



**MINUTES**  
**of the Audit Committee**  
**held on Monday 27 March 2017**

Present: - Mr Norman Moon (Chair)  
Mr Simon Bennett  
Cllr Sebastian Bowen  
Ms Sally Cassels  
Mrs Magda Prail

In attendance: - Mr Edward Gwillim (Director of Finance)  
Mrs Shirley Coultas, (Finance Manager)  
Mrs Linda Watkins (Clerk to the Corporation)  
Ms Louise Tweedie (RSM)

The meeting was quorate as five members were present. The Chair welcomed Shirley Coultas; introductions followed.

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| <p><b>5. Apologies for Absence</b><br/>No apologies</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |               |
| <p><b>6. Declarations of Interest</b><br/>There were no declarations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |               |
| <p><b>7. I. Approval of the Minutes of the Meeting</b><br/>The Chair signed the minutes of the meeting held on 21 November 2016 as a true and accurate record.</p> <p><b>II. Matters Arising</b></p> <p>A. JISC (organisation managing IT information) would undertake a review of its storage of information.</p> <p>B. The risk on the risk register about the traffic flow related to the planning application to build the campus in 2007; it was agreed that this was out of date and should be removed.</p> <p>C. The Assistant Principal Ludlow College would trial using a database for logging and tracking safeguarding at Ludlow College before this was embedded throughout the College.</p> | E Gwillim     |
| <p><u>The Committee agreed:</u> -</p> <ul style="list-style-type: none"> <li>• To approve the minutes of the last meeting</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |               |
| <p><b>8. Internal Audit Reports</b><br/>Louise Tweedie presented the reports:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |               |

- I. **Progress Report:** Members noted progress to date against the audit plan. Outstanding audits have been scheduled and would be presented at the next Audit Committee. SFA requires an additional audit of sub-contracting provision as this exceeded £100,000.
- II. **Risk Management and Assurance:** This report gave reasonable assurance that controls were in place to manage risks with some recommendations about the process to ensure that the control framework ensured risks were effectively managed. The register was prepared using a top down approach without any departmental risk registers. It was proposed that the Board annually approve the risk register with high scoring risks reported to the Board. The Clerk confirmed that the risk register is presented to the Board along with an annual risk management report. Minutes would be sent to the auditors to evidence this. Governors discussed if the register should include reputational risk agreeing a generic reputational risk should be added following a review of the register which would be approved by the Board. There was some discussion about potential risks from social media agreeing that the key issue related to how CMT respond to risks and that it was important to ensure there are appropriate policies and procedures in place to control risks. In discussion, it was agreed that the 5x5 matrix format would be acceptable including the College's strategic risks.
- III. **Capital and Estates Management:** This report gave substantial assurance with two medium and two low level recommendations. It was encouraging that staff and student feedback was sought on the estate with a suggestion to provide feedback such as 'you said we did' posters. Testing identified that quotes had not always been obtained prior to raising an order for expenditure in IT and estates; these had not always been signed off by the previous Director of Finance without formally documenting reasons; a requirement in the procurement policy. The Director of Finance confirmed that this had been addressed. Governors requested details of the threshold level; these were stated in the College's Financial Regulations which were accessible for staff on Moodle. It was agreed to include these in the governance section on Moodle as a key document.

L Watkins

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The Committee agreed: -

- To note the internal auditor's reports
- The risk register format would be changed to the 5x5 matrix linking to the College's strategic plan
- The Financial Regulations would be accessible to Governors on Moodle

9. **Skills Funding Agency Post-16 Audit Code of Practice**

### **(ACOP) 2016-17**

The ACOP sets out a common standard for the provision of assurance for post-16 providers. This was issued in March 2017 replacing the previous JACOP and would be retrospective for 2016/17. Changes predominantly reflected the Machinery of Government changes including SFA moving into the Department for Education. There were no major changes which would affect the Audit Committee.

#### The Committee agreed: -

- To note the Skills Funding Agency Post-16 Audit Code of Practice 2016-17 which was retrospective for 2016/17

## **10. Risk Management Register**

The Director of Finance outlined risks and actions for 'red' RAG rated risks: -

A.2 FE, HE and WBL funding not achieved: CMT monitor monthly reports. The Board has sub-contracted £600,000 provision in 2016/17. The Curriculum Resource Model was used for budgeting based on estimated enrolments for 2017/18.

A.12 Operating costs at County Training not reduced sufficiently: County Training has been included in the Curriculum Resource Model for 2017/18. Restructuring had been implemented to reduce costs.

Governors asked questions about the following risks: -

A.10 Child protection and safeguarding: Assurance was requested that the College seeks external advice in addition to setting up its own controls. It was confirmed that procedures meet legislation and that the Designated Safeguarding Lead liaises with relevant external agencies seeking advice and guidance, an example included the Multi Agency Safeguarding Hub (MASH).

D.2 Loss/corruption of essential data: The disaster recovery plan is kept up to date. An audit by JISC of IT systems would also audit effectiveness of data storage. The College uses DSats data audit software to reduce risks.

A.11 Sub-contracting: SFA require an independent audit for providers sub-contracting more than £100,000 in a financial year. RSM are auditing this provision which would be reported to the Committee.

The risk relating to the outcome of the Area Review had been removed.

A Governor asked about progress to dissolve KSP Ltd. The Director of Finance responded that a communication plan was being developed to manage the process properly and mitigate risk. This would include notifying employers who would be

affected by its closure. A year-end audit of KSP Ltd would be required this year with completion at the end of the academic year end. Assurance was provided that this would not affect apprentices, which was confirmed. The County Training model of roll on roll off apprenticeships was effective and could be expanded into Herefordshire in the future.

The Committee agreed: -

- To note the useful and thorough update on the risk register
- A new risk register format would be prepared as per discussion in item 8.II

**11. Any Other Business**

- I. The Clerk reported that the College had agreed to participate in a project conducted by AoC on board assurance.
- II. A Governor asked how incidents of fraud, irregularity or whistleblowing would be reported and the wording in the whistleblowing policy on escalation of incidents. The Clerk would bring the whistleblowing policy to the next meeting. There is a report about whistleblowing, fraud and irregularity in the Audit Committee's annual report. Any systematic failures throughout the year would be reported to Audit Committee.
- III. The Staff Governor asked when transport contracts and costs are reviewed. The Director of Finance responded that these are holistically reviewed as part of the annual budget setting process. This was an operational issue which would be discussed outside of the meeting.

L Watkins

**12. Date and time of next meeting**

The next meeting of the Audit Committee was arranged for Monday 12 June 2017 commencing at 3.15 pm. Next year the Committee would meet on an alternative day to Mondays so that the Principal's office could be used for meetings.

L Watkins

**Signed as a true record of proceedings**

**Chair:** ..... **Date:** .....