

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

Venue: Conference Room 1, South Tyneside College

Date: Wednesday 1 March 2017

Time: 4.00pm – 6.10pm

Present: Terry Cornick (in the Chair)
Peter Davidson
Mark Overton

Apologies: Nick Whalen-Griffiths
Lindsey Whiterod

In Attendance: Helen Beaton (Chief Financial Officer)
Neil Longstaff (Clerk)
Robert Barnett (RSM)

ITEM NO.	ISSUES	ACTION
1.	<p>Meeting with Auditors in Absence of Management</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.</p> <p>Governors asked how seriously staff approached the risks identified by auditors in their reports as there had been a number of deadlines not achieved.</p> <p>It was explained that actions in each report were usually agreed with management and acted upon. It was commented that overall the College was in a healthy place.</p> <p>Reference was made to a previous meeting where it had been reported that a training provider had cost the College funding to the sum of £137k and governors had been told that they were not required to hold fidelity insurance.</p> <p>It was stressed that the College should never be in a position of needing fidelity insurance and steps had been taken to monitor partners more closely. However, a governor stated that if someone was determined to break the rules then they would try and find a way around procedures.</p> <p>The auditor and Clerk explained how the audit plan was produced and how priority areas were identified. It was reported that the Senior Management Team were aware of the areas of risk within the College and actively asked auditors to investigate. This, it felt, should give assurances to members that staff were not hiding any issues by being open and transparent as possible.</p> <p>Helen Beaton (HB) joined the meeting.</p>	
2.	<p>Apologies for Absence</p> <p>The Committee received and approved apologies for absence from those identified</p>	

	<p>above after having first considered the reasons for their absence.</p> <p>It was noted that KPMG were not required to attend this meeting.</p>	
3.	<p>Declarations of Interest</p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
4.	<p>Minutes of the Previous Meeting and Matters Arising</p> <p>The minutes of the meeting held on 15 November 2016 were approved and signed by the Chair.</p> <p>Matters arising</p> <p><u>4.1 Audit Recommendation Tracker</u></p> <p>HB confirmed that the staff succession plan was now being implemented.</p> <p>The Clerk reported that staff had been reminded to indicate clearly when a risk had been addressed and that the responses being sought were in relation to the original query, not subsequent actions.</p> <p><u>4.2 Annual report on Risk Management</u></p> <p>The Clerk confirmed that the statement of governance and internal control had been agreed by the Board and signed off by the Chief Executive and Chair as part of the College's annual report.</p> <p><u>4.3 Audit Committee Annual Report</u></p> <p>The above-mentioned report had been presented to the Board for information.</p> <p><u>4.4 Annual Report and Financial Statements</u></p> <p>It was noted that these documents were no longer deemed confidential having been approved by the Board.</p> <p><u>4.5 Fidelity Insurance</u></p> <p>HB reported that the College did not have fidelity insurance cover for third parties only for College activities and only where there had been a conviction, therefore it would not have applied.</p>	
5.	<p>Internal Audit Reports:</p> <p>The reports detailed below were presented to the members of the committee.</p> <p>It was reported that in respect of all recommendations the management had accepted the findings and agreed reasonable actions to address the recommendations to enhance the control environment within the College.</p>	

i. Progress Report

Governors were reminded that the Internal Audit Plan for 2016/17 was approved by Audit, Governance and Search Committee on 25 May 2016.

This report provided a summary update on progress against that plan and summarised the results of the auditors work to date.

Governors' attention was also drawn to the KPI's which had all been achieved to date.

Each of the audit reports below covered the following areas:

- Executive summary
- Action Plan
- Detailed findings
- Scope
- Further information

ii. Health and Safety

The report concluded that, taking account of the issues identified, the Board could take substantial assurance that the controls upon which the organisation relied to manage the identified risk was suitably designed, consistently applied and operating effectively.

However, auditors raised two 'low' priority management actions which related to the approval of the Health and Safety policy and the signing of AR1 forms.

Governors felt that overall this was a strong report particularly with the amount of testing undertaken.

iii. Risk Management

The report concluded that the Board could take substantial assurance that the controls upon which the organisation relied to manage this area were suitably designed, consistently applied and operating effectively.

Auditors raised one 'medium' and two 'low' priority management actions which related to actions being implemented and updated on the risk register, the development of an assurance framework document and the utilisation of the assurance tab on the risk register.

Q. Implementation date 2018? HB indicated that with the considerable work to be carried out in connection with the merger and the academy trust expansion, it was seen as a reasonable date to set.

Q. High level risks re. merger? These were kept separate.

iv. Employer Engagement

The auditor reported that taking account of the issues identified, the Board could take reasonable assurance that the controls in place to manage the risk were suitably designed and consistently.

There were two 'medium' and two 'low' priority actions to be addressed relating to the development of an Employee Engagement Strategy and a Customer Relationship Management system.

Q. Earlier completion date given the importance? This was not possible given the work to do with the CRM system and linking up with Tynemet College.

Q. Ownership? The new Business Development Team lead by the Head of Employer Engagement would drive through this area of work.

Governors stressed the importance of having a focus and discipline, which they didn't feel was happening at present. They indicated that this was one area that staff needed to be sharp on as there was considerable competition and the merged College needed to hit the ground running on 1 August.

A governor expressed the need to have the right people leading on business development. It was suggested that there was a possibility that the management was not actually marketing the College as well as they could. Marketing was another area of concern identified by a governor and he gave an example of out of date publicity material around the College. HB reminded governors that the sales advisers had only commenced work in January 2017 and that they needed time to make the necessary changes.

A governor stated that it was essential that staff did not take their eye off the ball.

It was felt that overall it was a good report but governors asked how they could ensure progress was being made. Advice was given as to the various ways in which this could be achieved.

HB commented that the Committee could request reports on how the new team were performing and that these could be available for the end of the first quarter.

A question was asked whether the quality committees and particularly the PVC committee should monitor progress in light of the introduction of the apprenticeship levy.

v. Strategic Marketing

This audit had been undertaken to consider whether the College had robust systems in place to ensure value for money was being achieved in regard to its marketing activities and use of resources in this area.

Taking account of the issues identified, the auditors concluded that the Board could take reasonable assurance that the controls upon which the organisation relied to manage this area were suitably designed and consistently applied.

As a result of these findings, the report contained four 'medium' and one "low" priority management actions.

Governors asked a number of questions, which covered the following:

- Harmonising approaches/documents through the merger
- The report stated that separate action plans for the South Shields Marine School and Professional Vocational College mirrored the broad strategy but varied little

	<p>despite the very different target audiences. This was a concern which needed to be addressed.</p> <ul style="list-style-type: none"> • How do governors know if the strategy was working and VFM achieved? It was explained that it was important to ask key questions. Governors were reminded that there was to be a new marketing team in the new structure which was an important feature to move matters forward. <p>Governors felt that there was a number of issues to be resolved.</p> <p>Resolved:</p> <ol style="list-style-type: none"> That the Committee accepts the reports, as presented. That the Chair is asked to liaise with the Chair of the PVC Quality Committee to share the concerns raised in the Employer Engagement report and ask that appropriate reports are sought to monitor progress. 	TC
6.	<p>Audit Recommendation Tracker</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 updated accordingly.</p> <p>The Clerk reported that all actions had now been completed.</p> <p>HB informed governors that the Bistro had been performing well and had generated £20k which was more than what had been achieved for the whole of the previous year.</p> <p>Resolved: That the report is received and accepted.</p> <p>RB was thanked for his attendance and left the meeting.</p>	
7.	<p>Appointment or Dismissal of Financial Statement Auditors and Remuneration 2016-17</p> <p>HB reported that she had been pleased with the performance of KPMG and that she recommended them for reappointment for the third year of a three year contract.</p> <p>Resolved: That the Board is asked to endorse the committee's recommendation that KPMG are reappointed as the Financial Statement Auditors for the College.</p>	HB
8.	<p>Succession Planning – Governor vacancies/ Governors Skills Analysis</p> <p>Confidential item.</p>	
9.	<p>Review Progress against Code of Good Governance and Quality Improvement Plan</p> <p>The purpose of the report was to provide the Audit, Governance and Search Committee with an update on progress towards becoming fully compliant with the Code of Good Governance and an updated version of the Governance Quality Improvement Plan (QIP).</p>	

	<p>The Clerk drew governors attention to the following:</p> <ul style="list-style-type: none"> • The Board had adopted the English Colleges Code of Good Governance. • The purpose of the Code was to identify the key values, expectations, commitments and principles of good and outstanding practice ('comply-or-explain' code). • Governors were being asked to consider the progress being made towards becoming fully compliant with the Code of Good Governance (RAG rated). • The mapping exercise undertaken (based on 'Musts' only) and the self-assessment surveys formed the basis of a Governance Quality Improvement Plan (QIP), which was also provided for consideration. <p>Governors reviewed the action plan and the Clerk responded to questions from governors.</p> <p>Recommendations:</p> <ol style="list-style-type: none"> That the Committee agree to receive the report and acknowledge progress being made towards becoming fully compliant with the Code. That the Committee agree the Governance Quality Improvement Plan. 	
<p>10.</p>	<p>Nominations for Fellowships</p> <p>Confidential item.</p>	
<p>11.</p>	<p>Governors Attendance update</p> <p>The report was to provide an update on governors' attendance for 2016/17.</p> <p>Governors were reminded that:</p> <ul style="list-style-type: none"> • Targets for attendance at Board and Committees meetings and for each individual governor had been set at 75%. • It was essential to monitor group and individual attendance to ensure that targets were being met and, if not, to address any difficulties which individual governors might have and consider ways in which attendance, if necessary, might be improved. • The attendance rate at full Board meetings stands at 73%* (2015/16 was 91%). <p>Governors considered the schedule of governors' attendance for 2016-17 to date provided by the Clerk.</p> <p>It was commented that the attendance of student governors remained poor although it was acknowledged that this was being addressed.</p> <p>Resolved: That the report is received and that it be presented to the Board for information.</p>	<p>NL</p>
<p>12.</p>	<p>Development Event/Training</p> <p>The Clerk sought views from governors about future training events particularly with the TyneMet merger in mind.</p> <p>Governors suggested a team building session in the autumn term to take place soon</p>	

	<p>after the start of the new academic year. It was recommended that this be led by an external facilitator to enable all staff and governors to participate. The aim was to take governance to outstanding.</p> <p>Resolved: That the report is noted and that the Clerk is asked to organise a training session as suggested above.</p>	NL
13.	<p>Any Other Business</p> <p>None.</p>	
14.	<p>Identification of Confidential Items</p> <p>Resolved: That the following items are to remain confidential:</p> <ul style="list-style-type: none"> • Item 8 – Succession planning • Item 10 – Nominations for fellows 	
15.	<p>Date and Time of Next Meeting</p> <p>The next Committee meeting was scheduled for Wednesday 21 June 2017 at 4.00pm.</p>	

Signed:

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