the same data and the risk groupings. In a recent meeting of the Risk Management Group, the CFO facilitated a group activity whereby each member of the group had to identify their top 3 risks and top 3 concerns. The exercise also provided the CFO with an opportunity to prioritise the responses, validate the findings with the wider group and triangulate this with the contents of the risk register. As a result of this exercise, two new risks were added: 'GDPR' (General Data Protection Regulations) and 'failure to adequately prepare students for the workplace resulting in a fatality or incident.' The report also included a list of other low, housekeeping or contingency risks. The CFO highlighted the importance of these different reports for the Audit Committee to have the required overview to ensure that not only the required controls were in place, that significant risks were being managed but also to have an assurance that the Risk Management Group was making decisions based on sound evidence.

A draft risk management plan was being developed and a copy of this would be brought to the next Audit Committee in July 2018. This plan would also provide an additional level of assurance for the Corporation in terms of understanding how the risks were being managed internally; what was happening about each risk; and, what assurances were being given. A copy of the College's Strategic Plan was included in the report to avoid any disconnect between the identified risks and how they related to the Plan.

A specific question was posed around the top significant risks and the extent to which the members of the Audit Committee were satisfied that adequate controls were in place and that they were operating effectively. Members were asked: what are the other assurances that you have and did they agree with them; and, based on the latest risk action plan, what needs to happen next? Assessing whether there were adequate controls can be achieved quite easily through the internal audit process. There were other aspects of College business which was based on bringing together information from several strands in order to form a judgement about having an assurance whether there are adequate controls in place. Members received clarification of the escalation process and the command chain in place to address concerns if something wasn't working effectively.

The Chair supported the CFO's recommendation for a 'Board assurance framework' to assist with the identification of any gaps. The CFO emphasised that this type of framework would also help to identify any specific issues that the Corporation Board should be considering and thus drive the agenda from a strategic perspective. The Chair requested that a high level paper should be circulated in advance of the next meeting in July 2018. This paper should set out the three lines of controls: information received from College management; internal quality control processes from the quality team; and, what information received that was external and independent, for example, internal and external audits, Ofsted and Landex. The framework would then be considered each Spring and would enable the Committee to confirm that it was on track and that the different assurances were in place. A copy of the budget 2018-19, curriculum plan and financial report for 2017-18 should also be circulated at the same time (Action 11 – CFO). Following discussion, *the report was received.*

**Governor questions:**

- a) How often does the risk management group meet? *The CFO responded that the current RM Strategy says that the group should meet termly, however, the CFO recognises this is not frequently enough and meetings are scheduled for at least twice a term.*
- b) Does the College have the right representation from the College? *There is a need to ensure the right members of staff are on the group. There are currently three teams who are not represented. Having the correct membership ensures that the risks are owned.*
- c) Does someone own it and do something about making it better? *There needs to be a 1:1 relationship with the risk owner to ensure that any actions are implemented.*

**18/05**

**Internal Audit Action Tracker (Agenda item 5, Paper D)**

The report was outlined and discussed. The report included 7 'high' and 'medium' risk actions arising from the internal audit process for the last and current financial year. The additional column showing what progress had been made in terms of implementing the actions since the last Committee meeting was welcomed. The actions were being closely monitored and there were no concerns to report. Following discussion, *the report was received.*

**Governor questions:**

- a) Does this link to the performance development review process? *Not at the moment but moving forward, I would hope this would become part of the process.*

- b) There are a couple of actions which have not been addressed for some time? *These can only be partially implemented because of the systems we are working with.*

18/06

**Internal Audit Report: Personal Development, Wellbeing and Behaviour (Agenda item 6, Paper E)**

Personal Development, Wellbeing and Behaviour (PDBW) is currently reported on as part of the Common Inspection Framework (CIF). During the College inspection in April 2016, PDBW was judged as 'Requiring Improvement'. The report carried an overall assurance rating of 'Reasonable'. The report contained 1 high, 2 medium and 2 low priority recommendations. The high priority related to the completion of formal Safeguarding and Prevent training by staff and governors. Refresher training was also required by the end of December 2017. All actions had been fully implemented. One medium level recommendation related to a review of the College's 'wellbeing policy' and the inclusion of key mental health pathways when developing future wellbeing policies. A new wellbeing staff group had been convened and had been set up to review, make recommendations and implement actions. The first meeting had taken place in February 2018. The second medium level priority related to the need for a central data source of students 'at risk' was maintained to ensure effective support and interventions were recorded and monitored; that all absences were recorded on ProMonitor and followed up accordingly; and, strictly enforce the 'student code of conduct procedure' where poor attendance, punctuality or behavioural issues continued to be evidenced. Management responses confirmed that staff training and development had already been undertaken to clarify expectations. Regular quality assurance scrutiny to ensure compliance would be implemented. The College would also review how to develop links between systems to allow 'at risk' flags to be applied automatically in ProMonitor. The two low recommendations related to ensuring that the Prevent Policy was available for students to access. This had now been made available. Following the purchase of 'My Concern' software, the College's Child Protection Procedures would need to be updated to reflect the change in recording procedure. Following discussion, *the report was received.*

18/07

**Date of next meeting**

Monday, 2<sup>nd</sup> July 2018 at 4.00pm in Thornby

18/08

**Any other business**

**a) Subsidiary Accounts:**

The Chair asked for an update on the latest situation in relation to the subsidiary year-end accounts which were due to be sent to the ESFA (Education and Skills Funding Agency) by the end of April 2018. The financial statements auditor confirmed that the audit would soon be completed. The CFO confirmed that the deadline would be met. A board meeting of companies' directors would be held to sign off the accounts. Feedback would be provided to the next Corporation Board meeting and the Audit Committee in July 2018.

**b) Non-compliance**

The CFO informed the Committee of two items of non-compliance that they needed to be aware of. The circumstances surrounding the non-compliance were explained together with the fines that the College incurred. The CFO confirmed that she had since ensured that the correct processes were now in place to ensure this situation did not arise again.