

Minutes of a Meeting of the Audit Committee

Venue: Conference Room 1, South Tyneside College

Date: Wednesday, 2 March 2016

Time: 4.00pm – 5.05pm

Present: Terry Cornick (in the Chair)
Peter Davidson
Les Watson
Susan Wear
Nick Whalen-Griffiths

In Attendance: Helen Beaton
Philip Church (RSM)
Neil Longstaff (Clerk)
James Morgan (KPMG)
Lindsey Whiterod

ITEM NO.	ISSUES	ACTION
1.	<p>Meeting with Auditors in Absence of Management</p> <p>Auditors stated that there were no issues to report to the Committee.</p>	
2.	<p>Apologies for Absence</p> <p>Lindsey Whiterod (LW) and Helen Beaton (HB) joined the meeting.</p> <p>There were no apologies for absence to be received.</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 18 November 2015 were approved and signed by the Chair.</p> <p>Matters arising</p> <p><u>4.1 Annual report on Risk Management 2014-15</u></p> <p>Q. Risk register re. quality and impact of marketing activity, was this mitigation action? Yes.</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>4.2 Audit Committee Annual Report</u></p> <p>The above-mentioned report had been presented to the Board for information.</p> <p><u>4.3 Progress Report – RSM</u></p> <p>PC indicated that he would follow up the guidance paper to accompany the progress report as it had not yet been circulated to governors.</p> <p><u>4.4 Annual Report and Financial Statements</u></p> <p>It was noted that these documents were no longer deemed confidential.</p>	PC
	<p>5. 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> <p>(i) <u>Progress Report</u></p> <p>Governors were reminded that the Internal Audit Plan for 2015/16 was approved by the Audit Committee on 23 September 2015. This report provided a summary update on progress against that plan and summarised the results of the auditors work to date.</p> <p>The auditor informed governors that an updated version of this report would be presented to each Audit Committee to show whether progress was on target for the year end.</p> <p>It was noted that there had been no changes to the Internal Audit Plan since the plan was approved by the Audit Committee.</p> <p>Resolved: That the report is received.</p> <p>Each of the following reports covered the following areas:</p> <ul style="list-style-type: none"> • Executive summary • Action Plan • Detailed findings • Scope • Further information <p>(ii) Income Generation</p> <p>The report concluded that, taking account of the issues identified, the Board could take reasonable assurance that the controls upon which the organisation relied to manage this area were suitably designed and consistently applied.</p> <p>However, auditors had identified issues that that needed to be addressed in order</p>	

to ensure that the control framework was effective in managing this area.

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

Innovation or good practice found by auditors at similar organisations was included in the report for consideration.

Q. Z Reports? Till reports.

Q. Why no charge for labour/utilities when pricing? Free as students. Staff costs covered as part of delivery of course.

Q. Utilities? No degree of accuracy as there was only one meter for the College.

Q. Aim of Bistro? Primary aim training with real work experience. A target for income generation was set.

Q. Bring in professional expertise? Yes. Sodexo's contribution was good. It was noted that the courses were designed to develop a business plan. LW was of the view that the Bistro could be more commercial and this would need to be examined further.

Q. Did staff have commercial experience? Yes.

Governors were reminded that the audit reports covered areas which management had identified as in need of review to address particular issues.

HB reported that the manager of Sodexo was looking into a commercial plan.

Q. Business Plan/Commercial activity – a project for Graduate to undertake? Possibly. LW to follow up.

Q. High costs, why? Quality of food.

Q. Low risk addressed now? Yes.

Q. How were risks monitored by governors? The use of the Audit Tracker was explained to governors.

Q. Targets set without a Business Plan? Yes. It was stated that the College was open to marketing the service with greater commercial involvement.

Q. Open a shop? Costs of renting, opening hours and staffing during holiday periods would minimise any benefit. Potential tension with local business was also highlighted.

Lee Stafford's partnership with Hair and Beauty was highlighted as an example of what could be achieved.

(iii) Safeguarding incl. Prevent and British Values

The audit was conducted to ensure that the College had a framework in place to ensure that it complied with safeguarding legislation.

Taking account of the issues identified, auditors concluded that the Board could take reasonable assurance that the controls in place to manage this risk were suitably designed and consistently applied.

However, auditors had identified issues that needed to be addressed in order to ensure that the control framework was effective in managing the identified risk(s).

The audit work confirmed that there were adequately designed controls in place

LW

	<p>around safeguarding and compliance with legislation; however it was noted that there were a number of instances where the controls had not been complied with.</p> <p>Four areas for improvement had been identified and as a result the College had agreed two 'medium' and two 'low' priority management actions.</p> <p>Q. Increased workload, reasonable activity? Yes. This was high on the agenda of Colleges. The Ofsted inspection of the Halls achieved a grade of Outstanding in all areas and was seen as 'good' as part of the College's main inspection. Governors acknowledged the report and that all matters were being addressed.</p> <p>Q. One case where no vetting procedure? Yes. Paperwork had not been filed away properly. LW was confident of the work being undertaken.</p> <p>Different vetting process for apprentices was explained. HB indicated that there were examples of where apprentices had not been placed with companies following the necessary checks being made.</p> <p>Q. 100% of apprentices checked, normal? No, usually examine a sample of records.</p> <p>(iv) IT Cyber Security</p> <p>Taking account of the issues identified, the auditors concluded that the Board could take substantial assurance that the controls upon which the organisation relied to manage the identified risks was suitably designed, consistently applied and operating effectively.</p> <p>One medium and two low rated recommendations had been raised.</p> <p>Q. Tribal a higher priority i.e. to be addressed sooner? PC to raise with colleagues.</p> <p>HB was to add dates to the action plan to replace terms.</p> <p>LW had no concerns over the management of IT and stated that the IT Manager was very good.</p> <p>Resolved: That the Committee accepts the reports, as presented.</p>	<p>PC</p> <p>HB</p>
<p>6.</p>	<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>Governors asked about the progress with HR policies. HB confirmed that succession planning and appraisal policies had been agreed by SEG. It was noted that staff were to receive training on the new appraisal system with view to it being implemented in September 2016. A governor asked whether the initial target date (September 2015) had been too ambitious or not thought through properly. LW acknowledged this point but</p>	

	<p>stated that this had been overtaken by other priorities such as the need to issue new contracts to all staff and preparation for Ofsted.</p> <p>LW indicated that she would raise with staff as to whether dates being identified for implementation were realistic.</p> <p>Governors accepted that urgent matters were addressed immediately e.g. Health and Safety.</p> <p>Q. As a number of areas were now placed under MIS, could the Manager cope with the workload? Yes, considerable progress had been made and processes were more efficient.</p> <p>Resolved: That the report is received and accepted.</p>	LW
7.	<p>Review of Committee performance against TOR - update</p> <p>Members were reminded that at the Audit Committee meeting in September 2015 the Clerk had outlined the responses from members of Audit (including Management) to a questionnaire on the 'Review of Committee Performance against Terms of Reference'.</p> <p>Members, after considering the report, had asked that the Clerk and HB to provide assurances to the members of the Committee over the areas that did not achieve 'outstanding'.</p> <p>These assurances were now provided as detailed in the report. It was felt that there were a number of reasons why questions did not score top marks e.g. new members not being aware of certain reports. However, it was accepted that the scores in response to questions were very good overall. It was commented that the phrasing of questions would need to be reviewed.</p> <p>Resolved: That the Committee approve the report.</p>	
8.	<p>Any Other Business</p> <p>None.</p>	
9.	<p>Identification of Confidential Items</p> <p>None.</p>	
10.	<p>Date and Time of Next Meeting</p> <p>The next Audit Committee meeting was scheduled for Wednesday 11 May 2016 at 4.00pm.</p>	

Signed:

Date.....