

SANDWELL COLLEGE

**Minutes of the Audit Committee meeting held on
Tuesday 19 June 2018 at 8.00am**

Present: J Britton (Chair) Independent
G Bassi Independent
T Mahmood Independent (part)

Apologies: R Jenkins Independent

In attendance: B Devitt Grant Thornton
H Lillington Grant Thornton
S Morom Interim Exec Director, Finance & Resources
G Pennington Principal
E Scotford Clerk to the Corporation
L Tweedie RSM

		Action
U18.18	<u>Declarations of Interest</u>	
	JB declared an interest in point 5.3 – Payroll - as a Chief Executive of Sandwell MBC.	
U18.19	<u>Apologies</u>	
	Apologies were received from Rebecca Jenkins and were accepted by Governors.	
U18.20	<u>Minutes of the previous meeting and Confidential Session held on Tuesday 20 March 2018</u>	
	The minutes were agreed as a true and accurate record and were signed by the Committee Chair.	
	RESOLVED THAT: the minutes be approved.	
U18.21	<u>Matters Arising</u>	
	There were no matters arising.	
U18.22	<u>Internal Audit Reports 2017/18</u> The Internal Auditor presented the reports. Key points highlighted included:	
18.22.1	<u>Cyber Security Framework (1.17/18)</u>	
	A split judgment had been given because, whilst acceptable levels of custom and practice were in place, they were not supported by a formal framework of documentation. The judgement was accepted. The responsible managers, Roxana Pal, Director, Information Services, Exams & Funding Data and Amir Kanwar, IT Manager, will document the action to be taken over the summer. The overall judgment can be revisited if the action is carried out over the summer and could be brought to the next Audit Committee meeting.	
	RESOLVED THAT: the report be received.	

18.22.2	Apprenticeships – Framework Review (2.17/18)	
	The outcome was particularly strong given that this was a new area for the sector, with complex rules in place.	
	The 2 main areas of risk are: <ul style="list-style-type: none"> • The ESFA is encouraging a greater level of negotiation in the sector to avoid all prices being set at the top of the band. • The required level of off the job training which needs to be accompanied by sufficient evidence for the qualification to be achieved. 	
	The External Auditor asked if the College was having any difficulties in reconciling. The Internal Auditor that there had been initial difficulties reconciling which employers had been paid but reports on the Hub now provided more detail. The Principal confirmed that weekly updated income projections were provided by Roxana Pal, Director, Information Services, Exams & Funding Data.	
	A follow-up report will be provided at the next meeting as there is the risk of clawback. The new apprenticeship rules have been included on the Risk Register.	
	RESOLVED THAT: <ul style="list-style-type: none"> • the report be received. • a follow-up report be provided at the next meeting 	
18.22.3	Payroll (3.17/18)	
	The audit had resulted in a very good outcome with no recommendations made. Follow-up actions from the previous report had been actioned.	
	RESOLVED THAT: the report be received.	
18.22.4	Follow-Up (4.17/18)	
	31 actions were followed up from the 2016/17 audit, results outlined. There were only 8 categories which had not been implemented: 3 Advisory, 3 Medium and 2 Low. Details given of the outstanding actions. The timescale for completing the Medium risk items is 30 June 2018.	
	RESOLVED THAT: the report be received.	
18.22.5	High Needs Controls Framework (5.17/18)	
	The audit had achieved Substantial Assurance. There were 2 Medium risk items outlined by the Internal Auditor. Overall there is a clear control framework in place to support students with High Needs.	
	RESOLVED THAT: the report be received.	
18.23	<u>Internal Audit Progress Report 2017/18</u>	
	The Internal Auditor presented the report and confirmed that all audits in the Audit Plan had been delivered.	
	RESOLVED THAT: the report be received.	

18.24	<u>Internal Audit Strategy 2018-21</u>	
18.24.1	<p>The Internal Auditor presented the Strategy and outlined the audits proposed for next year's Audit Plan:</p> <ul style="list-style-type: none"> • Data Protection and GDPR compliance review • Safeguarding • Framework for Efficiency: Space Utilisation and Timetabling • Learner Number Systems, including revisiting the apprenticeship work • Cash, Banking and Treasury Management • HE provision 	
18.24.2	<p>Governors asked if any internal or external audit work relating to the Cadbury merger was planned. It was suggested and agreed that the Safeguarding audit should be removed and possibly replaced by the Cadbury merger. Given the merger date of 1 November 2018, decision to be made nearer the time whether to postpone the audit date until post-merger.</p> <p>The College confirmed that the merger process had been added to the Risk Register. Governors suggested that a separate, merger-specific Risk Register be compiled. This could help guide the audit and could form the basis for discussions with the Internal Auditor at the next meeting.</p>	
18.24.3	The Principal suggested the HE provision audit be deferred until the College's issue with the QAA is resolved. The background to the matter was explained by the Principal. The College is in dialogue with the Office for Students (OfS).	
18.24.4	Governors suggested that Sandwell's audit arrangements be extended to Cadbury.	
	<p>RESOLVED THAT:</p> <ul style="list-style-type: none"> • the report be received. • The Internal Audit Plan 2018/19 be recommended to the Board of Governors for approval. 	
	<p>TM left the meeting The meeting was not quorate from this point</p>	
18.25	<u>Financial Statements Audit Plan 2017/18</u>	
18.25.1	The Financial Statements Auditors thanked the College for reappointing the firm following the tender and selection process.	
18.25.2	The Financial Statements Auditors presented the Audit Plan for the financial year-end audit 2017/18 and outlined the auditors' understanding of the College's business, the risk based audit approach, significant key risks and possible risks, the auditors' approach to materiality and regularity assurance, together with the timeline for the audit.	
18.25.3	With regard to the College's strengths, the Auditors were pleased to note the Good outcome from the Ofsted inspection in October and noted that the Cadbury merger would be an area of interest for the audit.	
18.25.4	The Audit team would comprise: Helen Lillington and Mary Wren.	

18.25.5	The Financial Statements Auditors' fees were as agreed in the tender process, i.e. £22,800 ex. VAT incl expenses.	
18.25.6	The Financial Statements Auditor confirmed they remained independent and stated that the merger did not impact on their independence as the work was conducted by a separate team from a separate office.	
18.25.7	The Financial Statements Auditor referred to the latest version of the Post-16 Audit Code of Practice and the requirement that Staff Governors "should not" be members of the Audit Committee and pointed out that this should be interpreted as "must not" be members of the Audit Committee.	
	RESOLVED THAT: <ul style="list-style-type: none"> the report be received. That the Financial Statements Audit Plan 2017/18 be approved. 	
18.26	<u>Regularity Audit Self-Assessment Questionnaire 2017/18</u>	
18.26.1	The Interim Director, Finance & Resources, presented the draft Regularity Audit Self-Assessment Questionnaire 2017/18 which had been updated according to the new version of the Post-16 Audit Code of Practice.	
18.26.2	It was noted that, following confirmation of the remaining details, the Questionnaire would be signed by the Chair of the Board of Governors and the Principal, as Accounting Officer, prior to the commencement of the Regularity Audit.	
	RESOLVED THAT: <ul style="list-style-type: none"> that, following confirmation of the remaining details, the Questionnaire would be signed by the Chair of the Board of Governors and the Principal, as Accounting Officer, prior to the commencement of the Regularity Audit. The Board of Governors be asked to note that the Audit Committee had considered the Regularity Audit Self-Assessment Questionnaire 2017/18. 	
18.27	<u>Register of Outstanding Internal Audit Recommendations</u>	
18.27.1	The Interim Director, Finance & Resources, presented the Register of Outstanding Internal Recommendations.	
18.27.2	Members were reminded that the Register would be fully updated at the financial year-end with implemented actions being removed from the Register and actions included in reports submitted to this meeting of the Audit Committee being incorporated into the Register for future monitoring.	
	RESOLVED THAT: <ul style="list-style-type: none"> The Register of Outstanding Internal Audit Recommendations be received and noted. 	
18.28	<u>Risk Management</u>	
18.28.1	Risk Management Report	
18.28.2	Risk Assurance Framework	
	Governors noted that the Risk Management Report and the Risk Assurance Framework needed to synchronise with each other. The Interim Director, Finance & Resources, to action by the next Audit Committee meeting.	

	<p>RESOLVED THAT:</p> <ul style="list-style-type: none"> • The Risk Management Report be received • The Risk Assurance Framework be received • That the Risk Management Report and Risk Assurance Framework be synchronised • The Risk Management Report be recommended to the Board of Governors for approval. 	
18.28.3	Risk Management Policy	
	The Interim Director, Finance & Resources, presented the Risk Management Policy.	
	<p>RESOLVED THAT:</p> <ul style="list-style-type: none"> • The Risk Management Policy be recommended to the Board of Governors for approval. 	
18.29.4	<u>Half-Yearly Health and Safety Report 2017/18</u>	
	The Interim Director, Finance & Resources, presented the half-yearly Health and Safety Report 2017/18.	
	The variety of incidents and accidents that had occurred was outlined and members noted the involvement of the Security Team in ensuring that incidents and accidents were dealt with effectively and were appropriately recorded.	
	In response to a Governor's query, the College advised that there were no particular trends arising in the accidents and incidents that occurred.	
	In response to a Governor's query, the College explained that the higher incidence of accidents in the first half of the year related to when students were new to the College so tended to be the period when accidents were more likely to happen.	
	Governors asked for an update on fire safety, specifically cladding. The Principal advised that the Fire Safety Engineer had undertaken a review with the conclusion being that the building was not high risk, given it was a non-residential building and its construction included significant areas of glass rather than cladding. A review of fire safety signage and directional signage had also been conducted with action taken where required.	
	Governors agreed with the Principal's suggestion that the Fire Safety Engineer conduct termly fire safety audits. The written report produced would come to the following Audit Committee for consideration.	
	<p>RESOLVED THAT:</p> <ul style="list-style-type: none"> • The report be received. 	
18.29.5	<u>Any Other Business</u>	
	There was no other business.	
	The Internal Auditor and the Financial Statements Auditors left the meeting	

	<u>CONFIDENTIAL SESSION</u>	
18.29.6 NFP	<u>Internal Auditors – Performance Indicators 2018/19</u>	
18.29.7 NFP	<u>Audit Committee – Review of Effectiveness and Terms of Reference</u>	
18.29.8	<u>Determination of Confidential Items</u>	
	18.29.6 Internal Auditors – Performance Indicators 2018/19 18.29.7 Audit Committee – Review of Effectiveness and Terms of Reference	
18.29.9	<u>Date and time of next meeting</u> Tuesday 27 November 2018, 8.00am The Chair advised members that the time requirement for the next meeting would be 2 hours.	

The meeting ended at 9.05am