

**Minutes of the Meeting of the Audit Committee
held on Thursday 2 March 2017 at 8.00am
In the Boardroom
at Matthew Boulton Campus**

Present:	Apologies:
Andrew Madden (AM) (Chair)	Michele Larmour (ML)
Michele Larmour (ML)	Sheetal Sahdev
Jane Smith (JS)	
Simon Thompson (ST) – until 10.00 am	
Amardeep Gill (AG)	
In Attendance	
Andrew Cleaves (AC)	
Tim Foster (TFO) BDO	
Jon Lanes (JL) BDO	
Tony Felthouse (TF) KPMG	
Simon Cosson (SC)	
Liam Nevin (LN)	

Apologies & Declarations of Interest

Apologies were received from Michele Larmour, and Simon Thompson joined the meeting by telephone and advised that he would need to leave the call at 10.00am.

There were no declarations in addition to those recorded on the register of interests.

Item 1 – Open and confidential Minutes of the meeting held on 1 December 2016

In respect of the open minutes JS stated that directors had undertaken IOSH training and not all staff. It was agreed to amend the minute accordingly and with that correction the minutes were agreed as a true and accurate record of the meeting.

Matters Arising and Action Log

The action log was noted.

Item 2 – (i) Regularity Audit Questionnaire

SC introduced this item and explained that completion and approval of the questionnaire was a requirement of the Joint Audit Code of Practice. The questionnaire once approved had to be signed by the Chair and the Accounting Officer. It was noted that the questionnaire responses had not changed since presentation to the Committee in December 2016.

Accordingly it was

RESOLVED

- That the Audit Committee recommends to the Corporation the signing of the questionnaire by the Chair and the Principal.

Item 2 (ii) – Draft Management Letter and Letter of Representation

This item is recorded in a confidential minute.

Item 3 – Risk Management Update

SC introduced this report and explained the work undertaken since the last Committee meeting. Notably, the risk appetite review had been completed and the net risks within the register had been assessed against the risk tolerance identified by the governors and the Executive. This had identified three risks where it would be necessary to consider whether the existing mitigations were adequate.

AM questioned whether it was intended to periodically review risk appetite and TFO advised that this should be done annually or when a new strategic plan or other significant organisational change was implemented. AG supported the need for an annual review particularly given the College's financial position.

AG questioned who owned the plan and how it was updated and SC advised that this was a strategic plan reviewed every month by the Executive and there was also a monthly meeting to update and review the plan and assess one or two risks in more detail. In addition, every team had a risk register that was overseen by their lead Executive member, and significant risks could be referred up for review by the full Executive.

Thereafter, SC advised that in response to the Committee's request the previous plan had been compared with the current iteration. This had identified three risks that had not transferred and these were set out in the cover paper with a summary of the actions being taken.

JS asked if risks were being identified from the curriculum plans and SC stated that this was being done as part of the development of the curriculum plan in the current development round.

AM asked if the Principal was comfortable that the approach gave sufficient visibility to the effectiveness of mitigations and risk reduction, and the Principal confirmed that it did, with the key focus being on actions rather than the scores. However, there was an action outstanding for the Executive, reflected in the paper and which involved greater clarity around the key points of emphasis in the narrative.

AM stated that it was important to now settle the structure of the plan given the significant changes made it more difficult to assess progress as the presentation of the information had changed.

Accordingly it was

RESOLVED

- **That the Committee note the report**

Item 4 – Health and Safety Update

SC advised that the report had been developed to accommodate feedback from the Committee, particularly in relation to work place stress and greater clarity over the detail of RIDDOR incidents, which were set out in the report along with actions being taken. In relation to the table-saw accident it was confirmed that all outstanding actions would be complete by the 6th March and in relation to the lathe accident the College had now had SMS Europe, a specialist firm, complete an audit with the report currently awaited.

The Principal advised that a much more stringent focus was being placed on Health and Safety awareness and recording and that new Director of Estates had been tasked with improving the College's performance in this area. Given the apparent level of under-reporting currently it was likely that this would, in the short term, result in more reports and an apparent up- turn in incidents.

AM advised that the IOD had recently launched a programme around stress management that the College might find useful to draw on.

AM noted that the facts of the table-saw incident suggested that there was a tutor present who may not have enforced the correct safety protocols.

The Principal agreed and advised that this tutor had not received correct training and the incident was illustrative of the steps that the College needed to take.

AM commended the improvements in the report.

Accordingly it was

RESOLVED

- **That the Health and Safety report be noted.**

Item 5 – Counter Terrorism – Progress and Performance

SC introduced the report and advised that the majority of work had now been completed and that the key outstanding issue was to introduce invacuation and evacuation procedures and ensure that these were tested and understood by staff and students. In consultation with the Heads of College it had been agreed that the appropriate time to complete this was in the college safety week where it would not cause undue alarm.

The Principal advised that a live testing of building security at Matthew Boulton College had been undertaken and the recommendations had been addressed. The Committee would be provided with assurance at the next meeting as to how the outstanding actions had been addressed.

Accordingly it was

RESOLVED

- **That the report be noted.**

Item 6 – Progress on Delivering the Internal Audit Plan for 16/17

JL presented this report and directed the Committee to page 3 which set out the three blocks of work for the annual plan. The first block had now been completed with the exception of assurance mapping and which required the finalization of the risk register. Block 2 reports were now with management to review. JL advised that in relation to Learner records, BDO had identified an error rate of approximately 8% and which could result in a clawback of funding if replicated in an SFA directed audit. It was likely that BDO's judgement would be "moderate assurance" because the errors identified arose from claims made under previous College management and no errors had been found in the current ILR.

JL advised that the other high priority identified was in relation to network security and controls around the server room. It had been observed during the audit that there was not an adequate temperature control environment. If the air conditioning breaks down the servers could overheat and lose data.

SC stated that he was considering this risk in the context of developing cloud solutions for data storage which would put less strain on servers.

AM stated that the timing of the teaching and learning audit was important as the College would need to develop its response plan to the recent Ofsted inspection.

The Principal added that the Ofsted inspection was itself an in depth and specialist audit and that more mileage would be gained from the internal audit review focusing on the extent to which it was addressing the Ofsted recommendations.

AM agreed and stated that the focus should be on adequacy and impact.

The Principal advised that there would be a discussion with BDO to determine whether this work could be done in block 3 of the plan with something else deferred.

Accordingly it was

RESOLVED

- **That progress on the internal audit plan for 2016/17 be noted.**

Item 7 – Subcontracted Controls Assurance

SC introduced the report and advised that BDO had completed the audit in accordance with SFA requirements and this was an annual requirement. The report was satisfactory and the Principal had submitted an assurance certificate confirming that there are satisfactory systems and controls in place for managing sub- contractors. There were three improvement points identified in the audit all of which were addressed in the covering report.

AM questioned the extent to which the audit checked record keeping to enable claims to be verified and SC confirmed that the terms of the audit were primarily aimed at assurance around the procurement of sub-contractors and the active management of them.

The Principal noted that one of the recommendations concerned sub-contracting with a higher risk company in relation to their financial standing. SC confirmed that additional checks were made in relation to this company and they were deemed a reasonable risk. The Principal added that there was no prohibition on contracting with a higher risk sub-contractor if the SFA had approved them and there were appropriate mitigations in place.

Accordingly it was

RESOLVED

- **That the Committee note the report.**

Item 8 – SFA Investigations

This item is recorded in a confidential minute

Item 9 – Internal Audit Recommendations – Log of Outstanding Actions

Ln summarized the report and advised that there were three outstanding actions, two of which had slipped slightly from programmed completion dates and which had new completion dates profiled.

Accordingly it was

RESOLVED

- **That the Committee note the report.**

Item 10 – Counter Terrorism Measures Presentation

SC delivered a presentation to the Committee setting out the steps taken to ensure readiness to deal with an incident and the matters outstanding to ensure that all identified actions had been implemented.

Item 11 - Review of Arrangements for Internal and External Audit 2017/18

Representatives from BDO and KPMG left the room at this point following which the Committee discussed the arrangements. It was noted that a full procurement had been undertaken last year and the present incumbents were the best tenderers on price and quality. The arrangements were generally satisfactory.

Accordingly it was


RESOLVED

- **That the existing arrangements for internal and external audit continue for the 2017/18 year and that the Committee reviews the arrangement in March 2017.**

Any Other Business

It was agreed that the Committee would hold a private discussion with the auditors at its next meeting.

Date of next meeting: Thursday 29th June 2017

Signed.....
Chair

Date.....29/6/17.....

