

Minutes of the meeting held at 5.00pm on 17 June 2014

Present: K Golding
N Roberts
W Burrlock

In Attendance: D J Howells, Deputy Principal
P Ewan, Head of Finance
M Wagner, Vice Principal Business and Community
T O'Sullivan, Head of HR
P Goddard, Scrutton Bland
C Sutherland, Baker Tilly
J Bridges, Clerk to the Corporation

No interests relevant to items on the agenda were declared by members.

1 Apologies for absence

Apologies for absence were received from C Manning, H Catchpool of Baker Tilly and S Gravener of Scrutton Bland.

2 Minutes of the meeting held on 4 March 2014

The minutes of the meeting were confirmed as a correct record.

3 Matters Arising

From the minutes of the meeting held on 4 March 2014:

4 Internal Audit Recommendation Tracking Report

No further progress has been made to develop a standard filing system for each of the projects due to a lack of resource in the department. However some work has been completed to rationalise the contents of the project files and this instigated a discussion about College arrangements for the archive and security of data and the policy for destruction and/or disposal. The Deputy Principal will report back at the next meeting in the new academic year to confirm the decisions made relating to the property filing system.

DJHowells

5 Work Based Learning and Additional Learning Support Staff Utilisation

The figures in the internal audit report will be checked for accuracy.

DJHowells

6 Progress Report

The HR Internal Audit took place in May 2014 and the report is covered in detail under item 6.ii. of this meeting.

9 Any other business

The draft internal audit plan for 2014/15 is covered under item 9 of this meeting.

4 Membership

i. Renewal of co-opted membership; Nick Roberts

Members endorsed the recommendation to re-appoint Nick Roberts as a co-opted member of the Committee. This appointment is subject to annual review by the Committee and approval by the Corporation. A recommendation will be made for the reappointment at the 17 July 2014 Corporation meeting.

Action

5 Internal Audit Recommendation Tracking Report

Of the fourteen recommendations seven are complete, four partially complete, one is incomplete (pending the review of our governance arrangements in July 2014) one remains as work in progress and the final one has been closed. The Committee discussed the five partially completed recommendations and were pleased to learn that the OneFile system is now fully implemented for all areas apart from Engineering where data relating to students on 3 or 4 year programmes have not been retrospectively entered. All new students are entered into OneFile. The software enables the College to track staff caseload numbers and student progress to ensure that utilisation is optimised and that students achieve.

Teaching and Learning Assistants in the future will be timetabled. This will enable the College to effectively monitor TLA staff utilisation and this will be in place for September 2014.

6 Internal Audit Reports

i. Apprenticeships and Workplace Learning Applications

The objective of the internal audit was to ensure that an efficient and effective framework is in place to co-ordinate learner applications and to manage customer expectations. It was noted that at the time of the audit the implementation of the CRM system was very much at an early stage and this could be a potential area to focus an internal audit in 2014/15.

Overall the resulting assurance level provided by the internal audit report was 3 of 5 (reasonable assurance, yellow status) with two medium and two recommendations made. The report confirmed that governance, risk management and control arrangements provide reasonable assurance that the material risks reviewed are managed effectively but there are some areas where the adequacy of operation of controls in practice need to be significantly improved.

The report recommended that there are areas where the College's processes can be enhanced regarding the application processes for apprenticeships and work place learning courses, in particular the monitoring of the efficiency of departments throughout the admissions process and the procedural documentation in place to support this. The mystery shopper exercise in the audit exposed weaknesses in our current practice and the follow-up of enquiries. The Vice Principal, Business and Community confirmed that our current structure and processes have been focussed on sourcing apprentices for employer vacancies and enquiries for apprenticeship programmes have been signposted by main reception to the WBL team. As a consequence of the audit a 'One Stop Shop' facility for students has been created on the ground floor of the Gateway building and it is proposed that the College recruits a post to take responsibility for managing the enquiry process. All enquiries will be logged using the CRM system and the post holder responsible for tracking and ensuring that enquiries are responded to, followed up and resolved efficiently.

It was reported that the links to Apprenticeship course areas on the website have all now been reviewed however it was noted that the link for Business/Administration courses still displays the Light Vehicle Maintenance and Repair Advanced Apprenticeship course. This will be reported to the Marketing Department to resolve the misplaced link on the website.

ii. HR – Performance Management and Sickness Absence Management

The objectives of the internal audit were to confirm that the performance of College staff is being adequately monitored and that poor performance is being identified and addressed and to ensure that staff sickness is adequately managed and controlled.

Overall the resulting assurance level provided by the internal audit report was 3 of 5 (reasonable assurance, yellow status) with one medium and four low recommendations made. The report confirmed that governance, risk management and control arrangements provide reasonable assurance that the material risks reviewed are managed effectively but there are some areas where the adequacy of operation of controls in practice need to be significantly improved.

It was noted that at the time of the audit there was no formal mid-year review process in place for monitoring progress against the objectives that had been set during staff appraisals. However, the new Performance Management system that is currently being implemented throughout the College will include formal mid-year reviews for all members of staff.

The Head of HR confirmed that the College has introduced a high level of sickness absence monitoring and reporting. Varying reports are produced on a daily, weekly, bi-weekly and monthly basis. The Committee commented that the report suggested that return to work interviews are not conducted consistently across the College and queried how this is to be resolved. The Head of HR explained that there is confidence that the interviews are taking place but the supporting documentation to evidence them is not always presented to the department. A tracking system to chase line managers for a copy of their return to work interviews is in place.

The audit report indicated that the number of days lost in the year (as at March 2014) totalled 1,527.8 days but a comparative figure for the number of days lost in the same period the previous year was not provided. Instead a percentage of the days lost for the whole year was stated which gave the Committee no indication comparatively of whether sickness absence in this year had improved or declined. The Head of HR will confirm the comparative data to the Committee.

It was noted that the absence data is monitored in a variety of ways; by school/department, males to females, absence reason or down to individual staff. Introducing the Bradford Factor has helped to identify trends and reduce the number of repeat instances of absence that otherwise may have gone unnoticed. The only apparent trend in the data is that lower paid staff have higher absence levels than those on higher pay scales. The Head of HR confirmed that long term absence is defined as a period of absence of more than 20 continuous days.

M Wagner left the meeting at 5.55pm.

The implementation of the new performance management review process will allow the objectives for staff to be aligned with the College's Strategic objectives for the forthcoming year. It is recognised that there is a period of transition between the old ClearVision appraisal scheme and the new performance management reviews. In the interim these will be recorded using a Microsoft Word template with effect from September 2014 while the ClearVision system can be modified to the new format required.

TO'Sullivan

T O'Sullivan left the meeting at 6.00pm.

7 Progress Report

The report detailed the progress made against the 2013/14 Internal Audit Plan. The Assurance Mapping has been independently challenged by Scrutton Bland and is shared with the Committee under item 10 of this meeting.

8 2014 Draft Audit Plan – Baker Tilly

The Financial Statements audit approach will focus on the areas of the College's activities that are considered significant to the consolidated results for the period and the position at the balance sheet date. External Auditors are also required to form an opinion on whether, in all material respects, the expenditure disbursed and income received during the year have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them (the Regularity Audit opinion). It was noted that Regularity Framework remains under review and that the external audit planned for the year is based on the assumption that the Regularity Audit will remain unchanged.

The key areas of the audit focus and risk will include Income Recognition, Pension Scheme Liabilities, Going Concern, Provisions, Deferred Capital Grant, Regularity Review, Accommodation Strategy, Staff Costs and Management Override of Controls. It was confirmed that the audit approach to Accommodation Strategy related items will be to document the current status of any capital works in the year, obtain the details of monies received and spent considering the accounting treatment of such and to review the carrying value of any assets and related grants in respect of the proposed Engineering Block. The Committee commented that the College had carried forward costs and deferred capital grant of £170K and £110K respectively for work to develop the application and plans to develop a new Engineering Block on the main campus that is no longer planned to proceed. The Deputy Principal confirmed that the Corporation approved the decision not to commence with the capital build but to consider the alternative proposal to relocate the Engineering facilities to the Milburn Centre. It is recognised that completing professional and full assessment of capital proposals is costly.

It was further noted that a review of the treatment in the accounts concerning the claim made by ISG for an Extension of Time will be completed. In addition the Deputy Principal confirmed that under the terms of the building contract ISG is contractually required to provide a building to BREEAM compliance return that to date they have not submitted. No detail has been received by the College to substantiate their claim for an Extension of Time and the advice of College Solicitors, Hewitsons, is that there is no case for the College to answer and therefore no contingent liability is required in the accounts. The external audit will confirm that no material exposure exists.

The audit fees are in line with the tender proposal dated November 2012 and further to a meeting with the Deputy Principal and the Head of Finance the arising matters from the previous year will be revisited to establish their relevance, if any, in this accounting period. Specifically a review of potential taxable income streams will be undertaken.

The Committee raised no concerns with the details appended in items A to D of the report. Appendix E, Emerging Issues, detail the developments since the previous year end. The increase in the aggregate Local Government Pension Scheme (LGPS) deficit in the last three years reportedly could have been as

much as £50bn. As a consequence Colleges could face significant increases in contributions in an effort to tackle overall LGPS deficits and early indications following discussions with other educational institutions report employer increases of around 6% or introducing additional lump sum payments. The Deputy Principal confirmed that the budget forecast in 2014/15 includes £200K additional increase and £400K the year after, tipping the College into forecast deficit.

9. **2014/15 Strategy for Internal Audit**

Scrutton Bland met with the Chair of the Committee, the Deputy Principal and the Clerk to discuss the potential Internal Audit coverage for 2014/15. This is detailed on page 6 of the plan and it was noted that the areas of focus are aligned to the new strategic objectives of the College.

An indicative guide to the audit coverage in 2015/16 is provided on page 9 of plan together with an overview of previous years reviews and assurances on pages 10 and 11.

Once the 2014/15 Internal Audit Plan has been agreed by the Corporation the individual audit scoping documents for each area will be produced and presented to the Committee at the first meeting in the new academic year. The Clerk will plan for the Committee meet in late September to consider the scoping documents.

JBridges

Members suggested the plan includes internal audit coverage of effective implementation of CRM and OneFile systems and an opinion as to the usefulness of the output data reports. The proportion of time to plan, control review and finalise audits and prepare for Committee meetings was questioned (one third of the audit days). The Committee agreed that this allocation of time given the work involved was considered appropriate.

The Internal Audit Plan for 2014/15 will be presented to the Corporation at the 17 July 2014 meeting.

JBridges

The Clerkship was handed over to the Deputy Principal for the following items.

10. **Board Assurance Map**

At the Governors Strategic Conference in January 2014 governors identified 56 different sources of assurances. Understanding the sources of assurance and their scope means that internal audit can be focussed most effectively. The structured mapping of assurances is one of the fundamental steps in building an assurance framework.

Assurance mapping facilitates the identification of any gaps in the risk management process and is presented in the form of a colour-coded grid with the risks of the Corporate Risk Register on the left and the various providers of assurance (first, second and third line assurances) across the top.

The colours in the grid represent the quality and level of assurance and these assumptions have been challenged by Internal Auditors, Scrutton Bland. Comparisons were drawn between risk numbers R009 and R023 where colour coding matched yet the overall level of assurance colour differed between yellow (medium level of assurance) for risk R009 and Red/Yellow (varying level of assurance between low and medium) for risk R023. The College Secretary confirmed that although identical colouring across the grid existed, the level of assurance differed because risk R009 was not a College wide risk whereas risk R0023 was a specific risk of poor external inspections

of which the College has been subject to investigation by an awarding body and awaits the outcome.

11. Risk Management Update

The Senior Management Team has reviewed the Corporate Risk Register to ensure that the risks for 2013/14 remain appropriate. Despite little movement it was noted that risk R005 has moved up the register to the second highest risk (red status). The risk appetite is considered acceptable given that while our 14-16 provision is in decline this is outweighed by the importance of maintaining positive relationships with feeder schools.

12. Risk Management Procedure Review

The Risk Management Procedure is subject to annual review by the Committee and the Corporation. Recognising the direct link between the Risk Management Procedure and the College's Strategic Plan section 13 (page 8) has been amended to reflect the eight new strategic goals. Members agreed the changes and will recommend that the document is approved by the Corporation at the 17 July 2014 meeting.

JBridges

C Sutherland and P Goddard left the meeting at 6.50pm.

13. Internal and External Audit Services

Confidential item under paragraph 18(2) of the Instrument and Articles of Government

14 Any other business

When completing the schedule of Committee meetings for 2014/15 the Clerk will arrange for meetings to continue to commence at 5.00pm and for them to be held on a Tuesday.

Date of next meeting

To be confirmed

The meeting closed at 7.05pm