

FAREHAM COLLEGE

**AUDIT COMMITTEE**

27 November 2019

**MINUTES**

Present: Mr T Rudd  
Mr A Spires  
Dr C Thomas

In attendance: Mrs G Flood (Clerk to the Corporation)  
Mr Stuart Griffiths (RSM)  
Mr Nick MacBeath (TIAA)  
Mrs Marion Shephard (Interim Finance Director)  
Mr Richard Bryant (Deputy Principal Finance & Resources designate)

**29/19 Item 1: Declaration of Interests**

Members were reminded of the need to declare any personal or financial interest in any item of business to be considered at the meeting. No interests were declared.

**30/19 Item 2: Apologies for absence**

Apologies for absence were received and accepted from Kerrie Clark and Andrew Kaye (Principal and CEO).

**31/19 Item 3: Minutes of the meeting held on the 12 June 2019**

The Chair noted a minor error in the spelling of Audit member Kerrie Clerk not Clark. Aside from this, the minutes of the meeting held on the 12 June 2019 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising from them which were not covered elsewhere on the agenda.

**32/19 Item 4: Annual Report on Risk Management**

Members of the Committee received the Annual Report on Risk Management. Governors were aware that the College was required to submit an annual report to the Audit Committee and the Corporation on Risk Management in order to inform Governors on the adequacy of arrangements for risk management and to enable the College to demonstrate compliance with the recommendations of the Turnbull Committee.

The Interim Finance Director presented this report on behalf of the Principal. It was noted the 2 main risks to bring to Committee attention were related to Mental Health and Cyber security. Members noted the work completed to mitigate these risks and the focus of the cyber security internal audit which has provided additional related actions. Whilst the Committee were assured by the narrative provided by the Interim Finance Director, the Chair requested that a brief overview of the work completed to date around the mental health and wellbeing risk is provided via email before the next meeting.

**ACTION: AK to provide an overview of the actions in place to mitigate the ongoing mental health and wellbeing risk**

Members noted that risk management workshops had been held throughout the 2018/2019 year and the register had been updated monthly. In addition, it had been noted the register had been subject to review and consolidation of risks to reduce duplication. Members of the Audit Committee were reminded that, following these workshops, the relevant College committees had reviewed the risks pertinent to their areas to offer oversight, support and challenge to the Management Team.

Members discussed the risk register more generally considered the option of separating out operational and strategic risk. The Chair requested that additional narrative is included in the final column '3<sup>rd</sup> party assurance' to provide more general assurance about actions that have been taken in house as well as externally.

Members noted that the Annual Report would be presented to the full Board at its meeting on the 11 December 2019.

**Members of the Audit Committee reviewed and endorsed the Risk Register. In addition, the Committee agreed to recommend to the Corporation that the College's Risk Management arrangements were adequate to enable the Corporation to discharge its duties.**

**33/19 Item 5i) Internal Audit Report: Quality Systems, Learner Numbers and Sub-contracting.**

Members of the Committee received and noted the Internal Audit Reports from TIAA for the Quality Systems, Learner Numbers and Sub-contracting block review which had taken place in June 2019.

**Internal Audit Report: Quality Systems                      Audit Opinion: Reasonable**

The scope of the audit visit had been to undertake a review of the key controls and processes related to the College's arrangements in respect of monitoring apprenticeships and Maths/English attendance

Three 'priority 2' (important) recommendations were made relating to;

- An apprenticeship policy /standing operating procedure to be developed to provide guidance and structure on managing apprentices in one document
- A checklist to standardise approach to apprentice feedback, with feedback assessments to be 'RAG' rated.
- Creating a standardised format for agenda and action tracking of Quality Standard Monitoring Groups (QSM)

Two 'priority 3' (routine) recommendations were also made as part of this review.

**Internal Audit Report: Learner Numbers                      Audit Opinion: Substantial**

The scope of the audit visit had been to review the College's internal control arrangements around its main Management Information System (MIS) and the processes in place to manage and record learner numbers. Substantial assurance was given for this review with no recommendations made.

**Internal Audit Report: Sub-contractors                      Audit Opinion: Reasonable**

The scope of the audit had been to review the College's management and ongoing review (audit) of its sub-contracting arrangements.

Three priority 2 'important' recommendations were made relating to;

- A report detailing the findings and recommendations of the sub-contracting audits to be presented to the Business plus Quality Standard Monitoring (QSM) group(s)
- ESFA clarification of the use of gross/net figures on sub-contractor declaration submission
- ESFA to be informed of the omission to the December 2018 sub-contractors declaration submission

Two additional 'priority 3' (routine) recommendations were made as part of this review.

Members discussed the issues which had arisen as a result of the audit and reviewed the proposed management response/actions to address the issues identified.

The Committee noted their reassurance that 'substantial' assurance had been given for learner numbers and agreed the new relationship with TIAA is working well to date. Members noted the use by the Clerk and the Interim Finance Director of the online tracking tool provided by TIAA.

**Members reviewed and noted the contents of the Internal Audit Report Quality Systems, Learner Numbers and Sub-contracting, the recommendations which had been made and the actions in train to address the issues identified as part of the review.**

#### **34/19 Item 05ii Internal Audit Annual Report 2017/2018**

Members of the Committee had received the Internal Audit Annual Report 2018/19. TIAA presented the document and noted the following;

Report provided a summary of work completed in 2018/19

- 5 assurance reviews that were completed
- Noted limited assurance for cyber security - but this results has been shared by many local colleges.
- Some of the cyber security actions are more urgent than usual (however this is the nature of the issue)

The Committee noted the professionalism of TIAA and improvement of delivery against improved plan. The Chair went on to suggest that the new Deputy Principal Check Finance & Resources confirms he is happy with the coverage of the plan for the year ahead once in post.

**POST MEETING NOTE: TIAA and Richard Bryant have secured a date to meet in January.**

**The Committee reviewed and noted the contents of the Report and agreed to recommend it for formal approval by the full Corporation at its meeting on the 11 December 2019.**

#### **35/19 Item 05iii Management review of Audit Recommendations – November 2019 Update**

Members of the Committee received a paper which outlined outstanding audit recommendations for review by the Committee. Members reviewed the actions in train and the progress to date. TIAA noted the report was drawn from the online tracking portal which is updated in real time with shared access between the College and TIAA.

The Chair commended the reduced number of actions that remained outstanding but queried some of the extensions from original completion dates of May 2019 which are now July 2020. He requested a note confirming what actions have been taken to mitigate the risk during the period of extension, bearing in mind some of these actions are considered 'urgent'.

**ACTION: AK to provide a note to the Committee via email noting details of mitigation actions during the period of extension to internal audit actions.**

**Members reviewed and noted the contents of the paper and noted the progress to date of the internal audit recommendations.**

**36/19 Item 06 Annual Report of the Audit Committee to the Corporation: Financial Year 2018/2019**

Members of the Committee had received the Draft Annual Report of the Audit Committee of Fareham College which had been prepared by the Clerk on behalf of the Committee. Members reviewed the contents of the report which outlined the work of the Audit Committee during the 2018/2019 year and agreed to recommend it to the Corporation for formal approval.

**The Committee reviewed the Report and agreed it be presented to the full Corporation at its meeting on the 11 December 2019 for formal approval**

**36/19 Item 07 Financial Statements 2018/2019**

**i) Financial Statements:**

Members of the Audit Committee had received a copy of the Financial Statements Year Ended 31 July 2019 for discussion and review. The Committee requested that thanks be extended to the Interim Finance Director and his team for all their hard work during the audit process.

**Members of the Committee endorsed the recommendation of the Finance and Resources Committee that the Accounts be presented for formal approval by the full Corporation at its meeting on the 11 December 2019.**

**(ii) Self-Assessment Questionnaire**

Members of the Committee received the Self-Assessment Questionnaire for consideration and review. The Interim Finance Director advised the Committee that the document had been considered by the Finance and Resources Committee at its meeting on the 20 November 2019 and they had agreed to recommend it for formal approval by the Board.

**Members reviewed the contents of the paper and endorsed the recommendation of the F&R Committee that the Self-Assessment Questionnaire be recommended to the full Corporation for formal approval at its meeting on the 11 December 2019.**

**(iii) The Audit Findings Report**

Members of the Committee had received the draft Audit Findings Report from RSM for consideration and review. Stuart Griffiths, RSM spoke to the paper and gave a brief overview reassuring members there were no matters or issues outstanding to bring to the attention of the Committee.

The Committee commended RSM on the layout of the report. The Committee discussed the relationship with RSM and Interim Finance Director noted that there has been good timetabling/delivery and that any Q's were well received and explained. RSM endorsed a positive open relationship.

The Chair noted his disappointment in the lack of attendance by an Audit Director at this meeting. It was noted that normally there would be an expectation that the Audit Director would be in attendance at an end of year meeting – should this not be the case, the Chair requested advance notice. It was noted by the Clerk that apologies were provided earlier today.

**Members of the Audit Committee were satisfied that there were no issues of concern and agreed to recommend the Audit Findings Report for approval by the full Corporation at its meeting on the 11 December 2019.**

**38/19 Date of next meeting**

It was noted that the next meeting was scheduled to take place on **18 March 2020 at 5.30 pm**

**18.19 finished.**

A handwritten signature in black ink, appearing to be 'AGS' followed by a stylized flourish.

**SIGNED :**

**DATE: 8.12.20**