

## **NON-CONFIDENTIAL MINUTES OF AUDIT & RISK COMMITTEE 8 MARCH 2018**

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<b>Present:</b>	Don Logan Roz Stewart Jan Fielding	Chair Audit Committee Governor External Governor
<b>In attendance:</b>	Andrew Wren John Smith June Fielding Zee Walker	Principal DP F&R Financial Controller Director of PPQ
	Kath Stott Karen Johnson	ICCA Acting Clerk
	Hannah Oliver	Financial Assistant (observer)

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### **PROCEDURAL ITEMS**

**AR/18/01** The Chair drew Governors' attention to the two paragraphs at the top of the agenda, formerly agenda items, reminding Governors of their responsibilities and to declare any interests relevant to agenda items, and that this also included responsibilities around Equality, Diversity and Inclusion, and Health & Safety.

### **NON CONFIDENTIAL ITEMS**

#### **APOLOGIES FOR ABSENCE**

**AR/18/02** Apologies for absence were received from Andrew Wren (Principal) and David Schofield (external governor).

**AR/18/02** The Chair raised that due to apologies received in advance from Committee members, it was proposed that Jan Fielding (external governor) join the Committee as a member for this meeting. Due to new board members scheduled to be formally appointed to the Board in April this would increase the number of Committee members and so in future this matter is resolved.

**Resolved: Agreed. Jan Fielding (external governor) acting Committee member for the meeting of 8.3.18.**

### **MINUTES OF PREVIOUS MEETING**

**AR/18/03** The minutes of the previous meeting, held on 23 November 2017 were agreed as a true and accurate record and duly signed by the Chair.

### **INTERNAL AUDIT REPORTS**

**AR/18/04** The Internal Auditor presented the reports of the internal audits which had taken place over the period since the previous Audit & Risk Committee. The contents of the reports included the overall assurance rating and any recommendations arising from the audit.

### **CURRICULUM PLANNING**

**AR/18/05** Key points:

Overall assurance of reasonable with good design, adequate design and 3 recommendations.

Recommendations:

The college has under-recruited in 6 x curriculum areas, and particularly 16-18 age range.

A positive response had been received from the college, around plans to manage this effectively in the future. The internal auditor added that under recruitment is not an issue unique to Furness College, with many other colleges facing the same issues.

**AR/18/06** The DP F&R highlighted the actions planned by the college to increase numbers, albeit that there is a relatively fixed demographic with the number of school leavers declining and the isolated geographic location added to this pressure, which was discussed and reiterated by the Committee. In addition an increasing number of school leavers choose to progress onto an apprenticeship, and although these learners may be studying at college as part of their apprenticeship programme they are not included within the college learner numbers as this is part of a contract the college has with these employers. The college is working with the marketing team on initiatives to maximise learner numbers.

### **EXTERNAL ASSURANCE OF SUB CONTRACTING CONTROLS**

**AR/18/07** This is a requirement of the ESFA with the final step being a certificate completed in a format provided by the ESFA – the internal auditor explained that the format of the certificate has not yet been released by the funding body, as soon as this is released to Internal Auditors it will be passed on to the College for action.

Nine areas are covered by the scope of the audit.

5 areas were not fully compliant – these were:

A declaration of value of a sub contract not matching that within the records available – the DP F&R raised that this was due to the timing of the information being requested not matching the final position – which had been the same. The internal auditor noted the timing of information requests for future audits.

Review of contract by a solicitor, the initial contract had been reviewed by a solicitor but there was now a requirement to have this reviewed annually. This is a new requirement which has been added this year. The DP F&R raised that this will be implemented.

Terms to be included within sub contracts:

One sub-contractor did not have a note within the contract around inadvertent funding of extremist organisations – the DP F&R raised that the provision in question is delivered almost exclusively by College staff, there are plans to bring this provision fully in house rather than working via the sub-contractor in the future.

**AR/18/08** The Committee questioned the type of activity which the sub-contractor provides and the learners that they typically attract to their specialised programmes. The DP F&R outlined the scope of provision which the sub-contractor provides and the learners who they attract are those which the College typically finds hard to engage on full time programmes. In readiness for bringing this provision in house the college are already bringing all aspects of the provision and the associated processes in house.

**AR/18/09** No evidence of credit checks having been carried out for sub-contractors – the DP F&R raised that this is in hand.

The internal auditor added that there were a number of recommendations within the report which referred to the sub contracted provision which is to be brought in house and will revisit the report to update the recommendations relating to this contractor. This will remove a substantial number since these will be resolved at such a time.

### **SPACE UTILISATION AND TIMETABLING**

**AR/18/10** The DP F&R raised that with hindsight he believed that this should have been undertaken as an advisory report, since when an internal audit of this area was engaged the College were aware that this was an area that the College recognised as an area of improvement and was commissioned with a view to providing guidance for the college.

The internal auditor advised that it was possible to change this to an advisory report.

**AR/18/11** Key points:

Room audits – the timing of these was raised and also who has responsibility for undertaking these, alongwith the associated spot checks. The Director of PPQ raised that there needs to be a cross college theme with a variety of strands covered by room audits being in place to ensure that a review looks at a number of areas, for example usage of computers alongside the number of learners in a room at any one time. This would allow the College to identify if the appropriate resources are being utilised effectively at the same time as a room audit.

The Committee recognised that maximising the number of learners in a room would have a direct impact on the college finances.

Accommodation Strategy should be in place for the College – the DP F&R raised that the strategy needs to look at what size the college realistically expects to be in the future and plan for this accordingly. This cannot be properly carried out until the curriculum planning process is complete.

Accuracy of timetables, with some timetables not accurately reflecting the room used. The Director of PPQ raised that the College are looking at having a number of additional data fields within the software packages used to allow more accurate room information to be pulled through to timetables.

## **DATA AND MANAGEMENT INFORMATION**

**AR/18/12** Key points:

Overall assurance of substantial with good design.

There is one recommendation to ensure that source data used is accurate.

A positive report and no further comments needed.

**AR/18/13 Resolved: The Committee noted the internal audit reports**

## **AUDIT RECOMMENDATIONS MONITORING REPORT**

**AR/18/14** The DP F&R referred the Committee to the above report

The report tracks all the recommendations made via internal and external audits and the associated progress made against each of these recommendations. At the present time there are 34 live recommendations.

**AR/18/15** The Committee questioned if these recommendations are progress tracked and were advised by the DP F&R that these are kept on the monitoring report until each recommendation is completed and these are also regularly monitored by the College senior management team.

**AR/18/16 Resolved: The Committee noted the audit recommendations monitoring report**

**The internal auditor left the meeting.**

## **PERFORMANCE INDICATORS FOR INTERNAL AUDITORS**

### **REAPPOINTMENT/TENDER FOR INTERNAL AUDIT SERVICES**

**AR/18/17** The DP F&R presented a report which outlined the performance indicators for internal auditors over the previous 12 months, with a recommendation for the Committee to continue to engage ICCA as internal auditors for a period of 12 months after the end of their current contract (June 2018).

The Committee noted that the outcome of the report and the associated performance indicators demonstrated that ICCA had provided the College with useful development feedback and a good balance of recommendations for the College to improve or have assurance in key areas. Recommendations are then actioned and tracked to ensure that the College responds positively to the recommendations made as a result of an internal audit.

**AR/18/18 Resolved: The Committee considered and noted the positive performance indicators for internal auditors**

**AR/18/19 Resolved: The Committee agreed to retender/continue to engage with ICCA as internal auditors for a period of 12 months at the end of the current 12 month rolling contract**

## **RISK MANAGEMENT REPORTS**

**AR/18/20** The DP PPQ referred the Committee to a number of reports which outlined the risk process and monitoring which had taken place since the last Committee meeting:  
These reports were: Risk Register, Risk Register Commentary, Risk Management Action Plan,

**AR/18/21** The key changes within the risk register were outlined, these were:

- Increased scrutiny of apprenticeships, ESF and adult budget performance against targets resulting in actions to address underperformance and maximise funding
- A sub contracting opportunity is being explored at the present time to assist with this
- Introduction of new Step Up Stand Out programme, 10 week, to facilitate in year recruitment of 16-18 and adult learners

- Introduction of linear 2 year A level programmes is having a negative impact on retention
- A new sub risk around inexperienced exam staff has been incorporated into the Reputational Damage risk area. This is due to staffing issues in the area, a comprehensive range of actions are in place to mitigate this risk
- A number of actions have been added and incorporated into the risk management action plan in response to the recent space utilisation internal audit

**AR/18/22** The Committee questioned how the risks are monitored, the Director of PQQ advised that all risk are rigorously monitored and reviewed on a regular basis by the senior leadership team with actions put in place where appropriate

**AR/18/23** The Director of PPQ discussed the risk ratings of each risk area and the controls in place to mitigate these risks. In addition to the shorter risk summary report, there is also comprehensive risk register which expands upon each risk and provides fuller detail, the associated commentary report which provides a full commentary against each risk and a risk management action plan which provides progress against each action identified within the risk register.

**AR/18/24** The Committee questioned the lower take up in apprenticeships, which appeared to be a national issue, and asked if this was directly related to the recent changes in how the apprenticeships are funded. The Director of F&R and the DP PPQ raised that this was having an impact, specifically due to the greater administrative burden involved, which is a particular issue for smaller businesses who do not have the specialist staff to deal with this.

**AR/18/25** **Resolved: The Committee noted the risk register reports presented.**

**ITEMS FOR NEXT AGENDA**

**AR/18/26** No items were raised.

**CONFIDENTIALITY**

**AR/18/27** The Committee considered the items and concluded that none required confidential classification.

**DATE OF NEXT MEETING**

**AR/18/28** The next scheduled meeting was agreed at 21<sup>st</sup> June 2018.

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**MINUTES APPROVED**

Signed \_\_\_\_\_ Don Logan - Chair of Audit & Risk Assurance Committee

Date \_\_\_\_\_ Subject to Amendments / No Amendments

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