

MOULTON COLLEGE

AUDIT COMMITTEE

Minutes of the meeting held on Monday, 4th March 2019 at 4.00pm

Present: Mr A Clarkson (in the Chair), Ms L Knapp and Mrs H King

In attendance: Ms A Turner, Miss A S Bruce, Mr M Dawson (KPMG),
Mr M Harrison (Icca Education Training and Skills) and
Mrs G M Hulley

19/01 Apologies for absence (Agenda item 1)

Charles Matts had sent his apologies for absence.

19/02 Minutes of the last meeting (Agenda item 2, Paper A)

The minutes of the meeting held on the 26th November 2018 had been circulated previously. With the correction of one sentence in Minute 18/39, the minutes were accepted as a true and accurate record.

**19/03 Actions outstanding from previous meetings (Agenda item 3, Paper B)
Action 18/38, Audit Action Plan:**

The Clerk to the Corporation reported that she had now completed the online GDPR (General Data Protection Regulations) training module. The link to the module would be circulated to all governors who would be invited to complete the training.

19/04 Risk management (Agenda item 4, Paper C)

Members were reminded that risk management and risk appetite had been subject to a detailed discussion at the previous week's Governor Development day. The Chief Finance Officer (CFO) confirmed that a summary of responses to the risk appetite activity completed in her session would be circulated to Members of this Committee by 14th March 2019. A copy of the findings would also be made available in advance of the next Corporation meeting (**Action 20** – CFO) to inform discussions relating to the Principal recruitment process.

The latest version of the risk register had been circulated to the Committee. The report contained details of the strategic and significant operational risks for the College. Members' attention was drawn to any changes that had been made following a review by the senior leadership team (SLT) that had taken place earlier in the day. This included changes to the report following a decision by the Corporation to remain as a standalone, independent, specialist College. Monitoring arrangements were outlined and discussed. The Committee was informed of the controls that had been put in place to manage the risks. Following discussion, *the report was noted*.

19/05 Audit action plan (Agenda item 5, Paper D)

The report provided the latest position in relation to a number of 'high' and 'medium' risk actions that had arisen from the internal audit process for 2017-18 and the current academic year. The majority of actions related to one area. The CFO outlined actions that were being taken to provide additional support to address these outstanding actions. Following discussion, *the report was noted*.

19/06

Internal Audit Reports (Agenda item 6)

a. Safeguarding: Single Central Record (Paper E)

The internal audit had been commissioned following a recommendation from the Teaching, Learning and Assessment (TLA) Committee. It had been agreed that an external validation would provide an extra level of assurance to the reports received to date and concerns originally raised by Ofsted in 2018. The report carried an overall assurance rating of 'Substantial'. The report contained 1 low priority recommendation. The low priority related to the retention of DBS certificates in personnel files. During the audit, a photocopy of one certificate had been found on file. The College's practice to retain a copy of the top portion of the DBS certificate was highlighted as an example of effective practice. This ensured an accurate record of the DBS certificate number was maintained. Following discussion, *the report was received.*

b. Fundamental Financial Controls (Paper F)

The report carried an overall assurance rating of 'Reasonable'. The report contained 2 low and 2 medium priority ratings. The first low priority rating related to the College's Financial Regulations which were subject to an annual review. These would be presented to the next meeting of the Finance and Resources Committee on the 25th March 2019. The second low risk was in relation to the use of a month-end timetable being completed and then signed in confirmation. This recommendation would be implemented and the checklist would be updated monthly and signed by the Head of Finance. The first medium priority related to the completion of tenders and quotations. The agreed action was that evidence of tenders/competitive quotations would be attached to the other supporting documents uploaded for approval. The second medium priority related to financial background checks on all new debtors above an agreed amount. The agreed action would be that new customers would be financially assessed before offering credit over £2,000. Following discussion, *the report was received.*

c. Follow up of previous recommendations (Paper G)

The report was outlined and discussed. The overall conclusion was 'Reasonable.' The report confirmed that the College had been fully compliant with reporting the status of implementing recommendations accurately to the Audit Committee. The report also confirmed that 66% of the previously agreed recommendations had been fully implemented. Of the remainder, 8% had been partially implemented by management; 8% were considered no longer applicable; and, 19% had not yet been implemented. The Chair reminded Members that the report had been brought earlier to this Committee than planned in annual cycle of audits because of the intention to close all actions prior to merger. The Committee also received an assurance from the College Executive that the deadlines contained in the report were realistic and achievable. Following discussion, *the report was received.*

19/07

Any other business (Agenda item 7)

a. Annual internal audit plan 2018-19:

In response to a request about planned audits for the rest of the academic year, the Committee received an assurance that these were going ahead as planned. The confirmed internal audits related to the HR (Human Resources) Strategy; ILT (Information and Learning Technology) Strategy; and, IT (Information Technology) Data Security. Dates were currently being finalised with the College for internal auditors to complete their visits. Reports from

each internal audit would be presented to the next Audit Committee meeting in July 2019.

b. GDPR:

Following a request around staff training, the CFO confirmed that c. 230 staff had completed the online GDPR training module. This was a positive result. The College was also in the process of finalising a non-computer based module for those members of staff who do not have access to IT.

c. Subsidiary accounts:

The subsidiary accounts had been signed in December 2018 and would be with Companies House before the deadline of 30th April 2019. In response to a question, the CFO outlined the proposed actions that were being taken with each of the subsidiary companies.

d. Merger:

The Committee was informed of the current status of reports that had been commissioned as part of the due diligence process.

e. Governor Development day – TLA risks:

Following last week's Governor Development day, the Audit Committee had been asked to consider risk management and whether risks should be allocated to different Committees. Members were mindful of the need to be quite clear about responsibilities. The SLT would continue to manage risks and the Audit Committee would continue to monitor risks. Based on a review of the current risk register, Members agreed that the Audit Committee would recommend to the Corporation that the operational risks should be considered by the TLA Committee (A and B) and, the Finance and Resources Committee (C, D and E) (**Action 21** – Clerk). Each Committee would then report back to the Audit Committee.

A second recommendation for the Audit Committee to consider was in relation to the Quality Improvement Plan and the risk management processes that were taken to arrive at the different RAG ratings. Members agreed that the inclusion of milestones would address some of the feedback in relation to managing high risk areas. This would be discussed the following day in a meeting of the SLT. There was also agreement that, where possible, reports should be written for more than one audience; consideration by the SLT at their meetings and also Committee or Corporation meetings. Members agreed that the agreement reached at the Development day to develop a new reporting template would accommodate this. The Committee also agreed that the risk management action in relation to the QIP would benefit from further consideration by the SLT at its meeting the following day. A final recommendation from the Committee was for an internal audit of the QIP to be completed during 2020-21. This would provide an external validation and an extra level of assurance to this Committee and the Corporation (**Action 22** – CFO).

f. External audit:

In view of the merger not going ahead as previously planned, Mr M Dawson confirmed that the College would return to a normal cycle for reporting of year-end accounts. Initial discussions had already commenced with the CFO. The Principal reported that the College had challenged an invoice received from the external auditors which had included some additional fees from last year's audit. Some of this work had been in relation to the subsidiary

companies and in relation to the merger. A final figure had been agreed at a meeting earlier in the day. The annual reappointment would be an item for the Corporation to approve.

19/08

Date of next meeting

Monday, 1st July 2019 at 4.00pm in Thornby at the Management Centre.

Part 1 of the meeting ended at 5.45 pm. Ms A Turner, Miss A S Bruce and Mrs G M Hulley left the meeting.