

## MINUTES

### *Audit & Governance No 6*

Date: *09/02/2016 (Tuesday)*

Time: *18:00–20:00*

Venue: *Rural Business Centre*

Committee: *Audit and Governance*

Notes: *Refreshments will be available from 5.30pm*

Present: *Garry Payne (Vice Chairman), Gerry Corless (Chairman), Ishwer Tailor (Co-opted Member), Jane Booker, Jean Yates and Zoe Jones*

Attending: *Ann Turner (Principal) and Paula Lister (Deputy Principal)*

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

Guests: *Jude Bickerton (Internal Auditor) and Nicki Crail (Internal Auditor)*

Apologies: *Adrian Boreham and David Fletcher (Internal Auditor)*

## ***Public Minutes***

Item number:      Item description:  
(and category)

- 01.16**                    ***Welcome***  
**Record**                Members welcomed Jane Booker, newly appointed member of Corporation serving on Audit & Governance Committee, to her first meeting of the Committee.  
Andrew Fletcher from RSM Internal Auditors was unable to attend this meeting but had arranged for Director, Niki Crail and Manager, Jude Bickerton to attend.  
Members were very pleased to welcome them to the College and the meeting.
- 02.16**                    ***Attendance of College Management Staff and Internal Audit Representatives***  
**Decision**            Section 8.1 of the current Constitution and Terms of Reference for the Audit Committee states: “The Principal or any 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.”  
  
**Audit & Governance Committee confirmed it wished College Management staff and the Internal Audit representatives attend the meeting.**
- 03.16**                    ***Apologies for Absence***  
**Record**                Apologies had been received from Adrian Boreham and David Fletcher, RSM.
- 04.16**                    ***Minutes of the Previous Meeting***  
**Decision**            The minutes of Audit & Governance meeting number 5 held on Tuesday 3 November 2015 and published on the extranet were signed and agreed as a true and correct record of the meeting.
- 05.16**                    ***Declarations of Interest***  
**Record**                There were no declarations of interest made in respect of the items on the agenda.
- 06.16**                    ***Internal Audit Report - 1A 1/13 (November 2015)***  
**Consultation**        Audit Committee gave consideration to the Internal Audit Reports:

### **Governance Board Effectiveness**

An Audit was undertaken in Governance to consider the effectiveness of the Board. During the audit recruitment, the skills audit, Chair appraisal, self-assessment reviews, succession planning, and reporting were examined.

Overall the findings from testing indicated an overarching control framework was in place with a high level of compliance demonstrated. No management actions were raised and areas of good practice were identified concerning access to all Board and Committee agendas, papers and minutes via the Governor Extranet and the use of Cover Sheets for Reports. Myerscough compared well when benchmarked against other Colleges.

### **Student Code of Conduct and Accommodation**

The Audit was undertaken to assess the adequacy and application of the College's risk management systems that relate specifically to the students' compliance with the accommodation Code of Conduct and how the College ensures that it complies with statutory legislation such as health and safety.

During the audit testing was carried out relevant to the Student Code of Conduct, student advice and guidance relevant to student housing, student accommodation management (prevention of damage and repairs), health and safety compliance, student allocation criteria, and accommodation maintenance.

Overall findings from the testing confirmed an appropriately designed control framework was in place with a good level of compliance. It was recommended that service level standards in respect of the response times for the Maintenance Team actions needed to be established. One medium priority action and one low priority action were raised.

Areas of good practice were identified, a clearly defined code of conduct, safeguarding / Prevent Risk assessments and evening roll call and associated reports.

Benchmarking indicated there were fewer recommendations than the average.

### **Subcontractor Controls.**

According to SFA funding agreements lead providers subcontracting more than £100,000 of their funded provision in 2015 / 2016 were required to obtain a report from an external auditor on the arrangements in place to manage and control their subcontractors. The clause requires lead providers to supply the SFA with a certificate confirming that the provider's arrangements are satisfactory.

External Audit testing was undertaken on the controls in place for subcontracting in line with the guidance (External Assurance on

Subcontracting Controls) issued by the Skills Funding Agency in September 2015.

The report confirmed that the College complied with the majority of requirements and included an action plan which listed four items to achieve full compliance.

Members ask questions concerning the four recommendations and how this compared with the sector. Management and Internal Audit responses indicated that the action plan was 'light' in comparison to others under these new requirements.

**Resolved:**

**That the Audit Reports be received.**

**07.16**

**Consultation**

***Internal Audit Progress Report and Summary Report***

Audit Committee considered the progress made in respect of the issues raised in the internal audit reports detailed in the Progress Report and Summary Report which showed that of the 37 actions 29 were implemented, 4 were ongoing, 1 was no longer applicable and 3 were not yet due.

Audit & Governance Committee expressed satisfaction with progress made and were pleased to note that the IT network circuit handover at the East Lancashire Centre was now complete following significant BT delays.

**Resolved:**

**That the Internal Audit Progress Report and Summary Report be received.**

**08.16**

**Consultation**

***Risk Management Summary Plan 2015 / 2016***

Consideration was given to the Risk Management Summary Plan 2015 / 2016 which focused on the key risks on the Risk Register and highlighted any changes.

The major concerns related to:

**Funding risks**

'The Impact of Government cuts' - The outcome of the Comprehensive Spending Review in Nov 15 showed that the levels of cuts anticipated was not being imposed. The EFA allocation included £561k formula protection which would reduce over time.'Failure to maintain / increase the FE Learner Responsive Funding contract' - 16-18 recruitment had not reached targets. Subcontracting activity remained at similar levels to

previous years and recruitment activities for 2016 / 2017 were underway.

### **Cross College**

'Demand from Students with Learning Difficulties & Disabilities (Local Offer) exceeding capacity'.

Audit & Governance Committee made comment on the Cross College risk, 'Failure to Respond to Changes in Government Policy' which incorporated Area Reviews and EU procurement compliance and asked that Area Reviews be reported on as a stand alone risk in the next report. The DP Finance & Funding mentioned strategic and operational risks and indicated she intended to review the current format of the Risk Register.

For the Cross College risk, 'Severe business disruption – fire, flood, lightning strike, storm, prolonged power outage, severe widespread illness, disease etc it was confirmed that insurances were in place for natural disasters. These would be reviewed through the imminent retendering process.

### **Resolved:**

**That Audit Committee approved the Risk Management Summary Report 2015 / 2016 subject to the above recommendations.**

### **09.16 Information**

#### ***Data Returns Report***

In compliance with the Financial Memorandum Audit Committee gave consideration to the Data Returns report noting the completion on time of the statutory data returns required by the relevant authorities.

### **Resolved:**

**That the Data Returns Report be received**

### **10.16 Information**

#### ***Subcontractors Arrangements***

Audit & Governance Committee gave consideration to the report on the current level of Subcontracting for 2015 / 2016 which was issued to the Committee as prescribed by the funding body. Monitoring of the various activities and level of activity contributes to the Board's assurance framework.

The report provided detail of numbers enrolled, the funding value, success rates and the reasons for subcontracting the provision.

Members made comment on earlier item, 6.16, the external audit report on the arrangements College has in place to manage and control its subcontractors so that, in line with SFA requirements, a certificate is supplied to the SFA confirming lead provider arrangements are satisfactory. This new requirement applies to providers subcontracting in excess of £100k of funded provision. Members noted that the Subcontractor Policy and Procedures would be submitted to Finance & Resources Committee for approval.

**Resolved**

**That the Subcontractors Arrangements Report 2015 / 2016 be received.**

**11.16**  
**Information**

***Residential Bursary Fund***

Audit & Governance committee gave consideration to the recent unannounced audit on the Residential Bursary Fund by the Education Funding Agency Risk Analysis Division. The audit identified that there had been no errors and identified three recommendations to address some internal control weaknesses. Members noted actions had been acknowledged and procedures adapted accordingly.

**Resolved:**

**That the Education Funding Agency Risk Analysis Division audit of the Residential Bursary Fund be received.**

**12.16**  
**Information**

***Farriers Registration Council Accreditation Visit***

Audit & Governance Committee gave consideration to the report of the Farriers Registration Council Accreditation Panel's visit to the College. The visit had taken place in June 2015 and had been presented to the meeting of the Farriers Registration Council (FRC) in December 2015.

Council members had endorsed the recommendation that the FRC continue to recognise Myerscough College as an approved training provider for the Advanced Apprenticeship in Farriery.

Audit & Governance noted that Myerscough had compared favourably with the other 2 providers and at the organisations recent Awards Ceremony at the Honourable Artillery Company, London Myerscough trained apprentices had won all the prizes on offer.

**Resolved:**

**That the Farriers Registration Council Accreditation Visit Report be received.**

### 13.16

#### ***Corporation Vacancies and Recruitment***

##### ***Decision***

Audit & Governance Committee gave consideration to future vacancies occurring on the Corporation.

Three Governors were due to retire this year, Jean Yates 30 June, Marion Nuttall 31 December, and Stephen Rigby 31 December.

Four Governors, Ian Douglass (31 March), Ian Higginbotham (30 June), Allan Foster (30 September) and Stuart Heys (30 September) were coming to the end of a term of office, all were eligible for re-election and all had confirmed willingness to serve for a further term.

There was also a current vacancy on the Board, Finance & Resources Committee was currently operating with a vacancy.

Each Committee had capacity built into its membership for 2 co-opted Governors, should there be a need for specific expertise and as a route towards full Board membership. Currently Audit & Governance Committee had capacity to take one co-opted member and Quality & Standards Committee two.

An interview Panel was agreed comprising of Chair or Vice Chair of Corporation, Chair and Vice Chair of Audit & Governance Committee, and Audit & Governance Committee members Jane Booker and Zoe Jones.

Members noted appointment of a candidate with FE educational expertise would be desirable and help maintain a spread of skills across the Board.

##### **Resolved:**

- i. **That Corporation be recommended to extend the membership of Jean Yates from 30 June 2016 to 31 July 2016, end of the academic year.**
- ii. **That Corporation be recommended to consider the re-appointment of Ian Douglass, Ian Higginbotham, Allan Foster and Stuart Heys for further four year terms of office.**
- iii. **That the interview Panel be agreed.**
- iv. **That the Clerk access social media channels, LinkedIn and relevant organisations to publicise the vacancies**

### 14.16

#### ***Corporation Quality Improvement Plan (QIP) 2015 / 2016***

##### ***Consultation***

Audit & Governance Committee gave consideration to the updated QIP and expressed satisfaction on progress against agreed actions. Members made comment on the recent Governor Training day

and noted actions and discussions from this would be built into the QIP Action Plan.

**Resolved:**

**That the Corporation Quality Improvement Plan update 2015 / 2016 be received.**

**15.16**

***Consultation***

***Governor Training - Away Event***

Audit & Governance Committee gave consideration to the recent Governor Away Event.

The feedback summary circulated at the meeting indicated the event had been well received. Further analysis would take place and a report together with actions from the event would be circulated to Corporation at its meeting on 15 March 2016.

**Resolved:**

**That the Governor Training Away Event be received**

**16.16**

***Consultation***

***Governor Training March 2016***

The Clerk confirmed the next Governor Training would be a session on Health & Safety and would take place prior to the Corporation meeting on 15 March 2017.

Governors requested a session on British Values for the July training date.

It was also suggested that the next Internal Audit Plan include a review of the Prevent Duty, that is how the College has due regard to the need to prevent people from being drawn into terrorism according to the Counter Terrorism and Security Act 2015.

**Resolved:**

**That the update on Governor training be received.**

**17.16**

***Consultation***

***Financial Statements Audit Actions***

Audit & Governance Committee expressed satisfaction with progress on actions from the Financial Statements Audit.

**Resolved:**

**That the Financial Statements Audit Actions be received.**



**18.16**

***UK Visa & Immigration***

***Information***

Audit & Governance Committee had been informed at the November 2015 meeting (Minutes 82.15 refers) of an inspection by the UK Visa and Immigration Service.

Since the inspection College has received notification from UK VISA & Immigration of confirmation of the annual allocation of Tier 4 CAS (General Confirmation of Acceptance of Studies) in full so indicating no issues.

**Resolved:**

**That the Tier 4 renewal confirmation be received.**

**19.16**

***Next Meeting of the Audit & Governance Committee***

***Record***

The next meeting of the Audit & Governance Committee was due to be held on Tuesday 19 April 2016. There would not be any internal audit reports due to this meeting. The Clerk was reviewing the proposed agenda to ascertain whether the meeting was required. The next meeting after this would be 28 June 2016. The Clerk would update members on the decision once made.

**Resolved:**

**That the above be noted.**

