

The Henley College Corporation

**MINUTES of the Meeting of the Audit Committee**

**held on Monday 8th June 2015 at 9.00 am**

**Members present:**

Ian McGaw (Chair) (IMG)

Simon White (SW)

Charles Wiggin (CW)

**In attendance:**

Sue Bishop, Director of Finance (SBis)

Katherine Patel, Buzzacott LLP (KPat)

Claire Harris, Corporation Secretary (CHar)

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| **Agenda item** | **Minute** | **Action by:** |
| **3.1 14/15** | **Opening of meeting** |  |
|  | The meeting opened at 9:12 am. |  |
| **3.2 14/15** | **Apologies for absence** |  |
|  | Apologies for absence were received from Jayne Davis, Robyn Vitty and Jim McCaffrey. |  |
| **3.3 14/15** | **Declaration of interests** |  |
|  | No interests were declared. |  |
| **3.4 14/15** | **Minutes of the meeting of 2nd March 2015** |  |
|  | Simon White joined the meeting at 9.25, at which point the Committee agreed that the minutes were an accurate record of the meeting of 9th June 2014 and the minutes were signed by the Chair. |  |
| **3.5 14/15** | **Matters arising** |  |
|  | Review of the Paradise Road legal action. CW noted that he and SW had yet to meet. SBis is leaving on 10th July and IMG asked CW to liaise with SW to further the review. |  |
| **3.6 14/15** | **Risk Management** |  |
| **3.6(a) 14/15** | **Risk Management Group Minutes** |  |
| **3.6(b) 14/15**  **3.6(c) 14/15**  **3.7 14/15** | The notes of the most recent meeting of the Risk Management Group were considered. SB reported that an independent audit had been offered free of charge, by the insurers, on the Disaster Recovery/Business Continuity Plan and the College would take advantage of this offer.  In the Action Plan, the potential rebuilding of the college will be added by JDav. A review of apprenticeships will be added to Risk 4. There is uncertainty over apprenticeship funding – there is a risk the College may over-deliver and the College is still waiting to hear whether funding has been confirmed for 16-18 year provision. Colleges now have to bid for additional funding for additional provision. The funding has recently been changed from “guaranteed” to “prioritised”. The deadline to bid for the funding was April and the College will not be informed until after the beginning of June.  CW asked what the financial impact would be. SBis explained that if this extra funding is not received, the College will be around £66,000 short.  **Risk Register**  An updated version of the Risk Register was considered. CW noted that out of 30 risks, three were very high impact and likely to happen, which relate to student funding and student numbers.  **Risk Management Action Plan**  SBis explained that the Action Plan is in the same order as the Risk Register.  The shortfall of numbers in the current year and target is to increase number by 50 students for September 2015. CW asked what actions where taking place to address this risk.  SW added that many different types of marketing had been taking place to encourage additional applicants.  SBis added that the Risk Management Action Plan is updated each term via the Risk Management Group. SW commented that there had been a two-month gap between the Action Plan being updated and Audit Committee taking place.  SB agreed to ask the Principal to align the meetings closer to the Audit Committee if possible. IMG suggested that Health and Safety be held close to Audit as well if possible.  CW asked if there was any financial impact contained with the Plan. SW commented that the shortfall forecasts are contained within the College dashboard, which is presented to the Corporation. SBis confirmed it is also contained within the Operational Plan. SBis noted that ‘Financial Impact’ had been absorbed by ‘Impact and Severity’ on the Risk Register. Agreed that more detail was required by Audit beyond the very high-level set out in dashboard.  CW commented that in his experience, any increase in costs for marketing activities was usually worth it. SW asked about the financial impact of the increased marketing and SBis confirmed that the re-arrangement of the two posts did not incur any further costs. Non-pay costs had increased from £60,000 to £90,000, for example advertising.  **Health and Safety**  Radicalisation Policy.  SBis reported that the policy had been submitted to the Health and Safety Committee already. It was included in the Committee’s agenda, to give Governors an update on what the College had done. As previously reported, Kathryn Caulfield and Jim McCaffrey had undertaken the Prevent training. All staff have been asked to complete online-training on Prevent, before the end of the current term. Governors noted the content of the report and IMG recommended that the report be presented to the Corporation. | **Director of Finance** |
| **3.8 14/15** | **Internal Sudit Services – Buzzacott LLP**  Katherine Patel, from Buzzacott LLP presented the most recent report. |  |
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| **3.8(a) 14/15** | **Student Record System** |  |
|  | KPat began by explaining that the first report was an overview of the key controls and processes relating to the Student records.  SW sought clarification on which aspects of student data recording was included, for example, was pro-monitor included? SBis confirmed that this was not, as it had been introduced after the review. The review was concerned with the how the college records student details and examinations results ie, learner eligibility and existence. CW asked whether what was the financial impact of the examinations results there was any claw back – was there an impact on staff against a pay spine. SBis confirmed that certain elements of pay spine relate to examination results.  SBis clarified that it was an audit to look at statutory return and the accuracy of data that is fed to parents. The purpose was to replicate the audit a funding body might conduct. KPat concurred, stating if the SFA were to come in, these would be the questions asked.  KPat continued, drawing attention to the Action Plan on Page 4 Section 2, Ref 1.3 recommending a change to record keeping of student learning programmes. The main concern would relate to the control of systems around withdrawals (from a programme). SW asked SBis for her opinion, who commented that she would need to defer to Alan Gaskin, Head of IT. SBis takes all the recommendations from all the reports and compiles them. In advance of the next Audit Committee, all persons responsible have been informed of the recommendations. |  |
| **3.8(b) 14/15** | **Payroll System Review** |  |
|  | SBis gave some background to the payroll system, explaining that there is a part-time payroll office and assistant who process the payroll, which is then sent to a Bureau (Cintra). |  |
|  | KPat explained that the review had looked at payroll records, the process of submitting information to Cintra and the personnel files.  Page 2 gave the conclusion, with recommendations set out on Page 3 and an Action Plan on Page 3. Attention was drawn to Ref 3.3 which recommended that changes to payments made to the Director of HR and Professional Development, are now authorised by an alternative member of staff.  Under Section 4, it was explained that the peak in July was due to holiday pay being paid at the end of the academic year. |  |
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| **3.8(c)**  **14/15** | **Follow-up Report on IT and MIS**  Following the review of IT and MIS in September 2014, progress against the subsequent action plan had been reviewed. On Page 2, section 1.5 there were a number of recommendations listed, that had been carried out. Progress had been made in MIS, following appointment of a new manager. As the work was cyclical in nature, it was not possible to report on a whole year as yet.  SW asked SBis if there were any items for concern. SBis felt that there weren’t and reported that another report will be submitted to Audit Committee in the Autumn term. |  |
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| **3.8(d) 14/15** | **Internal Assurance Annual Report year ending 31/07/15 – Executive Summary**  Page 2 – Payroll system, should state that there are 6 low priorities not 7.  Kulbir, the new Director of Finance is starting and Buzzacotts will be speaking with him. The committee members were asked if they had any comments to be incorporated in initial discussions. SBis confirmed the she would be speaking with the new post-holder and will suggest that he gets in touch with Audit committee members over the summer holidays to discuss potential focus for audit reviews for next academic year.  A list could be produced by early September for Katherine to consider. It should be noted that timing would be very tight for Katherine to put an audit together. SW confirmed he would be happy to come in and have an informal meeting with Kulbir; SBis will ask Kulbir to meet with SW and other committee members as available over the summer. | **Director of Finance** |
| **3.8(e)**  **14/15** | **Updated Action Report on Audit Recommendations** |  |
|  | SBis introduced the updated Action Report, following the Audit recommendations. SBis clarified that if a recommendation reaches Status 5, it disappears from the list, so the list is constantly refreshed.  SW asked who decides to ‘abandon’ an item. SBis said the Senior Management Team; things move on, an old system may be replaced by new software, or an action may slightly change.  CW noted that a few actions had not yet started on the payroll. SBis agreed and noted that it had only been three weeks since the audit had taken place. There had been no end of June payroll yet, an improvement would show in the next month.  CW drew attention to Page 2, ‘Documentation of a policy covering the provision of education and training to be formally documented’. SBis confirmed this had been done, but not recorded.  CW commented that there were quite a few actions on the payroll system to be carried out. SBis will pass on any outstanding actions for the new Director of Finance. |  |
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| **3.9**  **14/15**  **3.10**  **14/15**  **3.11 14/15**  **3.12 14/15** | **Financial Statements Auditors – Buzzacott**  A planning meeting had already been held SBis and Debbie Lindsley. Appendix 1 on Page 6 of the report set out the timetable of proposed works. KPat reported that the EFA and SFA had issued their accounts direction. It was worth noting that there would be a separate sign-off relating to regulatory and proprietory issues.  The regulatory work will take place in July and the Teachers’ Pension Scheme work will also take place in July. There were several things to consider:   * Income recognition eg Apprenticeship funding * Any claw back * Final statement from SFA in the Autumn * Checking Fixed Assets were correct * Cut-off for summer works * Sale of land behind Youth Centre – how to disclose (Note that College only receives 45% of the sale) * Management controls designed to eliminate manipulation * Accounting estimates, any conflict of interest   CW asked if there were any material estimates for SBis to grapple with and SBis confirmed there were none, other than some estimates for end-of-year pay. SBis did comment that advice would be required on how to handle proceeds of the sale of the land. KPat felt any disclosures to deal with the sale of the land would be an exceptional item.  Buzzacott’s proposed fees for the year were set out on Page 5 and more detail on the scope of the work could be found under Appendix 2 on Page 7.  KPat drew attention to Appendix 4 on FE and HE SORP, as this would be applicable to the 2016 accounts. SBis confirmed that although he doesn’t formally start at the College until July, Kulbir would be attending the AOC workshop on 16th June on SORP arragnements. KPat said it was worth the Finance Committee considering the points listed on Page 13, in particular Capital Grants.  CW also noted that accrued annual leave can be an issue. SBis reported that this was an issue for management and support staff, rather than teachers.  KPat finished by commenting on Appendix 5, which listed some recent FE reporting issues.  IMG confirmed that the proposed fees will need to be approved by the Corporation and noted that the increase totalled less than 2%. CW felt that the audit shows had Buzzacott had a good grip on everything.  KPat was formally thanked for her work.  **Review of Committee Terms of Reference, Standing Agenda Items and Self-Assessment of Committee**  SW felt commented that the all terms of reference and standing agenda items would be reviewed under the updating of the Instrument and Articles. SBis commented that the term match the Audit Code of Practice. There were no amendments suggested but Committee agreed this would need to be revisited in future.  **Committee self-assessment against the 5Ss of Governance**  *Support*. SBis commented that CW brings a different perspective from industry. IMG attends Risk Management and Health and Safety. It has also been helpful to call other staff members to the meeting.  *Stretch*. SBIs commented that Audit Committee had instigated change to the Risk Register, following CW’s request for comparison against previous figures.  *Scrutiny*. Members are challenging, asking for update on what progress is being made.  *Stewardship*. Agreed that this is a core function of the Audit Committee and inherent in everything it does. CW is always asking about how money is looked after. The IT and MIS audit followed concerns about reputational risk.  *Strategy*. There is an over-arching Audit Strategy but Committee felt this “S” was more applicable to other committees.  **Any Other Business**  As IMG was stepping down as Chair the Vice-Chair, Simon White was unanimously elected. IMG was thanked by other members for his service as chair to the Committee.  SW asked if there could be a push for other members to join over the next week. Regarding timing of the meeting, the first Audit Committee in the Autumn will take place at 9.00 am, as that was the preferred time for CW. The time can be reviewed following thereafter. |  |
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| **3.13 14/15** | **Items to Take to Next Corporation Meeting** |  |
|  | * Internal Audit report * Approval of Buzzacott fees from 31 July 2015 and Planning Letter * Appeal for further members |  |
| **3.14**  **14/15** | **Date and Time of Next Meeting** |  |
|  | The next scheduled meeting is on Monday 16th November at 9:00am. |  |
| **3.15 14/15** | **Meeting closure** |  |
|  | The meeting closed at 11.05 am |  |

MINUTES of the meeting held on Monday 8th June 2015 were agreed and accepted as a true and accurate record and signed by the Chair

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