

**Minutes of the meeting of the Audit Committee held in the Board Room Derby Road site on Tuesday 4<sup>th</sup> April 2019 at 5 pm.**

**MEMBERS PRESENT:** Neil McDonald, Chair  
Rebecca Joyce  
Sardip Sandhu

**ALSO IN ATTENDANCE:** Maxine Bagshaw, Clerk to the Corporation  
Martin Sim, Interim Principal  
John Owen, Interim Finance Director  
Louise Tweedie, RSM

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

	ACTION by whom	DATE by when
<p><b>1</b>      <b><u>DECLARATION OF INTERESTS</u></b></p> <p>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.</p>		
<p><b>2</b>      <b><u>WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE</u></b></p> <p>The Clerk advised that apologies for absence had been received from Jamie Fryatt and from Mark Dawson of KPMG. She also advised that, since the last meeting, the external co-optee, Darren Wilkinson, has resigned because of work commitments. The Committee asked that their thanks and appreciation be passed on to Darren Wilkinson for his support to the College in the time that he has been a Committee member.</p>		
<p><b>3</b>      <b><u>MINUTES OF THE MEETING HELD ON 7<sup>TH</sup> FEBRUARY 2019</u></b></p> <p>The minutes were reviewed and it was agreed that they were an accurate record of discussions.</p> <p>AGREED: to approve the minutes of the meeting held on 7<sup>th</sup> February 2019.</p>		

Signed:  Chair

Date: 27 JUNE 2019

In relation to page 11, the Committee requested that the interim Finance Director provide further clarity on the date for the action to be completed. It was confirmed that this would be clarified in the next update to the APR, presented to the June meeting.

Interim VP

June  
2019

#### 4 ACTION PROGRESS REPORT

The Committee considered the table and an update was provided on a number of the lines presented:

- Line 1 – in relation to any changes proposed to the internal Audit plan, agreed it was confirmed that this should only occur following agreement by the Committee or the Committee Chair, the latter being only if an urgent change is required between meetings. This is to ensure that all planned work is kept on track and that there are no local agreements made between staff and auditors. It was confirmed that this action would now be the responsibility of the interim FD rather than the VP.
- In relation to line 2, the Committee agreed that they would expect there to be a number of changes to the risk register in year and that this is in response to discussions at Committee level and also executive meetings. It was agreed to remove this item as an action, given that the risk register was not expected to be a static document and an update would be presented in any event as a standing agenda item to this meeting.
- Line 4 – it was confirmed that the next planned staff utilisation report to the Board is July 2019, with the most recent report being taken in February 2019.
- Line 5 – this is an action for RSM rather than ICCA; the Clerk explained that this was an error on the table. Auditors confirmed that they have tested practices in relation to purchasing orders as part of their recent onsite fieldwork and that this will be fully reported at the next meeting.
- Line 6 – it was confirmed that RSM have agreed to provide anti-fraud bribery and corruption training to staff. Dates in relation to this are to be finalised but it is envisaged that it will take place on the next staff development day.
- Line 8 – the interim Finance Director confirmed that all 36 subcontractors were tested as part of the work undertaken.

In relation to line 2, it was confirmed that the expectation is that the risk register will be a 'living document' and therefore changes are to be made as and when required.

In relation to line 3, it was confirmed that the fixed asset register should realistically only include high value items. In relation to the IT review undertaken, the Committee questioned whether there were any write-offs required. The interim Finance Director explained that any write-offs were minimal.

Signed : \_\_\_\_\_ Chair

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In relation to staff utilisation, the interim Principal confirmed that curriculum validation is currently underway and that this will then inform the utilisation position. He confirmed the intention next year to report against planned hours and that any 'cover hours' will be removed from calculations to give an accurate position regarding operational performance. The Committee agreed that a detailed review on this should be considered by the Finance and Estates Committee.

Finance &  
Estates  
Committee

2019/20

In general discussion, the Committee made the observation that the scope of audit fieldwork to be undertaken is not shared with them in advance of site visits/activity and that what they tend to see is the output rather than contribute to the input. It was agreed that, for the next meeting, RSM would present a first draft of their audit plan for 19/20 and included within this would be proposed scopes for each topic to be audited. The Committee discussed the scope process, which is currently undertaken internally, and all agreed that they would wish to have much earlier sight of planned activity. They indicated that the interim Finance Director should include this expectation within the tender process which will shortly commence. The Committee reiterated that they would wish to have an opportunity to contribute to the shape and feel of audits undertaken rather than simply receive the reports prepared as the 'end product'.

RSM

June  
2019

- In relation to line 7 and the proposed mock PFA audit, cost estimates were provided by RSM. They indicated that a full PFA audit, including apprenticeship provision, would be in the region of £12-£15k, however, given the significant work that the College has done internally to better understand the apprenticeship provision, this may not be required. With apprenticeship provision excluded, the cost would be between £8k and £12k. The interim Principal indicated that the College was expecting the ESFA to audit apprenticeship data and therefore, in his view, to ask RSM to do the same would be a duplication. However, he questioned whether it would be money well spent to obtain external assurance, particularly given external scrutiny and concerns. The Committee all agreed that they felt this would be a beneficial exercise and asked that the mock audit be undertaken and concluded by the end of June 2019. Their initial view was that the audit work should exclude apprenticeship provision but agreed that this was only on the basis that the ESFA would be undertaking their audit. The Committee asked that the interim Principal check proposed audit dates with the ESFA and that, if it was not their intention to undertake an audit in the short term, then the mock PFA should review apprenticeship activity as well to give the assurance required.

Interim  
Principal

April  
2019

AGREED: to note the content of the update provided.

Signed : \_\_\_\_\_ Chair

Date:



**RISK**

The interim Finance Director presented his written report which covered two areas:

- a) The updated risk register
- b) A deep dive review on procurement processes.

In relation to the register he advised that there were no significant changes in terms of the ratings. He confirmed that the register provides progress against risk mitigation activity identified and that in a number of areas good progress has been made. In relation to apprenticeship provision, he now described the College as 'being on the front foot' in terms of seeking to make recoveries rather than being on the back foot in terms of knowledge. The interim Principal indicated that there was an interesting position to be considered regarding potential ESFA clawback regarding levy paying employers and exactly how, why and whom that would involve. He confirmed that he was in dialogue with the ESFA regarding this.

Updates were provided on a number of other items,

- Phase 1 restructure is now complete with the necessary cost savings achieved within budgeted costs. The risk remains on the register pending completion of phase 2.
- The risk of removal from RoATP has reduced. The data cleansing exercise has been completed in respect of current learners and new processes put in place. The College now believes that its apprenticeship provision has improved from a grade 4 'inadequate' to a grade 3 'requires improvement', thereby reducing the risk of removal from the register. It was acknowledged that this is an internal assessment but that this is on the basis of a lot of work being done by a lot of staff at all levels. The committee were given assurance that all issues are now known and action plans are in place to address.
- All other risks remain at the same level of significance to that reported in February 2019.
- Significant progress has been made in securing long-term bank facilities and it is anticipated that this risk will be fully mitigated by the time of the Committee's next meeting.

The Committee asked for an update on the position regarding the revolving credit facility. The interim Finance Director confirmed that an extension of the current facility has been agreed with the bank today and will remain in place until 31<sup>st</sup> May 2019. He explained that this is in anticipation of a longer term financing solution being in place by that date. The bank is preparing all documentation in relation this and a report on title is required. He confirmed that solicitors on behalf of the bank and the college have jointly agreed the format of reports and that these are scheduled for presentation to Finance and Estates Committee in April and the Board in May (if received). These will include:

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- Lloyds bank heads of terms (including covenants);
- Draft legal agreement.

He confirmed that covenants will be based upon the new financial plan and that the College's recovery, including timescales, is intended to align with the covenants so that the College does not set itself up to fail. He confirmed that the covenant reviews will align with an update to existing covenants, including the wider loan agreements and not just RCF.

The Committee made the observation that the college's mid-year review has just taken place and a question and challenge from them is for the senior team to highlight any areas where focus and scrutiny now needs to be prioritised.

In terms of the risk register generally the Committee Chair described the intended process, to include all Committee scrutiny and feedback, so that what the Audit Committee sees at each of its meetings is a working document which has been updated on a composite basis. The expectation is that the risk register will be updated regularly and that this exercise in itself will help to focus on priority matters. The interim Principal confirmed that he would add this to the agendas for executive business meetings as a standing item.

Interim  
Principal

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All agreed that regular reviews would help both Governors and staff to focus on the areas requiring most attention. One further observation made by the Committee was that the register, as it currently stands, does not fully consider risks associated with future developments either known or speculative. One example given was the fact that the Board has nine new Governors and a new Chair. In addition to this the College is currently recruiting for a new Principal and an FD. These personnel changes in themselves present risks but there is nothing within the register to capture this as something to be monitored and mitigated against. Also to be considered are the risks associated with business development and again there is not a lot of detail on this within the risk register.

In considering the content of the register, as it currently stands, the Committee requested that the senior team add in or separate out the 'development of the curriculum plan' as a risk and that this is something to be assigned for direct monitoring by the Board. This needs to link to market testing to support the development of the curriculum.

The Committee then considered the register on a line by line basis and a number of matters were discussed/agreed.

- Line 1 – this risk is to be monitored by the Standards Committee
- As an overview the register is to include a key which shows the quantification mechanism of RAG-ratings and also explains the direction of travel through the use of arrows. They indicated

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that they would wish to see a green arrow going upwards to show betterment and an amber or red arrow going downward to show deterioration.

- Line 2 – this is to be monitored by the Finance and Estates Committee. As an update, the interim Principal confirmed that 1,345 apprenticeships were identified before Christmas as being of concern. Because of the uncertainty regarding the accuracy of this data, they were all removed and have gradually been reviewed, with some added back in when there is certainty regarding the position. As a result of the exercise it is believed that the potential clawback has been reduced to £1 million (from a figure of £1.24 million). A challenge from the Committee is that the updated position as of March is that ‘work should be completed by the end of January’. They were disappointed that a full update had not been provided given that the College is now well past the end of January date. They indicated that this was an example as why the risk register needs to be considered as a live document and reviewed much more frequently than is currently the case.
- Line 3 – to be monitored by the Finance & Estates Committee.
- Lines 4, 5, 6, 7 & 8 – to be monitored by the Finance & Estates Committee.
- Line 9 – to be monitored by the new HR Committee. They asked that reference be made, in the mitigating actions, to the development of the work of this Committee introduced this academic year.
- Line 10 – to be monitored directly by the Board.
- Lines 11 and 12 – to be monitored by the Standards Committee.

The second aspect to the risk report presented was the deep dive in relation to the college’s procurement processes. The interim Principal introduced his written report and confirmed that it was intended to be a ‘stock take’ so that the Committee could have a clear line of sight in terms of the policies and procedures currently in place. He confirmed that there were a number of aspects of audit, these include:

- Internal audit – cyclically internal auditors undertake reviews and specifically audit a sample of purchase orders. They test the controls that surround the process.
- In terms of external audit it was confirmed that they will not be concerned with procurement unless the numbers in relation to this are considered to be ‘material’.

He provided assurance that there were clear tender process in place, although it was acknowledged that there could be exceptions permissible depending on circumstances, for example single tender decisions.

Internal auditors confirmed that they did review purchase orders as part of their last round of fieldwork and did find an instance of

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retrospective authorisation. She indicated that purchase order compliance is generally a challenge and a concern in FE. A challenge from the Committee was that whilst this may be common practice it was also poor practice and they felt that the college needs targets to ensure improvements and bring about cultural change. The interim Principal presented the college's procurement strategy which spans the period August 2015 to 31<sup>st</sup> July 2019. The Committee, whilst making the observation that it was a good generic strategy, did question who actually owns and implements it. It was acknowledged that this is not a living strategy that drives behaviours and expectations.

The Committee indicated that the purpose of requesting deep dives was to obtain assurance regarding operational processes in place and the fact that they are being complied with. They indicated that, in terms of procurement, they would require assurance on service and supply contracts with greater detail provided on how the suppliers were engaged, how they are managed and how they are monitored etc. It was acknowledged that this Committee cannot do a 100% test and therefore a reasonable sample size has to be agreed. The interim Principal confirmed that the senior team were now at the point where they were reviewing all policies and procedures and that they believe that this exercise will show them what is and isn't being done. He explained that historically the College has not had to look too closely at what is and isn't done because of financial stability, however this is no longer the case and all aspects of activity are therefore subject to review. He expressed the view that to 'regularise' the College will be a significant task and that this should be a priority for the new team once in place.

In terms of the scale of activity the Board questioned the amount of non-staff cost spend. The interim Finance Director indicated that, excluding payments to partners, it is circa £7 million and therefore not an insignificant sum.

In terms of procurement generally a challenge from the Committee was that they are more interested in the policies, procedures and plans which sit behind the strategy. A key role for the Audit Committee is to ensure efficiency, effectiveness and value for money and that the procurement activities are a critical part of this. All agreed that the Committee were to have a 'hands off and eyes in' approach and they indicated that they would need to know;

- a) That the College has the appropriate processes and procedures in place, and
- b) That they are being followed/complied with.

In terms of the deep dive approach it was agreed to choose one contract from the list provided (to be determined by the Chair) and then to commission a review of the processes and procedures in relation to the establishment of this contract. The intention is to identify any weaknesses and/or areas of noncompliance and then

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create an action plan in relation to this. The view is that any weaknesses or noncompliance can be extrapolated with other contracts then being double checked to make sure the same errors have not or do not occur. It was confirmed that this exercise will be reported to this committee and that the outcomes will inform the new strategy which is for August 2019 onwards.

The Committee cross-referenced with detail provided later on the agenda in relation to the internal audit fieldwork, and a challenge from them was that (as is reported) nearly 40% of orders are not following the proper process and this is significant. There is clearly a lack of a compliance culture which appears to be endemic throughout the organisation and needs to be addressed. They felt that there was evidence of a trend of staff never being asked to comply and that, whilst this may be indicative of the sector generally, it is not what they would want at WNC. In terms of processes and procedures the college needs to ensure greater accountability challenge and compliance.

In terms of purchase order noncompliance it was agreed that the interim Principal and the interim FD would identify hotspots and look at 'the usual suspects'. This is intended to give the Board greater visibility regarding areas of concern. The interim Principal expressed the view that the restructure exercise will simplify the leadership lines in relation to this and help to bring about compliance improvement.

The Committee all felt that the College's financial recovery needs to include all areas and that this inevitably means greater control and scrutiny regarding non-pay expenditure.

AGREED: to note the content of the update provided.

## **6 EXPENSES POLICY AND CONTROLS**

The interim Finance Director presented this report and confirmed that the proposed amendments have been shared with unions and that they are supportive of the amendments proposed. He explained that, following well publicised issues surround the former Principals expenses, a review has been undertaken to address this. As a result a number of additions have been made to the policy to tighten up areas of concern. In addition, some other minor amendments have been made. He confirmed that the decision was made not to exclude some items entirely but to instead ensure that there is much greater control in relation to these.

The Committee considered the policy in detail and questioned whether section 4 on page 2 should be only to the Director of Finance, they felt that more flexibility may be required in terms of a member of the SMT. A challenge from the Committee was that they would want to see only true exceptional items approved as part of this process instead of it becoming custom and practice over time.

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In relation to section 9 the Committee questioned whether authorisation for entertainment expenditure should be required prior to the event. All felt that this should be the case. The interim Finance Director confirmed that practices in this area have now significantly changed and that he is not aware of any expenditure which would fall within the remit of entertaining third parties.

The Committee were happy to approve the amendments as proposed today but did ask that the suggested change at page 6 be included within the next review i.e. expenditure in relation to entertaining third parties to be authorised prior to the commitment of funds rather than a post event authorisation process.

AGREED:

- a) To note the content of the update provided
- b) Approve the amended Expenses Policy as presented.

## **7 INSPIRE AND ACHIEVE FOUNDATION – ASSURANCE REPORT**

The interim Finance Director introduced his written report which provided a summary of the purpose and objectives for the charity and the work that it does in the community. He advised that the work that the charity does fills a much needed gap in terms of engaging vulnerable individuals and that it is clear that it does an excellent job. Having reviewed the operational elements it is clear that the charity has very close links with the college and that the reason for the report today is to give some assurance regarding the independence of day to day activities, given the former and recent links with members of staff at the College.

He confirmed that a review of the contractual position shows that transactions are all undertaken at arms lengths and that the charity is subject to the same processes as other subcontractors. Contracts are reviewed and renewed each year, if considered appropriate, and the charity is subject to the same quality assurance measures as all other partners.

He confirmed that the close relationship has included the college providing a number of services in the past. He provided assurance that there were no 'free services' at all and that services, like reprographics, mobile phone contracts etc. have all been charged at cost. He expressed the desire to sever the operational links to safeguard the contractual position and that, if it was the case that the college were to provide any further support, then this would need to be through a more formal service level agreement as is the case with other companies, for example BKS B. He also expressed the opinion that it was important for the charity to distance itself from the former Principal given the negative press in recent months.

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The Committee were advised that, in terms of 2018/19 business transactions, the College has a subcontracting agreement of £360,450 with the foundation. The amount retained by the College is 20% which is in line with national guidance. A proposed virement of approximately £90k from AEB for 16-18 funding has been tabled for full board consideration. In sector terms this is not unusual but the college will need the ESFA to agree. There are no reported quality or funding compliance issues. He confirmed that the percentage retained, whilst a sector norm, is lower than with some other subcontractors. It is certainly clear that there is evidence that the college has helped to support the charity operationally but not to the detriment of the college.

He also advised that the College does have individual learners supported by Inspire and Achieve funded by the local authority under additional learner support. This support is determined by assessment and costs agreed according to LA guidelines. This funding is subject to monitoring from both the college and local authority. There is 1 learner being supported in this way in 2018/19. He confirmed that in 17/18 there were 11 new starters and 7 leavers.

The interim Finance Director was able to provide a good level of assurance to the Committee and expressed the view that it would be better, with hindsight, for College services to have been provided under an SLA and that this would have given much greater clarity regarding the transactional nature of the relationship. A question from the Committee was whether or not there are any other organisations that the College offers services to. It was confirmed that the only other known company is BKSB and that this is on the basis of an SLA. A challenge from the Committee was to ensure that all services provided are at cost and not at a reduced rate.

In terms of next steps, it was agreed that the interim Principal would speak with the Chief Executive of the Inspire and Achieve Foundation and would reach agreement in terms of the move away from the college providing support and services and he confirmed that he would provide a verbal update at the next meeting.

Interim  
Principal

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AGREED: to note the content of the report provided.

## 8 INTERNAL AUDIT REPORTS

Louise Tweedie from RSM attended and provided an update on a number of areas.

### 1) Additional Learning Support – Advisory Review

She introduced her written report and drew members' attention to section 1.1 which is the background and section 1.2 which is the key findings. As an overview she explained that the provision of ALS has to

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be about supporting an individual learners needs and not supporting a general need. This is a key area of evidence required in the funding rules. She advised that a key focus of the review had been student bus travel and the use of ALS funding to provide assistance in this area.

She drew members attention to section 1.3 which provides a summary and it was noted that;

- The spreadsheet used by the College to underpin ALS calculations appears to include some anomalies, which may overstate in some cases and understate in other cases the costs of delivering ALS.
- The process surrounding the confirmation of eligibility for free bus transportation requires review. A number of students have not provided evidence of eligibility and have continued to receive free transportation.
- The current application form for free bus transportation does not make it clear enough that the form is a formal application for funding.
- The cost to students who do not qualify for free transportation is £100 and the actual cost of providing the service is £312 per student, resulting in the college paying £212 of this cost from their own funds.
- The spreadsheet was developed by a former member of staff and is no longer understood by staff still working at the college. This is a common issue where the user develops solutions, whether in spreadsheets or other database tools. Across the sector 'off the shelf systems' are used to calculate ALS costs and these systems are maintained by third party providers and thus are updated as and when requirements change. As a minimum, a new spreadsheet should be devised that is understood by staff at the College so that it can be used to support ALS claims. The college may wish to undertake an assessment of third party software that it is available for ALS and consider whether this may better meet needs.

In terms of an overview she confirmed the opinion that the spreadsheets used were user generated/created and were no longer fit for purpose. There are some areas of non-compliance seen in terms of the funding rules and she confirmed that these need to be reviewed and addressed. She confirmed that there is a solution that can be purchased but that this does have budgetary implications.

The Committee considered the detailed findings and the action plans and challenged in terms of the implementation dates agreed. They felt that the target dates were unrealistic given that the vast majority were 1<sup>st</sup> May 2019.

The interim Director of Finance confirmed that the College can address the specific issues identified without the need to change the system and that this is why implementation dates of 1<sup>st</sup> May have been agreed.

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AGREED: to note the content of the report provided.

2) Key Financial Controls – Visits 1 and 2

Internal auditors presented their reports and confirmed that two visits have now taken place, the first being a review of cash and banking and the second being follow up analysis. She confirmed that a reasonable assurance opinion has been provided following the audit testing work undertaken.

Members' attention was particularly drawn to section 4.4 on page 20 of the report, this is a follow up review of the college position in relation to purchase orders. A challenge and concern raised by the Committee was that this is the second time the action has been raised and reiterated and in their view this is not acceptable. They indicated that, going forward anything like this, where it is a repeat of an area of concern then this specifically needs to be brought to the attention of the Committee.

As an overall observation the Committee requested that actions identified as part of the key financial control visits should be monitored by the Finance & Estates Committee.

Interim  
Finance  
Director

May  
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The Committee also considered the delay in relation to the implementation of action 4.3 and it was explained that the delay is a result of staff changes.

AGREED: to note the content of the report provided.

3) Learner Number Systems

Internal auditors presented their report and confirmed that selected aspects of study programmes had been tested. She advised that, as at 28<sup>th</sup> January 2019, the College was showing a return for 16-19 funded provision within FM25 of 2780 learners with a population value of £13,159,610.36. The sample size was 20. She indicated that in completing the agreed programme of work on the Colleges ILR return they have identified a number of exceptions where the college has not complied with the ESFA funding guidance for young people and that some of the sections identified have potentially resulted in errors in the funding being claimed and these are set out in section 2 of the report.

The Committees attention was drawn to section 1.3 of the report which sets out the key findings and the Committee particularly discussed the high priority action identified in relation to work experience. They were advised that, testing of a sample of 19 learners that had work experience being stated as part of their study programme identified;

- In 7 out of 19 cases work experience hours were not timetabled and there was no evidence of work being planned

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for the learner

- In 1 out of 19 cases the learner had completed 12 hours of work experience as evidenced in the registers, however no further evidence was in place
- In 1 out of 19 cases the learner was timetabled for 31.5 hours of work experience and had completed 8 hours to date as per registers, however no further details were in place.

The Committee questioned whether this showed a significant issue in relation to how work placements are planned and recorded. The interim Principal expressed the view that it was likely to be a system issue and confirmed that he would review outside the meeting and provide an update at the next meeting. In terms of the actions required and the implementation dates, the interim Principal confirmed that the mock PFA audit planned will bring the completion dates forward. On the basis of now knowing that there are errors it was confirmed that the college will internally undertake a second sample and that again, a report on this will be presented to the next meeting.

Interim  
Principal

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AGREED: to note the content of the update provided.

#### 4) FE Benchmarking Report

Internal auditors presented this report which gives a comparison with other clients in the FE sector. They acknowledged that it was not a scientific exercise but that it gives a ballpark position. In terms of the data provided, she particularly asked the Committee to note;

- In 17/18 the College had one partial assurance report (this represented 16.66% of work undertaken when compared to an average in the sector of 12%). Whilst slightly higher it is not significantly higher. She reminded that the piece of work where only a partial assurance was given was in relation to apprenticeship provision.
- Sixth forms and Welsh Colleges appear to do better in terms of audit outcomes. It was explained that Sixth Form Colleges are far more straightforward than FE Colleges and that this could be one reason for this. She explained that 17/18 was generally a year where there were a high number of recommendations made to all clients, particularly because of GDPR audits undertaken. She confirmed that this does vary year to year.

AGREED: to note the content of the report provided.

#### 5) Internal Audit Progress Report for 2018/19

The Committee considered the data provided on page 2 and a number of observations were made:

- In relation to the learner number systems audit work planned for apprenticeship provision in the period commencing 13<sup>th</sup> May, the suggestion was made that this be removed from the

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audit as the ESFA audit to be undertaken on apprenticeship provision will be testing much the same as this area. It was proposed that the costs saved could then be put towards a mock PFA audit instead. The Committee were supportive of this proposal and it was agreed.

- In relation to the framework for compliance with legal data protection, the Committee asked that the audit work planned be brought forward and be carried out earlier than 10<sup>th</sup> June 2019 so that the final report can be concluded this year and presented to the Committee on 27<sup>th</sup> June. The committee indicated that they would wish to avoid any 18/19 audit work rolling forward and being reported in the next academic year.
- Members' attention was then drawn to the sector briefing provided and all agreed that this highlights the need for constant vigilance in terms of cyber security. The Committee were advised that cyber testing has commenced within college.

AGREED: to note the content of the update provided.

**9 COMPOSITE COLLEGE ACTIONS REPORT**

The interim Director of Finance introduced this item and presented the summary tables which show audit actions agreed in the different academic years.

In relation to 17/18 actions he confirmed that, as at the last report (7<sup>th</sup> February 2019) there were 12 actions outstanding, however as at 4<sup>th</sup> April there are now 6. All agreed that it was positive to have halved the number of actions outstanding and it is anticipated that the further 6 would be complete for the next meeting.

Section 2.3 of the report sets out the actions internal audit actions agreed in 18/19. Currently there are 14 actions to be implemented of which 2 are medium risk, 4 are low and 8 are advisory. He confirmed that for the next meeting there will be a comparator figure tracking actions completed.

He then drew members' attention to the actions requested and agreed from other external sources e.g. FE Commissioner, BDO, independent business reviews, KPMG management letters etc. and he confirmed that there are 41 actions to be implemented of which 8 are high, 3 medium 1, low and 29 have not been categorised. In terms of the format of reporting the Committee indicated that they would find it helpful to have an additional column added for uncategorised actions. This will then ensure that numerically the tables presented are accurate.

Interim FD June 2019

A challenge from the Committee is that they would wish to see the action trackers completed/compiled on a common template so as to ensure consistency.

Interim FD June 2019

Signed : \_\_\_\_\_ Chair

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In terms of the FE Commissioner stock take reports it was confirmed that there have been no comments and/or updates since the February visit. In terms of the work undertaken by BDO the College has not yet received any 'close out' comments.

AGREED: to note the content of the update provided.

**10**      **EXCEPTIONS REPORT**

The interim Director of Finance provided a verbal update and confirmed that there was nothing that he wished to bring to the attention of the Committee today.

**11**      **REGISTER COMPLIANCE – IMPROVEMENT PLAN**

The update provided by the interim Vice Principal Curriculum and Quality was noted and the Committee were satisfied with the plans proposed.

AGREED: to note the content of the update provided.

**12**      **AOB**

There were no items of additional business.

**13**      **DATE AND TIME OF NEXT MEETING**

The Clerk confirmed that the next scheduled meeting was 27<sup>th</sup> June 2019.

**14**      **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded separately.

(Louise Knott left the meeting at 7.30pm)

Meeting closed at 7.55pm.

Signed : \_\_\_\_\_ Chair

Date:

