

**Minutes
Meeting of the Audit Committee
held on Thursday 12 March 2015 at 8.00am
In Room 814
at Matthew Boulton Campus**

Present:	Apologies:
Kathryn James (KJ) Chair (joined the meeting at 8.25)	Anthony McCourt
Andrew Madden (AM)	
Taher Hussain (TH)	Andrew Cleaves
In Attendance:	
Louise Jones (LJ)	
Anthony Gribben- Lisle (AGL)	
Richard Bacon (RB) PwC	
Ben Connor (BC) PwC	
Tony Felthouse (TF) KPMG	
Liam Nevin (LN) Company Secretary	

Apologies & Declarations of Interest

Apologies were received from Anthony McCourt and Andrew Cleaves

There were no declarations of interest made save for those already declared in the Register of Interests.

Pending the arrival of KJ Andrew Madden agreed to chair the meeting. In the interests of the efficient discharge of the business it was agreed to consider items other than in the order set out in the agenda.

Item 1 - Minutes of the meeting held on 27 November 2014

It was noted that the reference to RB at item 2 should refer to TF and with that amendment being agreed the minutes were thereafter approved as a true and accurate record of the meeting.

Matters Arising and Action Log

AM asked if there was a timescale to determine whether and when to undertake a deep-dive of recruitment and engagement. LJ advised that a Recruitment Strategy would be considered by the Board in May following which the Committee may wish to reconsider the matter.

Item 2 – Risk Register

LJ introduced the item and explained that the Executive had worked with PwC to review the College's strategic goals and assess the key risks against them.

This work had resulted in the identification of the following high-level risks:

- Inefficient cost base
- Inadequate information systems
- Funding levels falling and/or income diversity not being achieved

The Chair noted that strategic goals were now being linked to risk which was a development that would be welcomed by governors. In addition, the development of target risks as

reflected in the document was a useful tool to test the risk appetite of the Corporation and how that compared to the Executive.

RB stated that the draft risk register reflected good progress but also demonstrated a significant amount of work to be done since there were currently more actions than assurances.

In relation to strategic goal 3 KJ made two points. Firstly, the risk of funding levels falling was inextricably linked to student recruitment and retention and this needed to be reflected in the existing measure, and secondly consideration needed to be given as to whether poor governance controls were reflected solely as a financial risk. Governance controls were key to the organisation's well-being and effectiveness and spanned all operations.

It was agreed that the Executive would need to consider how progress on the mitigating actions would be tracked through the committee to identify actions taken and progress since the last report.

It was noted that the risk register would be referred to the next Corporation meeting for approval and thereafter for periodic consideration as part of its framework of assurance.

Accordingly it was

RESOLVED

- **That the risk register be recommended to the Corporation for approval**

Item 3 - Building Digital Trust

AGL introduced this report and reminded the committee that it arose from a review undertaken by the internal auditors. Their report had made a number of recommendations and the Executive had identified within the report the plans to address each. Those that were deemed to be of either critical or high risk were:

- Increasing student expectation for IT enabled provision
- Management information and business intelligence
- New educational delivery models

These had been prioritised and short-term remedial measures proposed as set out in the executive summary of the report. Those issues that had been identified with a lower priority would be addressed in the College IT and Information Plans that would be reported to the Board at its May meeting.

AM queried whether the proposed actions and their timing had been communicated with students and staff and AGL confirmed that arrangements were in place to run a "market stall" for communicating the changes at each site. This would commence with the Stourbridge campus.

It was noted that any significant strategic risks would be incorporated into the risk register.

Accordingly it was

RESOLVED

- **That the Committee endorse the response to the PwC briefing, noting the immediate focus of resources on the critical and high priority actions and the incorporation of other lower priority actions within the College and IT Information Plans for 2015-18.**

Item 4 – Internal Audit Reports

The Committee received from PwC a progress report and a report on the Student Records System. RB advised that the plan was on target for delivery within the academic year.

Thereafter the committee debated the report on the Student Records System and noting the “critical” finding of the report, BC advised the committee on each of the findings and the recommendations arising from them

AM queried whether the problems identified with data quality meant that the College would have to continue working with poor quality data or whether the procedures being adopted would ensure that the data being carried forward was accurate.

AGL advised that the College had until the end of October to finalise data that would be externally submitted. Substantial changes had been made to the data at the end of September 2014 through a risk focussed approach that had ensured all significant areas of data weakness had been addressed.

AM questioned whether there was a need to discuss with the funding agencies the accuracy of funding allocations if the data upon which they were based was weak. AGL stated that both the SFA and EFA had been actively engaged with, and he was reasonably confident that any errors were not of sufficient materiality to effect funding.

KJ questioned whether poor procedures and practices as identified by this report might represent a cultural weakness in the organisation. LJ stated that she had identified some poor practices in Finance which were not significant risks but did represent unacceptable standards. It was agreed that a high-level health check of core activities would be helpful and for this to be considered by the Corporation. LJ stated that she would be presenting a paper to the March Corporation in respect of the Corporation’s finances and the actions being taken by the Executive.

RB advised that the extent of the issues identified would take some time to resolve and new control measures once embedded would need to be reviewed by the auditors to make sure that they were operating effectively.

Noting the high number of pending transfers and withdrawals identified by the auditors AM asked whether this was a cultural or resource issue. AGL advised that in his view the issue was not about resourcing it was a failure to recognise the importance of the right working relationships. Changes had now been implemented to link individual members of the Data Team to the Curriculum Team.

KJ noted that the findings in relation to Exams suggested a risk that awarding body criteria might have been breached. AGL agreed that this was a risk but to his knowledge there were no cases of this arising.

With regard to the findings in respect of registers and specifically that 1300 incomplete registers had been identified in the audit LJ advised that there was now live reporting on dashboards to show which registers had not been marked. The percentage of unmarked registers had reduced from 5% to 1.5% as a result.

KJ noted that one of the identified risks in relation to the findings in respect of registers was that safeguarding of students could be compromised. She therefore questioned whether the risk was only “medium” as set out in the report. LJ assured her that the risk was not a direct threat to safeguarding the welfare of learners, but the inadequate register records could have an impact on the ability to monitor attendance patterns, and such monitoring was important in helping to highlight a safeguarding issue.

KJ advised that the Operational Improvement Plan for data management would benefit from RAG rating so that it was clear whether the actions were on target to be achieved by the due date.

Accordingly it was

RESOLVED:

- **That the Audit Committee progress report be noted**
- **That the internal audit report for the Student Records System be endorsed.**

Item 5 - Internal Audit Reports – Management Actions

LN introduced this report and reminded the committee that it was a standing item that assessed progress by the Executive on the implementation of the agreed actions arising from internal audits. Generally, the picture was much improved with the majority of actions having been completed within the agreed timescales.

AGL confirmed that the curriculum planning action recorded as “amber” was now complete. LJ advised that the action required to address the “fixed asset register, and asset verification” findings would need to be rescheduled to the 31.7.15. This was in light of the need to check that all identified assets still existed, followed by amalgamation of all assets onto a single system.

Accordingly it was

RESOLVED

- **That the Internal Audit Report Management Actions be noted.**

Item 6 -Delegations and Audit Assurance

LN introduced this item and advised the committee that the scheme of delegations reflected the work done by the governors and the Executive at the last residential when agreement was reached as to the appropriate division of responsibility between the Board and its Committees and the Executive.

It was agreed that in defining internal decision making authority it would also be appropriate to review the Financial Regulations of the College.

The Committee then considered the detail of the scheme and satisfied itself that it formed an appropriate part of the assurance framework

Accordingly it was

RESOLVED

- That the report be noted

Item 7 – Renewal Strategy for 2015/16 for Internal and External Audit

Representatives of both internal and external audit left the room at this point

LJ provided a verbal update to the Committee and recommended that the existing arrangements for both external and internal audit continue for the 2015/16 academic year in light of the many other priorities currently being addressed.

The Chair stated that a committee debate on the arrangements beyond 2015/16 should be held at the November meeting.

Accordingly it was

RESOLVED

- **That the Committee recommend to the Corporation that the existing arrangements for external and internal audit continue for the 2015/16 academic year.**

Item 8 - Any Other Business

There being no other business the Chairman closed the meeting.

Date of next meeting: Thursday 11 June 2015

Signed.....*Kathy-Jane*.....
Chair

Date.....*29 June 15*.....

