

## Minutes of a Meeting of the Audit, Governance and Search Committee

**Venue:** Conference Room 1, South Tyneside College

**Date:** Wednesday, 15 November 2016

**Time:** 4.00pm – 5.50pm

**Present:** Terry Cornick (in the Chair)  
Peter Davidson  
Nick Whalen-Griffiths

**In Attendance:** Helen Beaton (Chief Financial Officer)  
Neil Longstaff (Clerk)  
James Morgan (KPMG)  
Mick Thompson (KPMG)

ITEM NO.	ISSUES	ACTION
1.	<p><b>Meeting with Auditors in Absence of Management</b></p> <p>Auditors stated that they had full access to all areas and were pleased to announce that there were no issues to report to the Committee. It was commented that the College had a very good and high calibre finance team.</p> <p>Helen Beaton (HB) joined the meeting.</p>	
2.	<p><b>Apologies for Absence</b></p> <p>The Committee received and approved an apology for absence from Lindsey Whiterod after having first considered the reasons for her absence.</p>	
3.	<p><b>Declarations of Interest</b></p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
4.	<p><b>Minutes of the Previous Meeting and Matters Arising</b></p> <p>The minutes of the meeting held on 25 May 2016 were approved and signed by the Chair.</p> <p><b>Matters arising</b></p> <p><u>4,1 Internal Audit Plan 2016-17 and Strategy 2016-19</u></p> <p>It was confirmed that the Internal Audit Plan 2016-17 and Strategy 2016-19 had been presented to and approved by the Board.</p> <p><u>4,2 Risk Management</u></p> <p>It was reported that the staff survey for the P&amp;V College would not be undertaken until</p>	

	<p>the following term.</p> <p><u>4.3 Governance</u></p> <p>The Clerk confirmed that the following had been approved by the Board:</p> <ul style="list-style-type: none"> <li>• The Code of Conduct and Standing Orders</li> <li>• The revised governance structure and associated documentation</li> <li>• The Workplan 2016/17</li> <li>• Revised Instrument and Articles of Government</li> <li>• RSM as the Internal Auditors for the College.</li> </ul> <p>The Clerk also reported that a number of volunteers had been sought to serve on the quality committees, as requested.</p>	
<p><b>5.</b></p>	<p><b>Committee Workplan 2016-17</b></p> <p>The Clerk presented the Workplan 2016/17 as approved by the Board, which took into account changes made at the previous Committee meeting.</p> <p><b>Resolved: That the Workplan 2015/16, as presented, is received.</b></p>	
<p><b>6.</b></p>	<p><b>Review of Committee Performance against Terms of Reference</b></p> <p>The Clerk reported that members of the former Audit and Governance and Search Committees were asked to complete an online survey to review the Committees performance during 2015-16 (analysis given at appendices 1 and 2).</p> <p>Governors were reminded that the Audit Committee and the Governance and Search Committee were merged mid-year but the new terms of reference retained the key responsibilities for each committee.</p> <p>There were no areas identified as being ineffective from the responses received to either survey and all areas were judged to be 'Effective' or better.</p> <p>The response rate to the Audit Committee and Governance and Search Committee surveys was 100%.</p> <p>It was commented that there needed to be built into the induction of governors more detail on values, mission, Board behaviour and discipline.</p> <p><b>Resolved: That the information is received.</b></p> <p><i>As internal auditors had not arrived at this stage in the proceedings the Chair changed the order of business as follows:</i></p>	<p><b>NL</b></p>
<p><b>7.</b></p>	<p><b>Audit Recommendation Tracker</b></p> <p>The Clerk presented the tracker for governors' consideration.</p> <p>The document identified any recommendations which were deemed a high or medium risk, which were either overdue for implementation or could be removed if completion had taken place. All personnel who were shown on the list with outstanding issues had been asked to advise if there had been any further progress and the tracker had been</p>	

	<p>updated accordingly.</p> <p>HB and NL responded to governors seeking clarification on matters within the updates.</p> <p>It was felt that staff needed to be reminded to indicate clearly when a risk had been addressed and that responses being sought were in relation to the original query, not subsequent actions.</p> <p>Concern had been expressed about the delays with the implementation of the succession plan, namely the identification of named Deputies. Governors asked that this be urgently addressed.</p> <p><b>Resolved: That the report is received and accepted.</b></p>	<p>NL</p> <p>HB</p>
<p><b>8.</b></p>	<p><b>Regularity Questionnaire</b></p> <p>This report was to inform members of the work and evidence the College had provided the external auditors KPMG in order to carry out their work on regularity.</p> <p>The Regularity Audit checked that the College had used the funds provided by government for the purposes intended in the grant or contract. The audit was carried out as part of the external audit process and the College provided the information to the auditors in the form of the completion of a standard questionnaire. SFA had requested that this completed questionnaire was formally signed off by the Chair and Chief Executive.</p> <p>The audit opinion was provided to governors and to the SFA by the auditors.</p> <p><b>Resolved: That the committee recommends that the Chair and Chief Executive formally sign the completed questionnaire on behalf of the Board.</b></p>	<p>HB</p>
<p><b>9.</b></p>	<p><b>Annual Report and Financial Statements for the Year-ended 31 July 2016 including regularity Audit Opinion and Management letter</b></p> <p>Confidential item</p>	
<p><b>10.</b></p>	<p><b>Internal Audit Reports: Follow up report</b></p> <p>From the work performed on follow up of prior year recommendations the auditors considered that South Tyneside College had demonstrated reasonable progress in implementing agreed recommendations.</p> <p>Of the seven recommendations reviewed in this audit, auditors confirmed that five had been fully implemented and two were ongoing. Management actions had been updated where appropriate.</p> <p>Governors were reminded that this report should be read in conjunction with the Audit Recommendation Tracker report.</p> <p>Q. Consultation with unions re. Succession Plan? HB was unsure as to why this was but reported that the unions had accepted the proposals.</p> <p><b>Resolved: That the Committee accepts the reports, as presented.</b></p>	

<p><b>11. Mock Funding Audit 2015/16 (ILR Audit Report)</b></p>	<p>In the absence of auditors, HB presented the 2015-16 report for governors' consideration. The report covered the following areas:</p> <ul style="list-style-type: none"> <li>• Executive summary</li> <li>• Substantive testing findings and action plan</li> <li>• DSAT review findings</li> </ul> <p>HB reminded governors that the College had not had a SFA audit for some time therefore asked auditors to conduct one as an additional piece of work. No serious issues were found.</p> <p>Governors felt that good sample sizes had been used to reach an informed decision.</p> <p><b>Resolved: That the Committee accepts the report, as presented.</b></p>	
<p><b>12. Internal Audit Annual Report (Year ending 31 July 2016)</b></p>	<p>The above mentioned report covered the following areas:</p> <ul style="list-style-type: none"> <li>• The annual internal audit opinion</li> <li>• The basis of auditors audit opinion</li> <li>• Appendix A: Annual opinions</li> <li>• Appendix B: summary of internal audit work completed 2015/16</li> </ul> <p>The auditors concluded that the College had an adequate and effective framework for risk management, governance and internal control.</p> <p>Auditors undertook seven internal audit reviews in 2015/16, which resulted in an assurance opinion. There were four reviews (57%) which resulted in a substantial assurance level being given and three (43%) where reasonable assurance was provided. During the year auditors had raised a total of 12 medium priority management actions and seven low actions that were all accepted by management.</p> <p>HB responded to questions concerning the auditors' performance against the performance indicators as detailed in the report.</p> <p><b>Resolved: That the report is received and is recommended to the Board for approval.</b></p>	<p><b>HB</b></p>
<p><b>13. Internal Audit Progress paper 2016/17</b></p>	<p>Governors were reminded that the Internal Audit Plan for 2016/17 had been approved by the Audit, Governance and Search Committee on 25 May 2016.</p> <p>This report provided a summary update on progress against that plan and summarised the results of the auditors work to date.</p> <p><b>Resolved: That the report is received.</b></p>	

14.	<p><b>Audit Committee Annual Report</b></p> <p>The Clerk introduced and outlined the report which was to be presented to the Board.</p> <p><b>Resolved: That the report is approved and is to be presented to the Board for information subject to the Chair’s term (P1) being amended to read 23.9.15.</b></p>	
15.	<p><b>Annual report on Risk Management</b></p> <p>The purpose of this report was to provide the Committee with an update on risk management in order to assist them in recommending the signing of the annual statement of governance and internal control as part of the College annual report to the Board in December 2016.</p> <p>The key points raised were as follows:</p> <ul style="list-style-type: none"> <li>• Corporate risk register was regularly reviewed by Senior Executive Group (SEG)</li> <li>• Operational risk registers for all areas of the College were reviewed at termly performance monitoring reviews</li> </ul> <p>HB responded to questions.</p> <p><b>Resolved: That the Board is recommended to sign the statement of governance and internal control in December 2016 by the Chief Executive and Chair as part of the College’s annual report.</b></p>	HB
16.	<p><b>Annual Report on Disclosures made under the Public Interest Disclosure Procedure</b></p> <p>The Clerk informed the Committee that there were no issues to report.</p> <p><b>Resolved: That the report is received.</b></p> <p>At this stage in the proceedings the auditors left the meeting.</p>	
17.	<p><b>Investigation into Training Provider</b></p> <p>Confidential item</p>	
18.	<p><b>Review of Internal Audit Performance</b></p> <p>The committee was informed that the auditors had deployed the days as per their report, had met the agreed performance indicators and had completed the internal audit assignments agreed with the College.</p> <p>It was reported that Senior Management were pleased with the auditors’ performance.</p> <p><b>Resolved: That the report is received and accepted.</b></p>	
19.	<p><b>Succession Planning and Governor Re-appointments</b></p> <p>This report aimed to highlight current and future skills/knowledge gaps on the Board and to plan for appointments in a timely manner.</p>	

	<p>The Clerk highlighted the following:</p> <ul style="list-style-type: none"> <li>• There was currently one vacancy on the Board. However, governors had agreed to suspend all new appointments until after the merger with TyneMet College.</li> <li>• There was one forthcoming governor re-appointment to consider in spring 2017.</li> <li>• Governors needed to be mindful of the need to ensure the Board had the appropriate diversity of experience and backgrounds to provide strong governance.</li> <li>• The latest skills and knowledge register used to identify any current or potential skills gaps on the Board.</li> <li>• An updated Succession Plan</li> <li>• The Induction Programme for new governors</li> </ul> <p>A governor felt the need for the induction programme to have a greater emphasis on finance and recommended that the governors' financial report be added to the induction pack. It was also suggested that the governors working relationship with the Senior Executive Team should be captured as part of the induction session.</p> <p><b>Resolved:</b></p> <ul style="list-style-type: none"> <li>i. <b>That the report is received.</b></li> <li>iii. <b>That the Committee approves the amended Succession Plan.</b></li> <li>iii. <b>That the members of the Committee agree the Induction Programme for new Governors subject to the inclusion of the above-mentioned matters raised by governors.</b></li> </ul>	<p>NL</p> <p>NL</p>
<p>20.</p>	<p><b>Code of Good Governance and Governance Quality Improvement Plan</b></p> <p>The purpose of the report was to provide the Audit, G&amp;S Committee with an update on progress towards becoming fully compliant with the Code of Good Governance.</p> <p>The Clerk drew governors' attention to the mapping exercise (based on 'Musts' only) and explained that this, together with the self-assessment surveys, would form the basis of a Governance Quality Improvement Plan (QIP).</p> <p><b>Resolved: That the Committee agree to receive the report and acknowledge progress being made towards becoming fully compliant with the Code.</b></p>	
<p>21.</p>	<p><b>Governors Attendance 2015/16</b></p> <p>The Clerk presented a report on governors' attendance at meetings of the Board and its committees covering 2015/16.</p> <p>The report was summarised as follows:</p> <ul style="list-style-type: none"> <li>• Targets for attendance at Board and Committees meetings and for each individual governor had been set at 75%.</li> <li>• At South Tyneside College, average attendance was 76%, which was a fall on the previous three years (82.2%, 84.66% and 82.6%).</li> <li>• The Board's attendance rates were compared against national surveys (no figures for as yet for 2015/16).</li> </ul> <p>Governors' attention was drawn to those attendances falling below the target levels.</p> <p>Members felt that overall attendance was good and acknowledged that any issues</p>	

	would be raised by the Chair of the Board at the 1-1 interviews.  <b>Resolved: That the report is received and agreed.</b>	
<b>22.</b>	<b>Development Event/Training</b>  The Clerk reported that he was to meet with the Clerk for TyneMet and the Merger Project Manager to consider governance arrangements for the 'new' College. It was expected that any training needs or support would be identified and addressed over the coming months.	
<b>23.</b>	<b>Any Other Business</b>  None.	
<b>24.</b>	<b>Identification of Confidential Items</b>  <b>Resolved: That the following items are to remain confidential:</b> <ul style="list-style-type: none"> <li>• Item 9 – Annual Report and Financial Statements</li> <li>• Item 17 - Investigation into Training Provider</li> </ul>	
<b>25.</b>	<b>Date and Time of Next Meeting</b>  The next Committee meeting was scheduled for Wednesday 1 March 2017 at 4.00pm.	

Signed: .....

Date.....