



663 PRELIMINARY PROCEDURAL MATTERS

663.1 Attendance, Apologies & Welcome

Present: Mick Dempsey
John Sills (Committee Chair)
Charlotte Simmonds (*By video conference*)
Judith Wickes

In Attendance: Andrew Clare (Deputy Principal Finance & Resources) (*Except Item 663.3a*)
Jayne Chaplin (Clerk to the Corporation)
Leisyen Keane (Scrutton Bland - IAS) (*Except Item 663.3b*)

Apologies: Jan Wing

663.2 Declaration of Interests & Confidential Items

None.

663.3 Private Meetings with Auditors & Management

663.4 Minutes & Matters Arising

663.4a Minutes of the Meeting

The minutes of the meeting of the 27 November 2019 were approved as a correct record and signed by the Chair.

663.4b Matters Arising

With all matters covered on the agenda, there were no matters on which to report.

664 ACADEMIC YEAR 2019/20: IN-YEAR MONITORING

664.1 Internal Audit Reports

Reports regarding internal audit activity for the current year were received from the Internal Audit service, Scrutton Bland, comprising:

664.1a Progress against Annual Internal Audit Plan

The report updated members on progress against the Internal Audit Plan for 2019/20 (Minute 663.1b refers).

In accordance with the Audit Plan for the year, the findings of and recommendations from the Internal Audit reviews completed to date then were presented:

i Audit Report: Governance

The report outlined the findings following a review into the College Governance arrangements evaluating the level to which the College complied with the Code of Good Governance for English Colleges.

The report conclusions were presented, noting that control arrangements provided significant assurance that the material risks reviewed were managed effectively. Members reflected on the:

- Two areas not reviewed at the time of the audit relating to the Principal's job description, noting confirmation that the information would be forwarded to allow closure of those particular aspects of the review.
- Two areas identified to improve further the adequacy or operation of controls in practice. Discussion focused on the recommendation regarding completion of the governor induction process prior to attendance of any meetings, observing the restrictions that would impose and the practicalities in making such arrangements. However, it was acknowledged generally it to be a matter of good practice and that the current process would be reviewed accordingly.

The report was noted.

ii Audit Report: High Needs Learner Support

A report was presented outlining findings following a review into the College arrangements for the support of High Needs Learners, intended to provide assurance that the College was maximising revenue and ensuring the relationship between the College and Local Authorities was appropriate and working well in practice.

After noting that control arrangements provided significant assurance that the material risks reviewed were managed effectively, members were advised of one area identified where the adequacy or operation of controls in practice should be improved further. Exploring with Management and the IAS the extent and efficacy of alternative centralised software product available for the tracking of costs and support for use alongside the Pro Suite of products, confirmation was received that Management would evaluate the options available.

The report was noted.

iii Audit Report: Budget Setting, Monitoring & Reporting

The report outlined the findings following a review into the College arrangements budget setting, monitoring and reporting, intended to provide assurance that the budget setting framework for the 2019/20 academic year was appropriate to achieve the College objectives and that budgets were adequately controlled and managed in-year.

After noting that control arrangements provided significant assurance that the material risks reviewed were managed effectively, there was review of the two low risk recommendations and one best practice point to improve the performance of the system of internal controls. Discussion included:

- The suggested inclusion within the monthly management accounts of a cash-flow forecast and report on the actual cash position against the forecast for comparison purposes. It was noted that this been completed but not included, confirming that these now would be incorporated.
- The proposed updating of a larger number of the key forecast lines against the budget earlier in the year, noting confirmation that future months would include a more detailed variance / forecast to ensure financial movements were known.

The report was noted

iv Audit Report: Funding Assurance

The report outlined findings following a review intended to provide assurance about the processes in place to ensure the submission of accurate and compliant ILR returns for the 2019/20 academic year and the retention of compliant supporting documentation in respect of two areas of activity, Apprenticeships and Classroom based provision.

It was reported that with the former providing limited assurance and the latter reasonable assurance that the material risks reviewed were managed effectively, a limited assurance overall had been provided. Members were advised that in respect of:

- Apprenticeship provision, three high, one medium and one low risk recommendations had been made to improve the adequacy and/or operation of internal controls for off-the-job training, the development of costing models and the completion of Apprenticeship Agreements. It was noted how these areas represented a high level of risk to the College, where errors could result in the full amount of funding for individual learners being removed should the College be subject to an ESFA funding audit.
- Classroom based provision, whilst reporting higher levels of compliance, one medium and four low risk recommendations had been made to improve the adequacy or operation of some controls in practice regarding data quality, particularly study programme hours.

After welcoming confirmation of the action being taken to address the recommendations for classroom based provision, discussion focused on the limited assurance provided following the Apprenticeships review:

- Questioning the underlying causes and the extent to which these were College specific. Members were advised that the matters identified were recognised to be sector-wide issues, explaining the complexities and frequency of changes to funding requirements making compliance in all respects challenging. It was noted however that areas of good practice and compliance had been observed during the review, which it was suggested should be adopted to ensure one consistent approach.
- Recognising the significance of having Learner Apprenticeship Agreements in place and the risk presented in jeopardising funding, particularly in the context of the volume of provision and the overall financial implications. The prudent approach was acknowledged in the timing of the review to ensure any issues were identified and addressed in advance of any formal funding body audit, particularly with the ESFA undertaking short notice visits and its adoption of a “zero tolerance” approach.
- Questioning the likelihood of the recurrence of the issues identified in subsequent years. Expressing disappointment in the re-emergence of some of the issues raised in previous reviews, members were advised of recent staff changes confirming that the recommendations made were being prioritised and that Management were closely monitoring implementation to ensure all actions were addressed.

It was confirmed that all recommendations would be added to the audit tracker along with explanatory text clearly identifying the actions being taken.

The report was noted.

664.1b Audit Tracker: Progress Report

Providing an update on the implementation of previous audit recommendations, progress was reviewed, noting in particular that:

- An update would be provide at the next meeting on progress in addressing the recommendations from the GDPR review, explaining the red rating to be attributed to the unavailability of information at the time the tracker was updated.
- The recommendations from the reviews just presented would be incorporated into the tracker, agreeing that those from the Apprenticeships Review would identify clearly the actions and those requiring urgent attention to ensure appropriately focused discussions at future meetings.

After consideration, the updated was noted.

664.1c Other In-year Activity

Reports on other activity were presented comprising:

i Risk Management: Risk Register Review

The most recent changes to the Risk Register were summarised and in the context of the degree of assurance the Register provided. Intended to provide a focus for future discussions, members reflected on the most significant risks faced by the College they considered of most concern, identifying:

- Further outbreak of COVID-19 and the potential impact on the College and business continuity.
- Apprenticeships (see Minute 664aiv)
- Breach of Bank Covenants in the context of a consecutive year Loss acknowledging the ability to manage short-term financial matters but recognising the potential future impact in addressing any shortfall and the limitations in trying to move forward strategically, particularly with the current challenges facing the College, the sector and nationally.
- The management of sub-contracted provision.
- Succession planning and the recruitment and retention of Board members and senior and other key staff, in the context of the complexities and challenges of the environment within which the College was operating and the potential impact on operational management and strategic decision-making.
- T Levels and of their impact and the extent to which the College would be prepared when launched.
- The quality of data although the management and control of the risks presented were acknowledged.
- The security of SEND income and the potential to impact on the College's overall achievement of income targets

The report was noted.

ii Policies

Setting out the College's arrangements to ensure compliance with legislative responsibilities for which the Corporation had overall responsibility, policies were presented:

i Whistleblowing

After discussion by the Committee at its last meeting the Policy was re-presented following amendments made in-line with members' comments.

The updated Policy was noted.

ii Pandemic Policy

For the protection of the health and safety of students, employees, visitors and contractors in the event of Pandemic escalation beyond the scope of the Duty Principal Guidelines and Critical Incident Procedure and the potential to trigger the Disaster Management Plan (DMP).

Following review, it was **RESOLVED** to **RECOMMEND** for the Corporation to:

- **APPROVE** the Pandemic Policy.

665 OTHER BUSINESS & NEXT MEETING

665.1 Any Other Business

There was no other business.

665.2 Date of the next Meeting

Wednesday 24 June 2020, 5.30pm