

MINUTES

Audit & Governance Committee No 3

Date: *21/04/2015 (Tuesday)*

Time: *18:00–20:00*

Venue: *Rural Business Centre*

Committee: *Audit and Governance*

Notes: *Refreshments will be available from 5.30pm*

Present: *Adrian Boreham, Garry Payne, Gerry Corless, Ishwer Tailor (Co-opted Member), Jean Yates, Jessica Moore and Jolyon Dodgson (Chairman)*

Attending: *Ann Turner (Principal) and Jennifer Eastham (Deputy Principal)*

Clerks: *Ron Matthews (Clerk) and Susan Whiteside (Deputy Clerk)*

Guests: *Anna Spencer Gray (External Auditor) and David Fletcher (Internal Auditor)*

Public Minutes

Item number: Item description:
(and category)

24.15 ***Attendance of College Staff and Internal Audit Representative***
Decision **Attendance of College Staff and Internal Audit Representative**

Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee states:

“The Principal or some other senior manager who is responsible for the College’s internal control and a representative of the Internal Auditors shall normally attend meetings at the invitation of the Committee, and the Committee shall have the power to invite such other persons to attend meetings as may be desirable or necessary.”

Resolved:

That College Management and the Internal Audit representative attend the meeting.

25.15 ***Apologies for Absence***
Record Jessica Moore was not in attendance.

26.15 ***Public Minutes of Previous Meetings***
Decision The public minutes of meeting number 2 held on Tuesday 10 February 2015 were confirmed and signed as a true and correct record.

27.15 ***Declarations of Interest***
Record Committee members were asked to declare any interests they may have in respect of the items on the agenda. No declarations were received.

28.15 ***Internal Audit Reports***
Consultation Consideration was given to the Internal Audit Reports. Recommendations were graded according to their level of importance High, Medium or Low.

Information Technology Control Environment Assessment

The audit was centred on the College’s information technology environmental controls.

The scope of the review was to evaluate the adequacy of risk management and control within the system and the extent to which controls had been applied.

Two medium priority and four low priority recommendations were made concerning back up options, disaster recovery testing, security, policy reviews, and procedures around leavers' accounts.

Governors questioned the level of recommendations and following discussions it was agreed to raise one recommendation from low to medium. The Internal Audit Manager would re-issue the report to take into account this change and incorporate other minor amendments concerning interpretation, highlighted during the discussions.

It was noted benchmarking data was not available due to the wide remit of the audit.

Student Records – Additional Learning Support (ALS)

The review was designed to assess the controls in place for recording and monitoring students with additional learning needs (ALS) / high learner needs (HLS) following changes to the funding approach.

Two low priority recommendations were made relating to administration. According to Baker Tilly benchmarking data the College was performing positively in comparison with other organisations in the sector.

Audit & Governance Committee was aware of the additional numbers of high need learners recruited to courses at the College and received some explanations around funding for these learners.

Audit & Governance Committee concurred with Management that the report provided reassurance evidenced by robust systems robust and a favourable comparison against other organisations benchmarked through Baker Tilly.

Student Bursaries

The review was designed to consider the policy and procedural framework and compliance with established processes for the Student Bursary Funds.

One low priority recommendation was made relating to dissemination and updating of policy documents.

Audit & Governance Committee were satisfied with responses to their

questions concerning access to the policy, applications, and assessments and monitoring of the qualifying criteria.

Internal Audit Progress Report – Baker Tilly

The report provided an update on progress against the internal audit plan for 2014 / 2015 There was one further assignment to complete which was titled, Income Generation.

The Baker Tilly report indicated that, to date, they had not identified any significant issues which could have an impact on the statement that the Audit & Governance Committee would be required to make at the end of the year in relation to the College's governance, risk, management and internal control systems.

Resolved:

That Audit Committee received and noted the Internal Audit Reports:

- I. **Information Technology Control Environment Assessment**
- II. **Student Records – Additional Learning Support (ALS)**
- III. **Student Bursaries**
- IV. **Internal Audit Progress Report – Baker Tilly**

29.15

Decision

Internal Audit Progress Report and Summary Report

Consideration was given to the Internal Audit Progress Report and Summary Report prepared by the DP Finance & Funding. Out of a total of 34 items, 27 had been implemented, 4 were on-going, 2 were not yet due, 1 was no longer applicable and there were not any items outstanding.

The Committee expressed it's satisfaction with the progress being made on the Internal Audit recommendations.

Resolved:

That Audit Committee accepted and approved the internal audit progress report and summary report.

30.15

Decision

Risk Management Summary Plan

Consideration was given to the Risk Management Summary Plan 2014 / 2015 which focused on the key risks on the Risk Register. There were no new risks added and changes were highlighted.

The major concerns related to funding risks. Scores had not changed. Additional comments had been added to notify Committee of Management actions.

Audit & Governance Committee noted the Risk Management Policy documented financial thresholds to determine categorisation of the level of risks.

Members commented on risk 1e concerned with SFA funding, noting additional comments confirming significant cuts to adult classroom based funding.

With respect to partnership arrangements with UCLAN, links were established with Deans and the Principal had met with the interim Vice Chancellor.

There was comment on the risk. 'Environmental Damage' following some concerns over sewerage equipment. It was agreed the score remain unchanged.

Resolved:

That Audit Committee approved the Risk Management Summary Report 2014 / 2015.

31.15

Information

Skills Funding Agency – Notice of Financial Health

Audit & Governance Committee noted the letter from the Skills Funding Agency which confirmed the College's Financial Health as 'Outstanding'. The College's underlying financial health grade had been assessed as 'Good' based on the College's financial plan for 2014 / 2015 to 2015 / 2016 but following a review of the College's audited financial statements the underlying grade was now assessed as 'Outstanding'.

Resolved:

That the notice of financial health be received

32.15

Decision

Data Returns Report

Audit Committee noted the completion by the due dates of all statutory data required by the funding bodies.

Resolved:

That Audit Committee received the Data Returns Report

33.15 ***Money Laundering***

Information

College awaited a report concerning the Money Laundering Inspection by HMRC which had taken place on Wednesday 25 February 2015. The DP Finance & Funding reported that the inspection had gone smoothly.

Resolved:

That Audit Committee noted the update.

34.15 ***Governor Recruitment***

Decision

In line with the decision at the last meeting and subsequent meeting of the Corporation an advert and press release has been issued with regard to governor recruitment.

The Clerk updated members on interest in the position. The closing date for applications was the 30 April.

Audit & Governance Committee agreed a Selection Panel to shortlist (should the need arise) and interview potential candidates. The Clerk would make the arrangements and the Principal would be present at the interviews in an advisory capacity.

Resolved:

- I. **That the update on Governor Recruitment be received**
- II. **That the interview panel be agreed**

35.15 ***Governor Training***

Decision

The next Governor Training event was scheduled for Tuesday 16 June when information on the new QSR - Qualification Success Rates - which were likely to impact on overall success rates for the current year would be presented.

In addition reference was made at the Corporation meeting on 17 March for a session to review the Strategic Plan. Tuesday 23 June in the afternoon had been identified as a date for this to be undertaken.

Resolved:

That the Governor Training events be noted

36.15 *Co-opted Governor Ishwer Tailor*

Decision

The current term of office for Ishwer Tailor as a Co-opted Member of the Audit & Governance Committee would expire on 31 July 2015 at which time he would have completed two, one year terms of office. Following due consideration it was

Resolved:

That Ishwer Tailor be re-appointed as a Co-opted Member of the Audit & Governance Committee for a further period of one year commencing 1 August 2015.

37.15

Corporation Quality Improvement Plan (QIP) 2014 / 2015

Decision

Audit & Governance Committee expressed satisfaction in the progress against the actions in the Governance QIP.

Resolved:

That the updated Governance QIP for 2014 / 2015 be received.

38.15

Corporation, Committee Meeting and Chairmen Appraisals

Decision

The Committee gave consideration to the annual appraisal of the Corporation Meeting, the Committee Meetings and the individual Committee Chairmen during the summer cycle of meetings. The appraisals would follow the same pattern as previous years utilising and adapting Association of Colleges templates.

It was noted the Code of Good Governance made reference to Board member appraisals.

Audit & Governance Committee debated the merits of introducing an individual governor appraisal system and discussed the varying ways this could be achieved taking into account differing ways members contributed to good governance of the College. The Clerk informed members that this was currently being discussed by the Chairman and Vice Chairman of Corporation. The Clerk was asked to research best practice and report to a future meeting.

Resolved:

That the appraisal documents for Corporation and Committee meetings, and Committee Chairmen be approved

39.15

Code of Good Governance

Decision

Governors gave consideration to the Code of Good Governance which had been produced by the Association of Colleges and had recently been published following consultation.

The Clerk drew members' attention to change from the draft version which was duly discussed. Audit & Governance Committee considered the Code to evidence and represent good governance practice, most of which Myerscough already complied to.

Resolved:

That the Code of Good Governance be recommended to Corporation for approval

40.15

Next Meeting

Record

The next meeting of the Audit & Governance Committee would be held on Tuesday 30 June 2015 in the Rural Business Centre with a buffet from 5.30pm and the meeting would commence at 6pm. The closing date for agenda items being 16 June 2015.

