



**Minutes of the meeting of the Audit Committee
held on Thursday 13 March 2014 at 8.00am
in Room 814 Matthew Boulton Campus**

Present:

Kathryn James (Chair)
Julie Jasper (JJ)
Taher Hussain (Staff Member Business Support) (TH)
Anthony McCourt (AMcC)
Daali Wouhra (DW)

Apologies

None

In Attendance:

Bob Pattni (Chief Operating Officer) BP
Louise Jones (Chief Operating Officer) (LJ)
Richard Bacon (RB) (Internal Auditor – PWC)
Ben Connor (BC) (Internal Auditor – PWC)
Valerie Martin (Interim Clerk)

Declarations of Interest

There were no Declarations of interest other than those already recorded in the register.

Declarations of Irregularities

BP informed the committee that the SFA has approached the college about a potential double funding issue in the range of £54,000 for work carried out at BMW for 2012/13. BP stated that this had been an oversight and following an investigation the matter had been rectified in the last ILR and the compliance procedures have been amended accordingly.

Item 1 – Minutes of the Meeting held on 27 November 2013

The Chair led the Committee through the minutes of the above meeting and it was agreed that they were a true and accurate record of the meeting.

Matters Arising

Para 2.7 - The Chair reminded members that following the June meeting it was agreed to include a deep dive exercise at each meeting looking at all risk rating to review the mitigation measures. She asked the Executive Team to provide a schedule of deep dive areas to go forward for discussion at each meeting.

Risk Register – The Chair stated that the updated Risk Register has been brought forward to this meeting. The Chair acknowledged the additional work in relation to the rag rating of key risks but also asked the Executive Team to carry out further work to align strategic risk to corporate objectives.

Item 4 – Schedule a review of outstanding audit recommendations. The Chair asked that there be a standing table of all audit matters showing due date and outstanding actions. JJ asked BP if unresolved actions go forward to the next meeting. BP stated that the schedule of

recommendations could be incorporated into the internal progress report and these would be tracked by PWC and the Executive Team.

Para 7.2 – The Chair reminded BP that the committee was interested in whole process of the harmonisation and how the risks and opportunities were being addressed. BP stated that the audit plan for the current year included a review of merger harmonisation and that this report was due to be presented in June 2014.

External Audit reports (Stourbridge) – BP informed the committee that the three outstanding points relating to the Stourbridge College financial statements had been resolved and the accounts had been signed by the Chairman in December 2013 and subsequently submitted to Baker Tilley and the SFA.

- Actions:**
- 1. The Executive Team to provide a schedule of risk areas for the deep dive exercise.**
 - 2. BP to work with PWC on a schedule of outstanding audit recommendations and give due consideration to any follow-up recommendations for BMet and the former Stourbridge College.**

Item 2 – Risk Register

BP presented this item and led the Committee through the salient points in the Risk Register. He gave an overview of the current status of key performances. Commenting on the key risks for the college JJ stated that she couldn't relate some of the areas on the risk profile to corporate objectives. BP stated that the risk profile was an overall view of the college but could be broken down to reflect the corporate objectives. It was agreed that seeing the actual risks linked to corporate objectives would be a benefit to the committee.

A detailed discussion took place around inspection and what can trigger Ofsted into requesting an inspection and whether inspection should be included as a risk. The Chair informed the committee that following a visit by Lorna Fitzjohn (Ofsted) to the college, she confirmed that Ofsted would not consider the commissioning of inspections as this time.

The committee then discussed the changes within management that will be taking place shortly and agreed that succession planning should be incorporated into the Risk Register.

In terms of risk mitigation, JJ asked it if were possible to indicate whether a risk was internal or external. BP stated that the majority of risk mitigation would be internal however this section could be broken down to help identify whether the mitigation was internal or external. BP agreed to work with PWC on this matter.

Further discussion took place on individual risk areas and BP and PWC provided an overview of each area discussed.

Deep Dive – HR

LJ gave a summary of the changes taking place within the HR Department following merger. LJ stated that the HR strategy and individual HR policies were currently being reviewed as part of the Harmonisation process. LJ then gave an overview of the monitoring process for absences. Short term absences were below national targets but long term absences were an area of concern. A previous analysis of lost time reporting showed absenteeism of 4.5%, which the college is hoping to reduce to 3%. As part of the HR policy review, LJ informed the committee that talks are taking place with Unions regarding sanctions being put in place to reduce the level of absenteeism. New reporting methods are being put into place which will provide more accurate and timely information. Training is being provided to managers on how to manage staff welfare and look for the signs of stress and how to mitigate against stress related absences.

The Chair thanks LJ for her overview and stated that this was an area the Committee would stay connected to.

APPROVED: The Committee approved the Risk Register.

Action:

1. BP to liaise with PWC to link all risk areas to corporate objectives.
2. Succession planning to be incorporated into the Risk Register.
3. Internal and external mitigation to be included within the Risk Assurance section of the Report.

Item 3 – Internal Audit Reports:

(i) Audit Progress Report

BC from PWC took the committee through the progress report giving them an overview of each section. The Chair led a discussion with regards to the content of the report. JJ asked how many days are commissions. BC stated there were 100 days in the plan but it is usually 60 core days and the others are added value days to enable PWC to give ability for an audit scope on any specific area. KJ asked about the phasing of work, as there seemed to be a lot of reports to be presented in June. BC replied that this is dependent on the audit schedule and when committee meeting take place.

ACTION: PWC to circulate audit plan to Committee Members.

APPROVED: The Committee approved the Audit Progress Report.

(ii) Payroll Review

BC led the Committee through the payroll review giving a detailed explanation of each item. BC stated that the sampling they had taken looked at the effectiveness of controls on all key areas of payroll. He confirmed that the timeline of 2015 on two recommendations was a typographical error and should read 2014.

The Chair stated she found the report a little concerning. BP stated that the review had taken place shortly after merger whilst the harmonisation of the systems was still being planned. He stated that PWC had agreed to undertake a further review for the June Audit meeting.

A details discussion took place around the individual areas of the report.

APPROVED: The Committee approved the Payroll Review.

(iii) Immigration Compliance Review

BC took the committee through the immigration compliance report stating that there were no particular gaps with all the right documentation in place. Compliance testing was carried out on Tier 4 students and found full compliance in all areas tested. The Chair stated that this was a clean report and she was pleased with the content.

ACTION: Executive Team to provide briefing on international recruitment which can be considered as part of the Audit Committee Deep dive exercise under the Risk Register

APPROVED: The Committee approved the Immigration Compliance Review

(iv) Building Digital Trust

BC informed the committee that this document was for information only. Committee members need to be aware that a security threat can come from anywhere. The Chair thanked BC for bringing this document to the committee.

Action: For the Executive Team to map against the PWC report on IT which can be considered as part of the Audit Committee Deep dive exercise under the Risk Register

Item 4 – Any Other Business

The Chair informed the Committee that in order to ascertain the effectiveness of the Terms of Reference she was reviewing them and comparing them against the Audit Code of Practice and would bring this back to the June meeting.

As a point of housekeeping PWC reminded the Committee that they could meet with them at any committee meeting without the Exec being present if required.

The Chair then brought the meeting to a close by thanking everyone for attending.

Date of Next Meeting – Thursday 12 June 2014

Signed  (Chair) Date: 11/6/14