



**WEST NOTTINGHAMSHIRE COLLEGE
AUDIT COMMITTEE**

Minutes of the meeting held in the Board Room, Derby Road site on Thursday 29th November 2018 at 5.10 pm

MEMBERS PRESENT: Jamie Fryatt, Meeting Chair
Rebecca Joyce
Neil McDonald
Sardip Sandhu
Darren Wilkinson, Co-Optee

ALSO IN ATTENDANCE: Maxine Bagshaw, Clerk to the Corporation
Tom Stevens, Deputy Principal: Business Development
Martin Sim, Interim Principal
John Owen, Interim Finance Director
Louise Knott, Vice Principal: Communications, Learner Engagement & Student Experience
Louise Tweedie, RSM

Auditors confirmed that they did not wish to meet with the Committee without management present.

		ACTION by whom	DATE by when
1	<u>DECLARATION OF INTERESTS</u> The meeting 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	<u>WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE</u> Apologies for absence were received from Lee Radford. New Governors, Neil McDonald, Rebecca Joyce and Sardip Sandhu were welcomed to their first Committee meeting.		
3	<u>MINUTES OF THE MEETING HELD ON THE 18TH OCTOBER 2018</u> The minutes of the meeting were reviewed and it was agreed that they were an accurate record of discussions. AGREED: to approve the minutes of the meeting held on 18 th October 2018.		

Signed : _____ Chair

Date:

4 ACTION PROGRESS REPORT

The Committee were happy to note the update provided.

5 COMPOSITE COLLEGE RECOMMENDATIONS REPORT

The Interim Finance Director introduced this item and acknowledged that this has not been a priority area for him since appointment, given the other more urgent matters to address. In acknowledging this he confirmed that there would be a push now to ensure compliance. He described the picture as 'mixed' in terms of the completion rates. It is his intention to follow up more robustly and therefore envisages that the compliance/completion rate will be improved for the next meeting. The Committee were advised that additional resource is being secured to that the more day to day tasks of a Finance Director are actioned whilst his focus will remain on financial recovery. A request from the Committee was to include details on the register as to when the action was first requested and the first target date agreed. A challenge from the Committee was to ensure that there is no further slippage in relation to the timescales for compliance/completion.

Interim FD Feb.
2019

In reviewing the detailed actions, a challenge from the Committee was to ensure that the fixed asset register is brought up to date. The committee expressed the view that this was important so that the college knows the potential value of any write offs.

Interim FD Feb.
2019

One member of the committee questioned whether the college is GDPR compliant. It was confirmed that this was an area of review by internal auditors in the last academic year and that positive assurances had been given with no actions identified. The interim Principal indicated that this is an area of focus for him to ensure that he has assurance. It was agreed that a detailed GDPR report would be presented to the next meeting.

Director of IT Feb.
2019

The Vice Principal advised that GDPR was considered as a high risk on the register last year but that this had reduced at the beginning of year given the processes introduced, however it was acknowledged that this may now need a re-evaluation and that this would be determined following the Interim Principal's assurance testing. It was confirmed that internal auditors are also scheduled to undertake a GDPR revisit early in the new calendar year. The Committee all agreed that it was critically important to have assurance, particularly regarding the application of GDPR re personnel and student records. During discussions it was noted that a DPO report has not yet been provided to the Executive, it was confirmed that this would be scheduled shortly.

DPO Dec
2018 /
Jan
2019

The Committee questioned whether staff utilisation is now being reported to the Board.

Signed : _____ Chair

Date:

The Interim Principal confirmed that he is undertaking a review on this, it is not clear whether it is reported as part of the KPI report, but in any event he confirmed the intention to provide an update to the Board as part of the Principals update for the meeting on 13th December 2018.

Interim
Principal

13.12.18

6 AUDIT SERVICES – ADDITIONAL (NON-AUDIT) WORK UNDERTAKEN IN 2017/18

The Clerk introduced this item and confirmed that, given the change in staff, it had not been possible to finalise this report. She advised that there were a number of payments on the system to KPMG but that it has not been possible at this stage to clarify which areas of work they relate to. She advised that it has become apparent that there is a KPMG subcontractor controls report for 17/18 which has not yet been shared with this Committee but has been paid for. She indicated that she and the Deputy Principal were in the process of locating the final version of this document which would include management comments and should have been sent back and agreed with KPMG this term. The Deputy Principal provided confirmation and assurance that the certificate from KPMG in relation to this controls report has been received and provided to the ESFA within the deadline timescales required.

It was agreed that the final copies of :

- a) the report to the committee and
- b) KPMG subcontractor controls report would be circulated outside the meeting once the position is finalised.

AGREED: to note the content of the interim update provided.

7 FRAUD, IRREGULARITY AND WHISTLEBLOWING

The Clerk took the opportunity to circulate a report at the meeting which she confirmed was a summary of the 17/18 position. She confirmed that there were two whistleblowing investigations undertaken in the year, the circumstances relating to the first allegation are summarised in paragraphs 16-18 and a summary of the circumstances relating to the second are detailed in paragraphs 19-23. The Committee discussed the investigations into partner/subcontractor arrangements as set out in paragraph 15 and were advised that the College is expecting an interim findings report from ESFA regarding Trackwork this week. It was confirmed that an external investigator has been appointed to review contracts with Siddhi. The Interim Principal confirmed that he has confidence that the investigator engaged has the qualifications and experience to fully assess the situation.

The Committee discussed the information provided in paragraph 17 and questioned whether the individual who has left the organisation poses a threat to any other organisation.

Signed : _____ Chair

Date:

The Vice Principal provided assurance that any Prevent or Safeguarding concerns would be referred to the LADO and any investigations of this nature would impact upon an individual's reference.

The Interim Principal indicated that, going forward it would be his preference in any investigation to appoint an external individual to review, but that this would be based upon risk analysis. The Committee all felt that this was a very sensible approach and asked that this practice be adopted for both the interim Principal and new permanent Principal to be appointed.

New members of the Committee questioned whether the Whistleblowing Policy was available on the portal. It was agreed that the Clerk would ensure that all College policies and procedures are available to Governors on the portal in a separate folder.

Clerk

Dec.
2018

In terms of key priorities for 2018/19 the Committee questioned how often the College's authorisation processes are reviewed. The Interim FD confirmed that he had checked and was satisfied with the process regarding bank changes. He advised that the Financial Regulations were last reviewed in November 2017 and therefore are due for an annual review which he will undertake.

A question and challenge from the Committee was, when was the last audit of delegated authorities and compliance in relation to these completed. The Committee all agreed that they wanted some assurance on this and it was therefore agreed that internal auditors would complete a review on this as part of their February 2018 financial controls review.

Internal
auditors

Feb.
2018

Following some general discussion the Committee stated that they would want to see that all staff who have delegated authorities are provided with anti-fraud, bribery and corruption training, this can be done by way of an e-module. They asked that this be provided to anyone in the organisation with delegated authority limits no matter how small. It was agreed that the Vice Principal would pick this up as an action with the HR team and add this to the list of mandatory training for all staff.

VP

Dec
2018

The Committee questioned whether the College retains a register of gifts and hospitality. It was confirmed that it does and that it has a very low value in terms of disclosure requirements i.e. anything more than £20.

AGREED: to note the content of the update provided.

8 INTERNAL AUDIT

Louise Tweedie from RSM provided an update on two matters:

Signed : _____ Chair

Date:

- a) Annual report for 2017/18, and
- b) The 2018/19 in year position

In relation to the annual report for 2017/18 she advised that it was a compilation report which summarises activity undertaken in 17/18. The key paragraph is 1.1 which is the opinion i.e. 'the organisation has an adequate and effective framework for risk management, governance and internal controls. However our work has identified further enhancements to the framework for risk management, governance and internal control to ensure that it remains adequate and effective'. The Committees attention was drawn appendix B which summarises the work done.

An observation made by the Committee was referenced to the fact that internal audit rely on external audit work as well as their own. Louise Tweedie explained that, because external auditors continue auditing the college in to the next academic year i.e. over the summer and autumn term, then there can be things that arise that would not have been known at the time of their in year audit. She confirmed that this has not been an issue at WNC over the last 3-5 years but it has happened elsewhere and therefore it is important that internal audit are able to fully reflect on any external audit findings. She confirmed that RSM have been auditors to WNC since 2011. There was some discussion regarding the process of audits undertaken and the Committee were given assurance that audit work is all evidence based.

The Committee made the observation that, in terms of apprenticeship delivery, the College seems to have some process issues and weaknesses to address. Louise Tweedie indicated that RSM have seen a fall in the level of assurance generally within the sector in this area. She confirmed that the changes to the funding rules were complex and sometimes retrospective and therefore it does take a while for Colleges to catch up. The Committee questioned whether the last internal audit review of apprenticeship provision had looked at forecasting. The Committee were advised that the last review regarding forecasting was in 14/15 and that it was not specifically looked at in 17/18 as part of the apprenticeship review. Louise Tweedie confirmed that a review could be done if this was requested by the College.

It was noted that internal auditors have not been asked to review the college financial recovery plan and forecasts as BDO are undertaking an external review in this area. The Committee considered Appendix B and, in relation to the apprenticeship framework review, questioned why three high, seven medium and four low recommendations had not led to a red RAG rating. Louise Tweedie explained that the position had been moderated by RSM because of the sector wide issues regarding compliance.

Signed : _____ Chair

Date:

She accepted that there is an argument that this report could have been RAG rated as red, however this means that there would have been no evidence of assurance, however it was clear during field work that processes were in place, albeit that this college was finding them as challenging as other colleges to ensure compliance.

The Committee made an observation that, with hindsight, there may have been a missed opportunity in terms of staff review and training following this audit report. They felt that there were clear danger signs and perhaps some of the issues now coming to light could have been addressed. They felt that the speed of response and monitoring of activity could have been more robust. A challenge from the Committee was whether internal auditors are happy regarding the College's ability to implement any actions agreed. They indicated that, in the main, they are and that this is something reviewed as part of their follow up. The observation from the Committee was that, particularly in relation to apprenticeships, there is clear evidence of a failure to implement the recommendations made by auditors.

AGREED: to note the content of the 2017/18 annual report provided.

The Committee then went on to discuss the 18/19 in year position and it was explained that the audit plan for the year is quite fluid. A question from the Committee was whether or not there would be merit in asking internal auditors to review delivery of the recovery plan at a later stage in the year. The interim Principal indicated that it may be more helpful for specific areas to be revisited, for example apprenticeships, rather than looking at the whole of the plan. A challenge from the Committee was that clarity needs to be provided in relation to monitoring the implementation of the financial recovery plan, it was agreed that this is a critical action for the Board this academic year.

The Committee were given assurance that any audit plan for the year or three year strategy is linked to risks and internal audit field work links to this.

The Committee questioned whether there is the possibility of identifying five or six key processes which needs to change as a matter of urgency.

The Interim Principal indicated that for him there would be benefit in undertaking a mock PFA audit and also there needs to be greater assurance regarding the fact that the College is tracking learners properly. The Committee questioned whether these issues are on the risk register and assurance was given that they are, although they may not be articulated in as much detail as would be helpful.

Signed : _____ Chair

Date:

The Committee questioned where on the portal the risk register is available. It was explained that the last version of the risk register would be in the folder for the October Audit Committee meeting, however the Vice Principal advised that she is currently working through an update to ensure that all of the sensitivities articulated within the financial recovery plan are captured. She confirmed that a full report and update for the risk register was scheduled for presentation to Board on 13th December.

AGREED: to note the content of the reports provided.

9 **ANY OTHER BUSINESS**

There were no items of additional business.

10 **DATE AND TIME OF NEXT MEETING**

The Clerk confirmed that the next scheduled meeting was 7th February 2019.

11 **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded separately.

(the Deputy Principal left the meeting at 6.20 pm)

(Louise Knott and Louise Tweedie left the meeting at 6.35 pm)

Meeting closed at 7.20 pm

Signed : _____ Chair

Date: