
Date: 21 September 2015

Venue: The Board Room, City Campus

Present: Neil Fletcher - Chair
Kathy Atkin
Chris Linacre
Kim Streets

In attendance: Simon Denis - KPMG
Madeline Hawley - Grant Thornton
Clare Partridge - KPMG
Jason Pepper - Executive Director, Finance & Resources
Will Simpson - Grant Thornton
Val Struggles - Clerk to the Corporation

Action

- 15/3/1 Apologies for absence**
There were no apologies for absence.
- 15/3/2 Declarations of interest**
Kathy Atkin declared a potential interest in agenda item 6i) the Internal Audit Review Report on the Growth Strategy.
- 15/3/3 Minutes of the meeting held on 29 June 2015**
The minutes were approved as an accurate record.
- 15/3/4 Matters Arising**
There were no matters arising from the minutes of the last meeting which were not covered by the agenda.
- 15/3/5 Termly Review of Risk Management Framework 2015/16 - Confidential**
The Committee considered the risk register which had been amended since the last meeting. The following key issues were highlighted for members' attention:
- i) The addition of one new risk, relating to the recently announced Sheffield City Region Area Based Review for which both the likelihood and impact had been rated 'very high'. Confirmation was received on 17 September that the 2 day visit

to the College by the FE Commissioner's Advisers was scheduled for 12 and 13 October and that during this visit they will meet with Chairs of the Governing Body and its Committees. It was confirmed that the Chief Executive and Press Officer were preparing an initial communication for all staff and that further information will be shared once details are confirmed.

- ii) The inherent threat posed by three established risks had been revised, including
- *failure to prepare effectively for the transfer of high cost additional learning support funding from the EFA to local authorities.* The likelihood had been reduced from very high to high following recent confirmation that the College will receive an additional £300k funding from the LA which will offset the estimated £900k shortfall.
 - *closure of the Norton campus leads to a material decline in student enrolment and associated income.* The likelihood of this risk had been reduced from very high to high given the marginal reduction in 16-18 enrolments overall and increase in new 16-18 students enrolling this academic year.
 - *Failure to effectively manage the restructuring of the Executive Team.* The likelihood had been reduced from high to medium given the conclusion of the restructuring process.

The risk register will be revised to reflect changes to the strategic planning framework which is currently under review.

ED F&R

15/3/6 Internal Audit Reviews (IAR)

1 Growth Strategy

The scope of the review covered issues relating to the governance and execution of the strategy. A number of examples of good practice had been identified in the review, which received an overall assessment rating of 'amber' with 1 high, 6 medium and 6 low priority recommendations. All recommendations were accepted by management, one had been implemented and the remainder were due to be implemented by the end of December 2015, with one exception (scheduled for the end of April 2016).

During discussion members commented on the perceived regarding the amount and frequency of labour market information which is provided internally. Also the IAR report gave the overall impression that the growth strategy has not been widely communicated or supported with appropriate

resources.

In response it was clarified that since the field work was completed (in April) the College's strategic aims and objectives have been reviewed and the revisions are in the process of being widely disseminated. Taking account of the IAR recommendations the approach to funding growth is now more robust and focused with more realistic income targets allocated to Heads of Learning, which are incorporated into departmental budgets and supported by more detailed curriculum plans.

2 Follow up report

The report summarised the outcome of a review of the College's follow up arrangements in relation to the recommendations arising from Internal Audit Review work undertaken in 2013/14 and 2014/15. The overall assessment was rated 'green' based on a sample of 16 IAR recommendations out of 40. One low priority recommendation was made regarding the need for the Committee's approval to be obtained for extensions to overdue implementation dates. This was in recognition that there was no formal record of the revised timescale approved by the Committee in respect of two recommendations sampled.

3 Progress report on 2014/15 and 2015/16

The report summarised the status of the internal audit reviews originally scheduled for 2014/15 as approved by the Committee in September 2014. In total 52.5 audit days had been delivered (compared with 81 originally approved).

As agreed at the last meeting (minute 15/2/6.4) four Reviews had been deferred and incorporated into the 2015/2016 IAR plan, this was in recognition that by deferring the timing the College would obtain maximum benefit from the Reviews.

In addition the report also included details of progress in relation to the 2015/16 plan, considered at the last meeting. Some minor changes to that plan had been incorporated following discussion with management. Overall 107.5 audit days were allocated compared with 101 in the plan presented in June. It was noted that the IAR relating to the governance of the College's subsidiary companies was scheduled currently for March 2016 and that discussions have commenced with the Finance, Employment and General Purposes Committee regarding the possible appointment of Governors as Directors of the subsidiary companies.

It was acknowledged that the plan may need to be revised to take account of the outcome of the Area Based Review.

15/3/7 Management Review of Implementation of Audit Recommendations

The report indicated that good progress continues to be made towards implementing internal audit recommendations arising from eleven internal audit reviews carried out since March 2014 plus those relating to the Academy Sponsorship IAR undertaken in November 2013.

Of the total 35 recommendations, 26 (87%) have been implemented, four are ongoing and five have been removed as agreed by the Committee previously. Currently none are overdue.

The Committee noted that the report prepared for the next meeting will be based on IARs undertaken since March 2015 in recognition of the recommendations implemented or removed.

**ED F&R
30.11.15**

15/3/8 Draft Internal Audit Annual report 2014/15

During the presentation of the report the following issues were highlighted:

- i) In relation to the regularity framework, the Joint Audit Code of Practice (JACOP) had been updated but there were few substantive changes;
- ii) In terms of the IAR work undertaken during 2014/15, four reviews had been rated overall as 'amber' and two had been rated 'green'. A summary and an update in respect of the amber ratings was provided.
- iii) The Executive Director, Finance and Resources reported in relation to the Finance System IAR (rated amber) all recommendations have now been implemented and their effectiveness will be 'tested' when KPMG undertake their audit of the 2014/15 financial statements later this term. Also the recommendations relating to ESOL temporary staff costs have been implemented and the inherent risk has reduced commensurate with the reduction in ESOL provision. Consequently it was anticipated that a further review of the four 'amber' rated IARs would result in these two now being rated 'green'.
- iv) Members questioned whether the ineffective use of the current Customer Relationship Management system (Growth Strategy IAR) was due to the quality of its content or access difficulties. It was clarified that since the review the College has migrated to the use of Microsoft which should remove one barrier to accessing the system. The quality of the content had not been part of the review.
- v) The report included the Auditors self-assessment of their performance against the KPIs previously agreed by the

Committee together with a statement on their quality assurance processes.

In discussion members sought further clarification regarding the College's approach to internal audit. It was acknowledged that the College took a very risk-based focus, particularly in areas of its core business, reflecting its awareness of areas where assurance is required and where the review will be beneficial.

15/3/9 Committee's Draft Annual Report 2014/15

The Committee received the first draft of its annual report for submission to the Governing Body, Chief Executive and SFA in December with the audited annual accounts for the year ended July 2015. During the presentation and discussion the following points were raised:

- i) The format was consistent with the requirements of the recently updated JACOP and will take account of the Internal Auditors Annual Report (minute 15/3/8 above refers) and the external auditors audit highlights and management letter to be presented to the November meeting.
- ii) The main difference to this year's report arises from the Governing Body decision to adopt the AoC's Code of Good Governance for English Colleges (replacing the earlier Foundation Code of Governance). This was appended reflecting the current level of compliance and will be amended to reflect members' comments.
- iii) Additional commentary will be included in the annual report to reflect the action taken by management to address the IAR recommendations and the outcome of the Internal Auditors follow up work in respect of these.
- iv) Other aspects of quality assurance will be incorporated, for example the outcome of the HEFCE QAA visit in autumn 2014.
- v) The Chairs of the other Governing Body Committees will be requested to report on that Committee's approach to considering and monitoring the key risks.

The updated report and Code will be presented to the next meeting for approval.

**Clerk
30.11.15**

15/3/10 Review of the meeting

No issues or concerns were raised regarding the transaction of business.

15/3/11 Any Other Business

UTCs Academy Trust

The Committee was informed that following (DfE) approval for the merger of the two UTCs, these will become part of the College's Multi Academy Trust. A report will be presented to the next meeting covering arrangements for governance, internal audit and the consolidation of accounts.

**ED F&R
30.11.15**

15/3/12 Date of next meeting

Monday 30 November 2015 at 8.00 am(Joint with Finance Employment & General Purposes Committee) in the Boardroom, City Campus