

OLDHAM COLLEGE

AUDIT COMMITTEE

Minutes of the Meeting held on 30 November 2017 at 5.00pm

Present:	Jonathan Edwards Graham Bradbury Anthony France	Governor (Chair) Governor Governor
Officers:	Janet Frost Allan Tyrer Kath Stott Michael Frankish	Clerk to the Corporation Director of Finance ICCA Grant Thornton
Apologies:	Des Herlihy John Lancaster Debra Woodruff Rebecca Johnson	Governor Governor Deputy Principal Assistant Director of Finance

8/17 Election of Chair and Vice Chair 2017/18

The Clerk reported that as this was the first Audit meeting of the new academic year members were required to elect a Chair and Vice Chair of the committee for 2017/2018.

The Clerk invited nominations for Chair and Jonathan Edwards was proposed by Graham Bradbury and seconded by Anthony France.

There being no other nominations it was **RESOLVED** that Jonathan Edwards be elected as Chair for the academic year 2017/2018.

Jonathan Edwards took the Chair

9/17 Election of Vice Chair

The Chair asked for nominations for Vice Chair for 2017/18 and Anthony France was proposed by Jonathan Edwards and this was seconded by Graham Bradbury.

There being no other nominations it was **RESOLVED** that Anthony France be elected as Vice Chair for the academic year 2017/2018.

10/17 Apologies

Apologies for absence had been received and were accepted from Des Herlihy, John Lancaster, Debra Woodruff and Rebecca Johnson.

11/17 Meeting of Auditors with Members only (No officers)

The Clerk advised that this item gave the opportunity for members to speak to Auditors with no management present. Members agreed that they had no matters to discuss with the Auditors. It was **RESOLVED** that the members did not currently require a meeting with Auditors without management present.

12/17 Declaration of Conflicts of Interest

None declared.

13/17 Permission for Officers of the Organisation to be Present

It was **RESOLVED** that officers present should remain in the meeting.

14/17 Minutes of the previous meeting held 20 June 2017

The minutes of the meeting held 20 June 2017 had been previously circulated to members for consideration.

It was **RESOLVED** that the minutes of the meeting be approved and signed by the Chair as a correct record of the meeting.

Minutes of the Special meeting of the Audit Committee held 26 September 2017

The minutes of the Special meeting of the Audit Committee held 26 September 2017 had been previously circulated to members for consideration.

It was **RESOLVED** that the minutes of the meeting be approved and signed by the Chair as a correct record of the meeting

15/17 Matters arising from minutes of the previous meeting

There were no matters arising.

16/17 Notification of Items of Any Other Business

There were no Items of AOB reported.

17/17 Rolling Action List Update

1. Scheme of Delegation – 20 June 2017

Scheme of Delegation to be presented to the Full Corporation at its July 2017 meeting for approval.

It was **RESOLVED** that this action was complete

2. Use of Consultants – 20 June 2017

The Director of Finance would provide details of the CIP appointment at the next meeting.

It was **RESOLVED** that this action was complete.

18/17 Programme of Presentations of Individual Risks 2017/18 (Item 10.1)

A copy of a report that outlined the schedule of presentations for future meetings of the Audit Committee had previously been circulated to members for consideration. The Clerk advised that the list had been drawn in consultation with committee members.

The Members noted the presentations at future meetings and agreed that should further issues arise that warrant information sharing at the meeting these would be added to the schedule.

It was **RESOLVED** that members noted the report.

19/17 Presentation: The Impact of Reduced 16-18 Numbers on 2018/19 Budget (Item 10.2)

The Director of Finance provided members with a detailed presentation on 16 – 18 numbers and the risks associated with its funding stream. It was reported that in 2018/19 the funding that the college will receive will be £500k lower than projected in 2016/17 due to a fall in student numbers. The Director of Finance explained the impact and actions to mitigate the shortfall, noting that some will be offset by higher HE numbers and higher Apprenticeships. In addition the Financial Plan has been reviewed to accommodate the position and reflect then funding allocation.

A member asked what process is in place to monitor income and spend within Faculties and the Director of Finance explained the monthly Business Review process that takes place.

It was **RESOLVED** that members noted the actions that had been taken to mitigate the reduction in funding in 2018/19.

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20/17 Internal Audit Report 2016/17 (Item 11)

The Internal Audit Annual Report for 2016/17 had been prepared by internal auditors RSM, and had been previously circulated to members for consideration.

The Director of Finance reported that RSM had provided the Internal Audit Service to the College for the year ended 31st July 2017 and that the work had been carried out in accordance with the Annual Internal Audit Plan, approved by the Governing Body and was designed so that the Auditors are able to make a statement on the adequacy and effectiveness of the College's risk management, control and governance processes.

It was reported that there had been four audit assignment reviews and one advisory review. The advisory review had looked at the Facilities Management practices within the college and identified a high number of actions. A member asked if actions had now been completed and the Director of Finance reported that the actions had been followed up and completed. Further discussion took place and it was agreed that the Facilities management audit would be brought forward in 2018.

It was **RESOLVED** that the Internal Audit Annual Report 2016/2017 be recommended to Full Corporation for approval at its December 2017 meeting.

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21/17 Internal Audit Plan 2017/18 – 2020/21 (Item 12)

A copy of the Internal Audit Action Plan had previously been circulated to members for information. The Plan had been received at the Special meeting of the Audit Committee at the September meeting and approved by the Full Corporation at its October 2017 meeting.

It was **RESOLVED** that members noted the Plan as presented

22/17 Internal Audit Assignment Reports (Item 13)

The Internal Audit Assignment Reports 2017/2018 had been prepared by ICCA in accordance with the Audit Plan for 2017/2018 and all had been previously circulated to members for consideration. In discussion the following reports were considered:-

22/17.1 Review of the College's Financial Strategy and Budgetary Controls (Item 13.1)

The Internal Auditor introduced the report and highlighted the scope of the review which had been to review the College's Financial Plan and Strategy (incorporating the Financial Recovery Plan), including the robustness of the assumptions made (including the proposed loan from Oldham Council).

It was reported that the Internal Audit opinion was that the Board could take 'substantial assurance' that the areas of the control environment tested were designed and operating effectively with no significant weaknesses.

Three management actions had been agreed in the report; one low design recommendation and one advisory recommendation.

The Chair concluded that this was a positive report.

It was **RESOLVED** that the report be received as presented

22/17.2 HE Systems and Process (Item 13.2)

The Internal Auditor introduced the report and highlighted the scope of the review which had been to provide assurance on the adequacy and effectiveness of the UCO systems and process that are in place to deliver the HE strategy.

It was reported that the Internal Audit opinion was that the Board could take 'reasonable assurance'. Members were advised that audit had identified one 'high' recommendation, three medium recommendations and 2 low recommendations. The 'high' recommendation related to the management information not being fully utilised at UCO and a disconnect between UCO and the main college in relation to reporting available and accurate data.

The Chair asked what process had been put in place to improve the situation and the Director of Finance reported that a UCO Task Group had been put in place to review and

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remedy each of the points raised in the report. This has resulted in a review of the HR processes, contracts of staff and staffing levels. Consideration is being given to bringing UCO closer to the college as another faculty which would assist with management and staffing.

A member asked what contribution does UCO make to the overall college budget and it was reported that currently UCO break even, however it is projected that in 2018/19 they will start to make a profit. Q

The Chair asked that an update on each of the recommend actions is reported at the next meeting.

It was **RESOLVED** that the report be received as presented and that a report on progress in achieving the actions be reported at the next meeting.

23/17 Risk Management Annual Report 2016/17 (Item 14)

The Director of Finance had previously circulated the Risk Management Annual Report that summarised the activities of the College and the Committee to give assurance on the effectiveness of the College's Risk Management procedures and processes in the year ending 31st July 2017. He reminded members that the financial accounts include a "Statement of Corporate Governance and Internal Control" which is signed by the Chair of the Corporation and the Principal, as accounting officer, confirming that the Board had fulfilled its remit in these areas.

The Director of Finance advised members that it had been a challenging year both financially and quality wise noting that the management of risk had focused on the key operational risks, created by the financial health notice of concern, the Ofsted grade and the FE commissioner intervention.

It was **RESOLVED** that members recommended approval of the report to the Full Corporation at its next meeting.

24/17 Risk Management Register and Action Plan 2017/18 (Item 15)

The Risk Register and Action Plan for 2017/2018 had been prepared by the Director of Finance and previously circulated for consideration noting that the key operational risk section had been updated but the strategic risk section was yet to be updated.

In addition the Director of Finance reported that he had reviewed the reporting structure for the Risk Management Register and provided a new draft model and asked members to comment. Members supported the new model and asked that the reason for change in trend should be included to assist the reader.

The Chair added that he wanted assurance from the data that is presented in the report and commented that the data must be timely and accurate. C

Members considered the key operational risks and it was agreed that three additional risk should be added to the register:-

- Governance – noting that risks remained relating to the FEC intervention and the appointment of a new Chair
- Capital projects
- UCO

It was **RESOLVED** that members approved that the three additional key operational risks be added to the Risk Register as reported.

25/17 Draft Financial Statements 2016/17 (Item 16)

A report detailing the draft Financial Statements for year ended 31 July 2017 had been prepared by the Director of Finance and previously circulated to members for consideration.

The Director of Finance advised members that the College was currently in the process of finalising the Financial Statements with Grant Thornton.

The Director of Finance provided a detailed review of the accounts and members noted:-

- The financial results for 2016/17 will produce a 'satisfactory' financial health grade
- The operating surplus/deficit had improved to 2.5% (amber rating on FE Commissioner benchmarks)
- The EBITDA is satisfactory

The Director of Finance concluded that the work of the Finance Team had been exemplar and thanked the staff.

It was **RESOLVED** that it be a recommendation to the Corporation that the Financial Statements for the year ended 31 July 2017 be approved once the final document is received.

26/17 Draft Audit Findings Document and Audit Management Letter (Item 17)

A report detailing the Audit Findings had been prepared by the External Auditor Grant Thornton and had been previously circulated to members for consideration. .

The report was presented by Michael Frankish for Grant Thornton. Michael advised members that the purpose of the report was to highlight the key issues affecting the results of the College and the preparation of the College's financial statements for the year ended 31 July 2017 and also used to report to management in order to meet the mandatory requirements of International Standard on Auditing. It was reported that the final accounts were due to be signed off within the next two weeks and the Audit Findings document would then be finalised.

In discussion the following areas were highlighted:-

- (i) It was reported that it was anticipated that the Audit Report would be unmodified
- (ii) There had been no significant findings or adjustments made to the accounts
- (iii) A member asked for further information relating to a creditor invoice and was advised that this related to Huddersfield University and the College were in dispute with them regarding payment
- (iv) Noted that a saving had been made with the reduction of sub contractors
- (v) Noted that no fraud has been identified
- (vi) Reported that there remained one issue raised in 2015/16 that remained outstanding relating to a leaver remaining on the HR system when they had left the employment of the college.

The Chair thanked both the auditors and the financial team for its work.

It was **RESOLVED** that :-

- (i) the Draft Audit Findings Report and Management Letter be received as detailed and the content of the report be noted by members
- (ii) that the final report be presented to the Full Corporation at its December meeting.

27/17 Audit Rolling Recommendation Tracking Tool (Item 18)

A report detailing a copy of the Audit Rolling Recommendation Tracking Tool had been prepared by the Assistant Director of Finance and previously circulated to members for consideration.

The Assistant Director reported that the tracking system had been developed based on the RAG rated system of reporting and included all recommendations taken from the Internal Audit assignment reports that required implementation by the College.

Members noted those actions that remained 'RED' and the Chair requested that a review of these take place immediately to complete the action required.

It was **RESOLVED** that members noted the report and progress achieved with the implementation of actions, and agreed that 'RED' actions should be completed as a matter of urgency.

28/17 Audit Committee Annual Report 2015/16 (Item 19)

The Clerk reported that in accordance with the Audit Code of Practice the Audit Committee was required to prepare a report on its work undertaken during the previous year for presentation to the Corporation.

The report had been circulated to members and included as required details of the Terms of Reference and Membership of the Committee; dates of meetings and schedule of attendance of members; information relating to the Internal Audit service and its work and a comment relating to the Regularity Auditors.

Members confirmed that the report reflected the work the Committee had carried out in 2016/17 and it had done so in accordance with its terms of reference.

It was **RESOLVED** that the Annual Report of the Audit Committee for 2016/2017 be recommended to the Corporation for approval.

29/17 GDRP Preparation Update (Item 20)

The Director of Finance had previously circulated a report that updated members on the new GDRP regulation that will be brought in May 2018 and confirmed that work that is taking place to ensure compliance.

He advised that an audit of the data the college collects, keeps and processes has been completed with the documentation providing the basis of the evidence that the college is being pro-active in its attempts to comply with the law. It was reported that there were a number of outstanding items identified by the audit which need to be actioned including:-

- Data Sharing Agreement with For Skills (formerly Guroo)
- Consent for HR job application forms confirmation
- Consent for Finance new supplier form
- Data Sharing Agreement with City & Guilds for Learning Assistant (likely to be part of the contract)
- Consent for Aspire/Salon7 Shortcuts system
- Consent for front of house visitor system confirmation
- Amended Consent for Butterflies systems (First Steps + Tapestry)
- Consent for various Marketing collections
- Consent for Employer Contracts
- NUS Card system assessment

Members were advised the Impact Assessment Statements and Data Security and Breach Detection processes had been updated and training sessions had been delivered for relevant staff.

It was **RESOLVED** that members noted the report and the actions being taken to ensure compliance.

30/17 Self-Assessment and Effectiveness Questionnaire (Item 21)

A copy of the Self-Assessment and Effectiveness questionnaire had been previously sent to members of the Audit Committee and the Clerk reported the findings. It was agreed that a priority is to strengthen the membership of the Committee with members that have financial and audit expertise.

It was **RESOLVED** that members noted the report as presented.

31/17 Use of Consultants (Item 22)

The Director reported that the use of consultants since the previous meetings as follows:-

- CPD work Tom Sherrington - £24k
- Marina Gaze College Improvement Partner - £10,600
- Andy Wilson – HR Re-structure £300/day
- HR Advisor - £800/day (5 day contract)

It was **RESOLVED** that members noted the report

32/17 Workplan 2017/18 and Commentary on Changes (Item 13)

A copy of the Workplan for 2017/18 including changes to the reporting sequence for the current meeting was presented to members for consideration. Members noted the amendments.

It was **RESOLVED** that members noted the report.

33/17 Items of Any Other Business

There were no Items of AOB.

34/17 Dates of meeting for 2017/18

Tuesday 8 March 2018

Tuesday 14 June 2018

The meeting finished at 6.30pm

Minutes Approved: **Date:**

Chair

Rolling Action List taken from the Audit Committee 30 November 2018

Meeting Date & Item No.	Rolling Action List (Outstanding actions from previous meeting(s) to be carried forward, listed below, and not removed until completed/closed.)	Actionee	Reported as Completed at meeting of
07 02 17 Min 45/16 20 06 17 Min 59/16	<u>Scheme of Delegation</u> Scheme of Delegation to be presented to the Full Corporation at its July 2017 meeting for approval.	Clerk	Full Corp 11 07 17
20 06 17 Min 70/16	<u>Use of Consultants</u> The Director of Finance would provide details of the CIP appointment at the next meeting.	Director of Finance	30 11 17 Min 31/17
30 11 17 Min 20/17	Internal Audit Annual Report 2016/2017 be recommended to Full Corporation for approval at its December 2017 meeting.	Director of Finance	
30/11/17 Min 22/17.2	HE Systems and Process An update on outstanding actions be reported at the next meeting in March 2018.	Director of Finance	
30 11 17 Min 23/17	Risk Management Annual Report 2016/17 to be recommended for approval to the Full Corporation at its next meeting.	Director of Finance	
30/11/17 24/17	Risk Register That three new risks be added to the register; Governance – noting that risks remained relating to the FEC intervention and the appointment of a new Chair, Capital projects and UCO	Director of Finance	
30 11 17 Min 26/17	Draft Audit Findings Report and Management Letter The final report be presented to the Full Corporation at its December meeting.	Director of Finance	
30 11 17 Min 27/17	Audit Tracking Tool The 'RED' actions to be completed as a matter of urgency.	Director of Finance	