

# HILLS ROAD SIXTH FORM COLLEGE

## Audit Committee Meeting

Minutes of the Meeting held on Wednesday 17 June 2015 at 6.00pm

### Present:

**Independent Chair** Laragh Jeanroy

**Corporation Members** Julie Taylor

**Clerk to the Committee** Robert Smith

**Observers** Jill Aberdour (Assistant Principal – Resources), Jonathan Creed (Icca: internal audit service), Rakesh Shaunak (MacIntyre Hudson: financial statements auditor)

### Principal Business

<i>Item No.</i>	<i>Title</i>
<b>6</b>	Internal Audit Report: College Study Programmes
<b>7</b>	Internal Audit Report: Phase V Capital Project
<b>10</b>	Internal Audit Strategy 2015-16
<b>12</b>	Financial Statements Audit Pan for the year end 31 July 2015
<b>13</b>	Risk Registers

#### 1. Apologies for Absence/Quoracy

Apologies for absence had been received from: Hazel Borrett, David Secher.

The meeting was quorate.

#### 2. Declaration of Interests

None.

#### 3. Minutes of the Previous Meeting (25 February 2015)

The minutes were approved as a correct record of the business transacted, and *prima facie* evidence of the proceedings to which they relate.

#### **4. Matters Arising from the Minutes**

None.

#### **5. How the Audit Committee Conducts its Business (Paper A 14/20)**

A paper prepared by the Chair of the Committee and the Clerk to the Corporation, together with 'The Audit Committee Self-Assessment Checklist' published by the National Audit Office, was received. The proposals in the paper were considered and approved.

#### **6. Internal Audit Report: College Study Programmes (Paper A 14/21)**

A report prepared by Icca Education Training and Skills was received and considered.

It was noted that substantial assurance had been given.

A medium priority recommendation had been made, namely that the College needs to consider how it can secure relevant external work experience for those 40 to 50 students, which they estimate will progress into employment. The College should consider how it can use labour market information (LMI) to identify potential external work-experience opportunities. The College should consider how it can best use tutorial time to support these students whose destination is employment rather than HE. It was noted that the recommendation relates to a current Ofsted priority. Members noted that College management had acknowledged the importance of the recommendation and will be reviewing arrangements during the coming summer.

Three low priority recommendations had also been made, again in the context of Ofsted priorities. The responses by College management were accepted by the Committee, but the need to be able to demonstrate a structured framework for independent learning was acknowledged.

#### **7. Internal Audit Report: Phase V Capital Project (Paper A 14/22)**

A report prepared by Icca Education Training and Skills was received and considered.

It was noted that substantial assurance had been given.

Three low priority recommendations had been made, and the response of College management was acknowledged by the Committee. In particular, it was noted that a specific risk register had been created in relation to Phase V Capital Project and is being used in the context of monthly site meetings.

## **8. Performance of Internal Auditor against Approved Performance Indicators (Paper A 14/23)**

A paper prepared by the Assistant Principal (Resources) was received and approved.

Members noted that performance against approved indicators had been generally good, but that there had been an issue concerning the promptness of the issuing of two out of four internal audit reports. The agreed time lapse is ten working days, and the internal audit service accepted that this must be adhered to in the future.

## **9. Internal Audit Strategy 2015-16 (Paper A 14/24)**

A paper prepared by Icca Education Training and Skills using the standard format was received and considered.

It was noted that, if necessary, its provisions could be amended in the light of future events.

The internal audit work planned for 2015-16 includes:

- HR – Performance Management (appraisal system);
- Fundamental Financial Controls;
- High Needs Students;
- Post-Implementation review of ProMonitor; *and*
- Safeguarding, Wellbeing, and Prevent duty.

Members noted that:

- the specific focus of the HR audit will be the effectiveness of the College's new appraisal system introduced in 2015 alongside completion of the Teachers' Pay Reforms, with consideration being given to the design of the framework (particularly how it links to performance management and to training and development), compliance testing to ensure that the completion of appraisals by departments is consistent, and reviewing how the appraisal system aligns to Ofsted criteria for performance management and tackling under performance;
- in the context of the imminent retirement of the finance bursar key control testing will be undertaken to ensure the robustness of the following core financial systems – Creditors & Debtors, Cash & Banking, treasury Management, General Ledger;
- the review of the College's record keeping in support of its claims for High Needs Funding will examine compliance with funding body guidance and regulations following fundamental changes to the way learning support is funded;
- the review of ProMonitor will focus on the arrangements in place to provide College management with appropriate management information in a timely manner; *and*

- the review of safeguarding, wellbeing, and the prevent duty will seek to ensure that an appropriate strategies have been developed and are operating.

#### **10. Letter of Engagement: Internal Auditors (Paper A 14/25)**

A letter of engagement was approved for signature by the Chair of the Corporation.

#### **11. Financial Statement Audit Plan for the year ending 31 July 2015 (Paper A 14/26)**

A draft plan prepared by MacIntyre Hudson, in discussion with the Assistant Principal (Resources), was received and considered.

It was noted that:

- the audit is planned to obtain sufficient evidence of the College's significant operations and areas identified as having a significant risk of material misstatement to enable audit opinions to be given as follows:
  - that the accounts give a true and fair view of the state of affairs of the College at 31 July 2015; *and*
  - meet the regularity requirements set by the Education Funding Authority and Skills Funding Authority.
- a management letter will be issued focusing on the specific audit findings, issues and any areas where judgements have been made, which will also highlight any systems and control weaknesses identified during the audit; *and*
- because they are the largest item of expenditure particular attention will be paid to salary costs.

The fee of £17,250 to include the financial statements and regularity audit of the College, the financial statements audit of the subsidiary undertaking and the audit of the teachers' pension scheme return was noted to be in accordance with earlier approved proposals.

The report was recommended for approval by the Corporation.

#### **12. Risk Management Registers (Paper A 14/27)**

Risk Registers, highlighted to record revisions, updates and deletions, were received for consideration in connection with the following activities: enterprise, estates, finances, governance, human resources, IT, leadership and management, support and guidance, and teaching.

The following risks which had increased in significance were particularly noted:

- PC replacement planning needs to maintain the whole college PC age profile at a level fit for purpose for the service requirements - recent projections indicate that the College may have to reduce its PC provision due to budget pressures, which will have an impact on department teaching and learning resources requiring management;
- changes in the environment adversely affecting individual and collective behaviour which has a detrimental impact on the College culture - teaching staff are aware of the changes to the pay structure and all staff are aware of the changes to the appraisal process. It is hoped that by communicating and engaging with staff regularly and in advance about these and other changes such as the increase in teaching periods, changes to the curriculum etc. and the reasons for the direction of travel, that staff will be able to respond positively. In addition, while there is no evidence of a breakdown in systems some staff are voicing concerns over workload as the College increases student numbers and in advance of the increase to teaching staff timetables. The Principal and Deputy Principal have been engaging with union representatives and encouraging smarter approaches to be piloted;
- failure to preserve the quality of educational experience for students because of the necessity to remain solvent - since the original Model C was agreed other financial pressures such as the increase in Teacher Pension contributions and the failure of the VAT relief campaign have resulted in the college reviewing Model C as noted in the 2015 strategic planning update; *and*
- changes to the application procedure could have an impact on the College's ability to forward plan - the College's admissions strategy has been adjusted in the light of these new patterns.

The following new risks were also noted:

- staff failing to respond positively to the new appraisal scheme which is aligned to the new teaching staff pay structure - comprehensive training for appraisers and appraisees during the 2015 staff Development Period is being provided, and a gradual roll-out of software to ensure understanding and testing before full launch is to be undertaken;
- inability to maintain effective monitoring and support to students as we migrate to a new software system from September 2015 - the ProMonitor team will continue to operate through at least the early part of 2015-16 acting as both advocates and trainers and trouble-shooters for the new system, responding to any need for changes of approach. Training has so far been delivered to key teams in curriculum and guidance, a total of about 40 staff so far. Further training is planned for Heads of Department on 1st July 2015. Training materials, including 'how to' videos have been created for staff and uploaded to a resource area of Sharepoint and all staff are being supported through drop-in sessions that will be available throughout the second half of the Summer term; *and*
- failure of the Corporation to maintain an effective audit committee owing to the poor attendance by members – this is to be considered as an urgent priority at eh Corporation meeting to be held on 13 July 2015.

The following risk was proposed for deletion:

- Failure to enrol viable numbers for the Access to BioScience course – the course is being discontinued at the end of the 2014-15 academic year.

The registers, including the above additions and deletion, were recommended for approval by the Corporation.

### **13. Review of Financial Regulations (A 14/28)**

A schedule of proposed amendments prepared by the Director of Business and Finance was received and approved.

### **14. Performance of the Assistant Principal (Resources)**

Both auditors reported a good working relationship with the Assistant Principal (Resources), with information being made readily available. However, attention was drawn to the likely retirement of the post-holder (together with a possible two further senior post-holders, including the Principal) in the outlook period in the context of increasing pressures on the College.

### **15. Business for the Corporation**

Agenda 7-8 and 10-13 were approved as business for the Corporation meeting to be held on 13 July 2015.

### **16. Any Other Competent Business**

None

### **17. Date and Time of Next Meeting**

Wednesday 11 November 2015 (6.00pm) – additional arrangements in the context of the proposals approved under minute 5 above are to be confirmed.