



## MINUTES OF MEETING OF THE AUDIT COMMITTEE

**Date:** Tuesday 17<sup>th</sup> June 2014  
**Venue:** The Blackpool Sixth Form College  
**Room:** Committee Room  
**Time:** 1730hrs - 1835hrs

**Present:** Mr J Corry (Chair)  
Cllr D Clapham  
Mr S Sheard  
Ms F Greeves OBE

**Together with:** Mrs A Pickup (Director of Finance & HR)  
Mr G Saffery (Risk Management Champion)  
Mr G Hitchmough (Audit and Assurance Partner – Mazars)  
Mr K Rushton (Audit Manager – Baker Tilly)  
Mrs K Buddle (Governance Administrator, FCAT)

### 11.2014 Preliminaries

The Chair welcomed everyone to the meeting.  
Apologies were received from Mr J Boyle (Observer) and Ms J Trembles.

### 12.2014 Declarations of Interest

None.

### 13.2014 Consideration of any items of urgent business

None

### 14.2014 Minutes of the meeting held on 4<sup>th</sup> March 2014

The minutes of the meeting held on 4<sup>th</sup> March 2014 were approved.

### 15.2014 Matters arising from the minutes not covered elsewhere on the agenda

- **6.2014 D2** – the Risk Management Report (March 2014) had been received and approved by the Corporation at the meeting on 1<sup>st</sup> April 2014.
- **8.2014 D2** – the Corporation had been advised of the development of the Board Assurance Framework and governors' responsibilities in respect of the Framework at the meeting held on 1<sup>st</sup> April 2014.

Action

**16.2014 Board Assurance Framework – Self Assessment**

The Director of Finance and HR provided a verbal update on issues related to the Board Assurance Framework. A meeting comprising the Director of Finance and HR, the Chair of the Audit Committee, the Vice Principal Information Systems and Resources and the Risk Management Champion had taken place to start the process of identifying whether or not the assurances within the Risk Register were adequate. This would be a long process to complete and the Director of Finance would keep governors informed of any major issues.

**Challenge**

In response to a question about quality assurance, the Director of Finance and HR confirmed that the Senior Leadership Team (SLT) took responsibility for this at its meetings.

**17.2014 Risk Management**

The Risk Management Champion presented the latest Key Management Risk Report and Risk Register (Papers 5.2a-d). Governors were informed that work to address the requirements of the Bribery Act 2011 had been carried out.

The following two risks had been added to the Risk Register:

- 8.27 Quality assurance process for curriculum QIPs (Quality Improvement Plans)
- 1.22 Loss of expertise within the Clerking Service.

Some of the other risks had expired, and, generally, there was a slight downward shift in the numbers of significant and contingent risks since March 2014. A summary of the key risks that scored 9 or more were identified in the cover report along with any key changes.

The latest version of the Key Management Risk Report included risks marked at level 8 and above and the actions to address them. .

**Challenge**

Governors remarked on the fact that the Deputy Principal seemed to have responsibility for most of the risks and the appropriateness of this. The Principal confirmed that the risks were relevant to the Deputy Principal's post which covered a considerably wide area of responsibility. Following a discussion on the matter, the Director of Finance and HR agreed to review the risks to see whether or not some could be moved into the remit of another SLT member.

AP

In response to a question from the Risk Management Champion about the format of the report on risk assurances, governors confirmed that the format was clear and easy to follow and should be used for future reports.

**17.2014 D1 Resolved: that the Risk Register be received and recommended for approval to the Corporation.**

**17.2014 D2 Resolved: that the format for the report to the Committee on risk assurances be approved.**

**18.2014 Internal Audit Report No 2 (2013 – 2014)**

**7.1 Internal Audit Report on Risk Management – Student Trips**

The Audit Manager from Baker Tilly summarised the findings from the report on Student Trips (Paper 7.1).

The audit had identified three low level priorities in respect of the design of the control framework for student trips and three medium priorities and one low level priority in respect of the application of the control framework. Recommendations for these, with the agreed management actions, had been incorporated into an action plan. The Risk Management Champion confirmed that some of the actions had already been completed.

Following a discussion about the collation and storage of risk assessment forms, it was agreed that the Risk Management Champion should hold all completed copies electronically, rather than the forms be kept by different members of staff. The Risk Management Champion confirmed that members of staff were required to undergo training with him on the supervision of risk assessments before they were allowed to supervise student visits, including the completion of risk assessments.

**Challenge**

In response to a question from governors, the Risk Management Champion confirmed that all actions within the action plan had been implemented.

The clerk was asked to ensure that reviews of internal audits were included on Audit Committee agendas at appropriate review times.

KB

Following a request from governors, the Audit Manager agreed to include updates on assurances carried out across the year in Baker Tilly's annual report.

KR

**18.2014 D1 Resolved: that the Internal Audit Report on Risk Management - Student Trips be received.**

## **7.2 Internal Audit Report on Additional Learning Support**

The Audit Manager from Baker Tilly summarised the findings from the report on Additional Learning Support (Paper 7.2). There had been changes to both the Education Funding Agency's (EFA) funding approach and the Sixth Form College's management team and the report was an advisory document to support the new team. Baker Tilly had not provided an opinion on additional learning support but had made seven recommendations; three of which were considered medium priorities and four low priorities.

The action plan included management responses to the recommendations. It was acknowledged that some of the actions would need to be carried out over a significant period of time in order for them to be effective.

The Director of Finance and HR explained that a new Head of Additional Support had only started work at the College two weeks before the audit had been carried out, and intended to use the report as a tool for making improvements.

### **Challenges**

In response to a question about how the College identified students with additional needs, the Principal and the Director of Finance explained that information was gathered from a number of different sources. The local authority provided data on issues for students that had been identified at previous schools. Students also declared their needs on application to the College. In addition, the College carried out a number of tests with students when they arrived in College, including tests for dyslexia, in order that appropriate support could be put in place during lessons and at exam time.

The Principal informed governors that there was a cost to providing support to students, including some disruption at exam time when a number of classrooms had to be utilised to set up appropriate facilities for students.

Asked about the funding for additional learning support, the Principal confirmed that this was based on a formula, but that the amount provided did not cover every eventuality that the College needed to meet, especially in terms of meeting students' emotional needs.

**18.2014 D2 Resolved: that the Audit Report on Additional Learning Support be received.**

## **7.3 Internal Audit Report on Continuing Professional Development (CPD)**

The Audit Manager from Baker Tilly summarised the findings from the report on CPD (Paper 7.3). The report advised that the Corporation could be assured that the controls upon which the organisation relies to manage this area were suitably designed and being consistently applied. There was one medium priority recommendation mentioned

under 'performance management' but this was not serious enough to impact on Baker Tilly's opinion.

### **Challenge**

Asked about how much managers relied on individual members of staff to input data on CPD, the Principal confirmed that the individual members of staff did input CPD data, but that managers had overall control of the process through performance management procedures.

Governors acknowledged the impact of robust CPD on the College's results.

**18.2014 D3 Resolved: that the Audit Report on Continuing Professional Development be received.**

### **7.4 Strategy for Internal Audit 2014/15 – 2015/16**

Baker Tilly had worked with the Director of Finance and HR on the Strategy (Paper 7.4). There were a number of sector-wide factors that had influenced the content, including changes to the composition of study programmes, the removal of funding for very short courses and increased requirements for teaching GCSE English and Maths resits.

In addition, there were some internal matters that impacted on the Strategy including the fact that the Principal was due to leave the College at the end of December and the Chair of Governors was planning to stand down. In view of the fact that the Clerk to the Corporation had also retired and clerking services had been taken over by Fylde Coast Academy Trust (FCAT), a review of governance effectiveness would be carried out over 2014-2015.

The management of student records and the setting and monitoring of the College Budget had also been identified as priority areas for audit.

### **Challenges**

In response to a question from governors, the Director of Finance and HR explained that risks identified by governors at Governing Body and Committee meetings were not necessarily built into the Audit Strategy. However, high level risks were included in the Risk Register and the College's budget process and so reviewed by SLT on a regular basis.

In response to a question from one of the governors, the Audit Manager for Baker Tilly agreed to query the 2.6% increase in fees for the internal audit service and reply to the Director of Finance and HR.

KR

**18.2014 D4 Resolved: that the Internal Audit Strategy 2014/2015 – 2015/2016 be received.**

**19.2014 Financial Audit Plan 2014**

The Audit and Assurance Partner for Mazars presented the draft Financial Audit Plan 2014 (Paper 8.1) which outlined three stages of the audit procedure (Planning, Audit Fieldwork and Completion) that would be carried out between June 2014 and November 2014. The Plan identified the main risks and actions put in place to reduce the potential for material misstatement. Governors were also made aware of the changes required to the fixed asset register as a result of the disposal and demolition of buildings.

No significant changes had been made to Mazars' policies in respect of the College's agreement. However, changes had been made to the new Higher/Further Education Statement of Recommended Practice (SORP) which was issued in March 2014; the key change being the introduction of an accounting policy choice for grants. More information on the SORP would be provided in the final Audit Completion Report. A meeting with all colleges would be scheduled for February 2015 to discuss this in more detail.

**Challenge**

Asked about the materiality level for errors in the College's financial statements, the Audit and Assurance Partner confirmed that this was approximately 1% - 1.5% and all errors at this level or above are reported to this Committee.

**20.2014 Any other business**

None

*All staff left the meeting*

**21.2014 Private meeting with the Auditors**

Governors discussed the potential consequences involved in respect of a significant number of relatively new members of staff having responsibility for management of most of the College's risks. It was acknowledged, however, that these were Senior Leadership Team members. The auditors confirmed that changes to key members of staff did heighten the risks but that the College had adequate processes in place to monitor these.

**23.2014 Estimation of new risks**

- The relatively high number of new members of the Senior Leadership Team holding responsibility for a high proportion of the College's risks.

**24.2014 Date and time of next meeting**

To be confirmed.

**Signed:** \_\_\_\_\_

**Chair:** \_\_\_\_\_

**Date:** \_\_\_\_\_