

**Minutes of the Meeting of the Audit Committee
held on Monday 26 March 2018**

- Present: -** Mr Mike Rookes (Chair)
Mr Graham Briscoe (Co-opted Member)
Dr Elizabeth Halford
Ms Alison McLean
Ms Katie Seekings
- In attendance: -** Mr Tim Williams (Finance Director)
Miss Jane Simons (College Accountant)
Ms Abigail Appleton (Principal)
Mrs Linda Watkins (Clerk to the Governors)
Ms Louise Tweedie (RSM)

The meeting was quorate as five Members of the Committee were present throughout the meeting.

1. Apologies for Absence

2. Declarations of Interest

3. I. Minutes of the Last Meeting

The Chair signed the minutes of the meeting including confidential minutes of the meeting held with auditors, on 20 November 2017 as true records.

II. Matters arising from the Minutes of the Last Meeting

All matters arising had been addressed.

The Committee agreed:-

- To approve the minutes

4. RSM Internal Auditor's Reports

Louise Tweedie presented the following reports.

- I. The progress report was presented along with a client briefing regarding HE stating that there was a 2% increase in student numbers in 2016/17 as a result of the entry tariff being reduced by some universities. A Governor asked how active the College's Student Union (SU) is suggesting considering an audit in the future to review its effectiveness and how to improve activity. Student engagement opportunities are provided by different routes in the College including the Student Engagement Officer. The SU is not a legal entity. An audit would be considered in the future to coincide with HE growth
- II. The benchmarking report would be forwarded to Governors.
ACTION: CLERK TO THE GOVERNORS
- III. Key Financial Controls audit focused on payroll procedures with reasonable assurance. There were three medium priority and several low level recommendations including some from the follow up audit. IR35 legislation had affected one person in the sample tested which the College needed to assess. The requirement for the employee to sign overtime claim forms was tested with 7/12 forms

unsigned by the employee in the sample. This recommendation was reiterated. Purchase Orders to authorise expenditure had not always been completed. This needed to be addressed by budget holders noting that Course Leaders are budget holders for sessional leaders with 19/20 completed retrospectively which included short notice cover. A Governor enquired about the quality of sessional leaders who are appointed at short notice noting that quality is reliant on Course Leaders. A Governor asked if checks against completion of overtime are undertaken with confirmation that the finance team check reasons for cover and that the same members of staff do not consistently do overtime. A question followed if teaching staff do overtime noting that this is limited and usually only for sickness cover with all teachers on annualized hours. SLT are analyzing timetables and hours to identify inefficiencies. In addition some forms for Student Ambassadors had not been signed who have been added to the payroll. Clarification on the role of Student Ambassadors was requested with examples including assisting with open days or mail shots.

The Committee agreed: -

- To note the reports

5. Risk Management Register and Report

There was discussion about high-scoring risks.

The new registration process and additional regulatory framework resulting from the introduction of OfS scored 12. The registration fee was anticipated to be £32,000 with submission of key information required. Following publication of guidance, changes are likely to be higher than the anticipated budget.

The Vice Principal will retire in June 2018 with recruitment commencing before Easter. A suggestion was made to increase the level of risk in the transitional period.

ACTION: FINANCE DIRECTOR

The rent review with RNC remained ongoing with the lease negotiation in progress with the College's solicitor. Currently RNC provide student accommodation directly to HCA students. RNC recently approached HCA requesting the College lease student accommodation and rent directly to students. The F&GP Committee has discussed potential costs. A Governor raised the CMA guidelines which the College needs to adhere to. Discussion progressed to the timetable to remain at CRC and potential options. The College understood that a developer is interested in purchasing the site. The College is investigating alternative options for accommodation and collaboration as a contingency plan. The lease with RNC expires in August 2023 with rights on renewal.

HE student applications are below target; however, firm acceptances are better than last year. AQ&S Committee had discussed student numbers in detail. FE applications are lower than last year; however, more applications are anticipated after Easter. There was discussion if the risk score should increase noting that SLT will review this after Easter and in comparison with the 5 year budget. The Principal reported that some changes could be made to the application process which might increase enrolments for September 2018. An update on student applications will be provided at the Board meeting following a recent meeting with UCAS.

ACTION: PRINCIPAL

The risk relating to changes to the creative arts curriculum in schools was raised asking if the College targets organisations such as the Youth Theatre. These will be targeted along with the College's Saturday school.

ACTION: PRINCIPAL

There was challenge about student applications and enrolments balancing with staffing and the College's sustainability. The Principal responded that in addition to the budget, a contingency plan is being prepared for discussion at the July Board meeting. The Chair of AQ&S Committee confirmed that the Committee had discussed the OfS and lead indicators which the Board will need to monitor. Trends showed a two year decline in HE enrolments.

The lease for Artist Blacksmithing at the forge had been agreed with HLC and was within budget.

RSM have published a risk management document which would be issued with papers as part of RSM's client briefings.

ACTION: RSM/CLERK TO THE GOVERNORS

The Committee agreed: -

- To note the risk register

6. Recommendation Tracking

The Finance Director reported that dates for actions had been amended. Changes to processes would remove some recommendations.

The Committee agreed: -

- To note the recommendation tracker and progress

7. Any Other Business

A Governor reported that NCVO had issued a new Code of Governance. The Charity Commission recommend that charities adopt the code on a 'conform or explain basis' in the Financial statements. It was likely that FE colleges will be required to adopt the AoC Code of Governance in the future which is currently voluntary. The Clerk confirmed that the College had already adopted the AoC Code of Governance and reports compliance in its financial statements. The option for the Committee to look at NCVO's code was suggested. Discussion progressed to the OfS submission which will require a review of governance which is mapped against CUC code.

8. Date and Time of the Next Meeting

The next meeting was arranged for Monday 11 June 2018 commencing at 1.30pm.