



**WEST NOTTINGHAMSHIRE COLLEGE
AUDIT COMMITTEE**

Minutes of the meeting held in the Board Room, Derby Road site on Thursday 12th July 2018 at 4.00 pm

MEMBERS Jamie Fryatt, Chair
PRESENT: Lee Radford
Darren Wilkinson

ALSO IN ATTENDANCE: Maxine Bagshaw, Clerk to the Corporation
Tom Stevens, Deputy Principal Business Development
Louise Knott, Vice Principal Communications, Engagement and Student Experience
Gavin Peake, Director of IT, Estates and Learning Resources
Alasdair Coulson, KPMG
Louise Tweedie, RSM

ACTION by whom	DATE by when

1 DECLARATION OF INTERESTS

The Chair reminded everyone present to declare any interests that they may have on agenda items to be discussed. No interests save for standing declarations were noted.

2 WELCOME, INTRODUCTIONS & APOLOGIES FOR ABSENCE

Apologies for absence were received from Alastair Thomson, and Dame Asha Khemka DBE DL.

3 MINUTES OF THE MEETING HELD ON THE 19TH APRIL 2018

The minutes were reviewed and it was agreed that they were an accurate record of discussions.

AGREED: to approve the minutes of the meeting held on 19th April 2018.

There were no matters arising.

4 ACTION PROGRESS REPORT

The Committee were happy to note the update provided.

Signed : _____ Chair

Date:

INTERNAL AUDIT REPORTS

RSM presented a number of reports for Committee consideration

1) Internal audit follow up report

The Committee were advised that as part of the approved internal audit periodic plan for the 17/18 year they have undertaken a review to follow up progress made by the College to implement the previously agreed management actions. The audits considered as part of the follow up review were:

- Framework for compliance with legal and regulatory requirements – Safeguarding and Prevent
- Risk Management Governance
- English and Maths – processes
- Follow up.

The Committee's attention was drawn to page 12 where it was noted that one action has been implemented, two are ongoing, three not implemented and four superseded. She described this as good progress with no particular concerns to bring to the Committees attention. She indicated that there were very good reasons for actions that have not yet been completed with a number relating to system changes which are taking longer to introduce than originally envisaged.

2) Governance – Subsidiary Companies

The Committee's attention was drawn to page 21 which sets out the scope of the review and also confirms substantial assurance from the testing undertaken. On page 24 there is a summary of actions recommended with four being medium priority and two low. She explained that in a number of areas the same recommendation applies to more than one of the subsidiary companies. The Clerk acknowledged that there was a body of work to be done over the summer to ensure that declaration of interests forms are fully up to date and completed accurately.

3) Key Financial Controls

The Committee's attention was drawn to page 45 and the substantial assurance opinion provided following the audit works. There have been two medium recommendations and one low priority recommendation that have been agreed with management. She confirmed that the audit undertaken had gone very smoothly with in general housekeeping matters identified.

Signed : _____ Chair

Date:

4) Apprenticeships

The Committee's attention was drawn to page 68 of the pack and it was explained that audit testing had focused on the post 1st May 2017 position and a framework review. She advised that their testing has led to a partial assurance position, however the Committee were reassured that the issues identified at WNC are very common across the sector. Senior management acknowledged that there were quite a lot of 'admin' type issues identified and assurance was given that the teams are working to address and improve the systems and processes. The Deputy Principal Business Development confirmed that the College was expecting a number of recommendations in this area and that this is the reason that the internal audit review had been requested. He confirmed that the audit testing had certainly helped staff to focus on what needs to be changed and improved.

5) Progress update

The Committee's attention was drawn to page 95 of the pack which summarises the audit opinions for this year, these are:

- Substantial assurance x 2
- Reasonable assurance x 2
- Reasonable progress x 1
- Partial assurance x 1
- Advisory x 1.

She advised that in terms of an overall opinion for the year the outcomes will result in the second level of assurance which is the same as in the 16/17 academic year.

The Committee's attention was drawn to section 2.2 of the report and an update was provided in terms of the changes made to the Post 16 Audit Code of Practice.

The Committee also considered the GDPR preparation benchmarking report at page 98 and the committee were happy with the College's position when compared with others in the sector.

The Committee discussed the FE Risk Management report prepared by RSM for 2018 and in particular the key risk themes summarised on page 110. There was some surprise that 'changes in government policy' has decreased in terms of the ranking of themes to address given the continued turbulence in the sector.

The Committee were advised that the draft annual report for 2017/18 will be presented at the first meeting in the new academic year and will include the review of the Higher Education framework which commenced on 9th July 2018 and was not available for this meeting.

RSM

29.11.18

AGREED: to note the content of the reports provided.

Signed : _____ Chair

Date:

6 COMPOSITE COLLEGE RECOMMENDATIONS REPORT

The Deputy Principal: Business Development introduced this item and for the 16/17 year indicated that there are currently four medium risk actions still to be implemented. He drew members' attention to page 137 and it was acknowledged that the matters outstanding all relate to system changes which are taking longer to implement than first envisaged (as noted earlier in the meeting). It was agreed that implementation dates would be revised to November 2018. It was acknowledged that all of the matters outstanding are driven by process changes needed and that there will be a period of implementation and training. It was confirmed that the changes, once in place, will help to resolve the admin type issues previously discussed as part of the apprenticeship review.

From the 2017/18 recommendations there are currently forty one actions to be implemented of which three are high, eighteen are medium risk and fifteen are low. Members' attention was specifically drawn to these on pages 153 to 155 of the pack. It was acknowledged that these detailed actions have been discussed by the Committee throughout the year when RSM have attended to present their reports. Assurance was given to the Committee that systems are being improved, however this in some areas is a significant task.

AGREED to note the content of the update provided.

7 INTERNAL AUDIT STRATEGIC PLAN AND AUDIT NEEDS ASSESSMENT FOR 2018/19

The Committees attention was drawn to page 157 and in particular Appendix A which is the proposed activity for the year. The Committee questioned whether the proposed areas have been reviewed by the Executive. Following discussion it was felt that there was more work to do in terms of planning and the sequencing and the request was made for the Executive to review. It was agreed that an update would be provided to this committee in early October.

RSM / Executive 01.10.18

AGREED: to note the content of the update provided and the further work needed to finalise with the Executive.

8 RISK MANAGEMENT

The Vice Principal Communications, Engagement and Student Experience presented:

- a) An annual report on Risk Management activity for the 17/18 year; and
- b) Risk Management Strategy and Register proposed for 2018/19.

She advised that in 17/18 the format of the register had changed considerably.

Signed : _____ Chair

Date:

In terms of Executive ownerships, she confirmed that each risk is assigned an Executive owner and that the Executive team consider the risk register and changes to the risk environment on a termly basis. Items contained within the significant risk register are considered by the executive team on a regular basis and at least termly.

The Committee's attention was drawn to Appendix 1 which details how each risk is monitored each year by the Corporation Board and each standing committee of the Board. The Committee were asked to note from this assessment:

- a) Significant risk register – all significant risks on the register have been monitored at least once by the Corporation Board or their Committee owner. In most cases significant risks have formed a standing item either on corporation board agendas or on standing committee agendas. Risks associated with the Colleges financial stability have formed the theme of extra ordinary corporation board meetings throughout the year.
- b) Contingent risk register – risks identified within the contingent risk register have been monitored by the Corporation Board or its Committee at least once during the year.

The Committee considered the risk register and in terms of the restructure it was acknowledged that there is still work to do in terms of rebuilding morale. In terms of the position for work based learning/apprenticeships, the view of the senior team is that the College will hit its revised target for 17/18 but that it will be very 'tight'.

The Committee acknowledged that this has been a significantly challenging year for the College and in particular the issues and challenges the College has faced in relation to apprenticeship provision have led to college restructuring. It is therefore perhaps no surprise that the Colleges work based learning targets remain a top priority moving in to 18/19 and that little progress has been made in reducing residual risk scores within the register.

The Committee then went on to discuss the Risk Management Strategy for 2018/19 and it was explained that, whilst changes have been made to job titles and roles, no substantive changes have been made to that of the document approved in the prior year. The Committees specific attention was drawn to section 2.5 which sets out the role of the corporation Board and section 7 which deals with the College's risk appetite.

She confirmed that the Executive team have considered a first draft of the risk register and that there have been a number of cross cutting themes included, these are top priority issues or risks for the College next year. The Committee's specific attention was drawn to a number of risks including:

Signed : _____ Chair

Date:

- Work related training remains the single biggest risk to which the College is exposed, this risk has been divided in to those associated with the College's own direct delivered provision and those associated with subcontracting. Members will recall that 18/19 is the last year that the College will have any subcontracted apprentices.
- As a result, the College's financial stability remains a significant risk going in to 18/19.
- Risks relating to morale and internal engagement are also significant on the register and will form a key priority for all members of the senior team in 18/19. The Committee acknowledged that the significant risks to which the College is exposed are well known and have been shared and articulated to Governors. She indicated that the register is somewhat fluid and it is certainly the case that it will change for September 2018 depending upon the year end outturn.

AGREED:

- a, to note the content of the Annual Report for Risk Management activity for 2017/18; and
- b) recommend that the Board approve the Risk Management Strategy and Register for 2018/19 as presented.

9 **COMMITTEE ANNUAL REVIEW**

The Clerk presented four reports for consideration. In terms of self-assessment for the year the committee indicated that there needs to be wider membership given that there have been a number of challenges during the year in terms of meetings needing to be re-scheduled because of apologies for absence. An observation was also made that at points in the year papers were provided quite late and all agreed that this needed to be improved.

The Committee were happy to approve the work plan presented and felt that the terms of reference, whilst remaining fit for purpose, would benefit from a number of admin changes. The Clerk confirmed that she would undertake a further review and represent to the Committee at its next meeting.

Clerk 29.11.18

In terms of membership for 18/19 it was agreed that it would continue unchanged but with the request that additional members be recruited and appointed.

AGREED: to note the content of the update provided.

10 **AOB**

There were no items of additional business.

Signed : _____ Chair

Date:

11 **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded separately.

12 **DATE AND TIME OF NEXT MEETING**

The Clerk confirmed that the next scheduled meeting was 29th November 2018.

Signed : _____ Chair

Date: