

SHREWSBURY COLLEGES GROUP

MINUTES

Group :	AUDIT COMMITTEE	Date:	20/03/2019
Location:	Principal/CEO's Office, Priory House, Welsh Bridge Campus, Shrewsbury	Time:	6.17 p.m.
Membership:	Iain Gilmour, Nigel Merchant and Rex Sartain. 1 committee vacancy and 1 co-opted member vacancy.		
IN ATTENDANCE:	<u>Members of the Senior Leadership Team:</u> Paul Partridge, Finance Director James Staniforth, Principal/CEO Clerk to the Board, Tracy Cottee		
BY INVITATION:	Clare Parkes, Tiaa, College Internal Audit Service (IAS) Nicola Coombe, Senior Audit Manager, Grant Thornton, Financial Statement Auditors (FSA)		
APOLOGIES:	None.		

D. Pulford and R. Rosson attended the meeting for the duration of the following Briefing.

Prior to the meeting, Committee members received a Briefing from the Group Vice Principal, Human Resources and Development on employee relations including –

- A summary of the risks identified by the College; and
- How the College was managing these risks, the controls in place to manage the risk, and the activities put in place to mitigate the impact of current ongoing industrial action.

The Committee thanked the GVP for providing the Briefing and agreed that it had provided assurance on the robustness of the College's actions to manage the risks identified and to minimise impact on student experience.

01/19. **Declarations of Interest**

There were no declarations of interest.

The Clerk informed the Committee that the appointment of a co-opted Audit Committee member would be recommended to the Board at its meeting on 25 March 2019. There remained one governor vacancy.

02/19. **Draft Minutes of the Meeting Held 21 November 2018** (Appendix No. 3)

The Minutes of the meeting held on 21 November 2018, were agreed and signed as a true record.

03/19. **Internal Audit Service Reports** (Appendices Nos. 4a – b)

The Finance Director referred to the summary report (previously circulated), updating the Committee on the progress of Internal Audit Service (IAS) work in the College. The Committee noted

that two audits had been rescheduled (Student Support and GDPR due to key staff illness) and that an audit for Network Controls had been put on hold, as the proposed scope was considered to be very close to that of the previous years' cyber security audit and would cover elements of the College's network access controls where the College had already taken what it considered to be a proportionate approach.

The Committee AGREED that instead it consider at the next meeting, a report setting out these issues so it could consider whether or not to continue with the Network Controls Internal audit and also provide relevant information for the internal auditors to enable a more focussed and value added audit, should this be required.

Ms Parkes presented the following reports –

Assurance Review of Admissions & Enrolments (previously circulated)

The review had considered the admissions process, including early communications with students. The Review had also looked at how data was tracked through back office systems and how effective these were. The Review also considered opportunities to improve processes in line with best practice.

The Review concluded that –

- The College had an effective Admissions Policy and Procedure in place;
 - The website details courses available and applications are made online;
 - The admission and enrolment system was automated; and
- And thus had Substantial Assurance.

The International Student process would be reviewed and enhanced to ensure that the College complied with all of the requirements of the Tier 4 licence.

The Principal/CEO enquired if there were any suggestions that could add value to the admissions process. Ms Parkes replied that she was not aware of any other processes from similar audits conducted in other colleges that could add value.

All recommendations and management comments had been accepted.

Resolved:

That the report be noted.

Assurance Review – Key Financial Controls – Income & Debtors (previously circulated).

The Review had considered the raising of sundry income accounts, collection of income receipting, storage, banking of income received and the interface into the Finance system.

The Review concluded that -]

- The College had effective policies and procedures in place to identify, charge and pursue sundry income; however, there were some historic debts to be written off as part of a housekeeping exercise;
 - A number of routine recommendations had been made
- And thus had Reasonable Assurance

All recommendations and management comments had been accepted.

Resolved:

That the report be noted.

Appraisal Review of Marketing (previously circulated).

The review had examined the College's marketing and communications strategy and considered how this impacted on and supported the overall strategy of the College. The Review also considered the College's approach to marketing and how this was monitored and reported. The review concluded that –

- The College had a Marketing Strategy which had recently been through a comprehensive review process;
 - There were annual marketing objectives which were monitored;
 - Each campaign and event had objectives, plans and costs and were fully evaluated;
 - Monthly monitoring of activities was reviewed by SLT;
 - There were no recommendations
- And thus had Substantial assurance.

The Principal/CEO enquired if there were any suggestions that could add value to the admissions process. Ms Parkes noted that, while the College's existing activities were reasonable and appropriate, she had observed in another College a more proactive approach to engaging students in secondary schools on GCSE results day.

The Principal/CEO reported that the Marketing Team had been issued with a £500 'challenge' which developed into the 'Love SCG' marketing campaign aimed at recruiting additional students. The likely success of the initiative and the additional funding the College would receive as a result was far in excess of the initial investment and a worthwhile project that also provided a skills development opportunity for the Team.

Resolved:

That the report be noted.

04/19. Audit Recommendation Tracking Report (Appendix No. 5)

The Committee reviewed and noted the Audit Recommendation Tracking Report (previously circulated).

The Committee also supported the removal from the Tracking Report of those actions either completed since the last report or no longer considered relevant or where no further action was considered appropriate by management. The Financial Statements auditor requested that the recommendations from the 2017/18 audit be included in the next report.

Resolved:

That the report be noted.

05/19. Risk Register and Board Assurance Framework (Appendix No. 6)

The Committee reviewed (previously circulated) the Risk Register and Board Assurance Framework (BAF) – February 2019 Update. In updating the Risk Register a number of risks previously tracked had been reviewed and removed as no longer appropriate or requiring monitoring.

The Committee noted that SLT had reviewed and removed redundant risks to secure a more focussed and strategic Register. The Finance Director referred the Committee to risks regarding Apprenticeship Standards and that the risk rating reflected the unresolved issues of End Point Assessment routes, which could affect College apprentices' timely completion and achievement.

The Committee noted that RAG-rated assurance levels after existing controls were in place, and expected assurance levels after proposed Action Plans had been completed were also recorded.

The Committee AGREED to recommend the removal of Risks 2.13 (Risk of lack of access to reliable and timely Management Information) and 3.2 (Risk that different employment contracts will lead to staff demotivation and unrest), as these risks had not materialised and had been effectively mitigated.

The Committee AGREED that it use the October 2019 pre-meeting time slot to discuss and review the Risk Register Assurance Level grading system, quantifying impact criteria and probability assessment criteria.

The Finance Director explained the risks identified and mitigating actions being undertaken. The Committee concluded that it considered the risks to have been appropriately identified and the management actions reported were effectively mitigating these risks.

Resolved:

That it be recommended to Board that the Risk Register and Board Assurance Framework (BAF) – February 2019 Update, as amended by the removal of Risks 2.13 and 3.2, be approved.

ACTION: REPORT TO BOARD

06/19. **Annual Value for Money Report** (Appendix No. 7)

The Committee considered the Annual Value for Money (VFM) Report (previously circulated) which proved assurance that appropriate procedures were in place to promote economy, efficiency and effectiveness.

The Committee acknowledged that the current Financial Regulations did not require the submission of an Annual VFM Report and agreed that there were sufficient other, robust sources of assurance presented to Board members to meet the requirement of the financial memorandum that the Corporation of the College is responsible for delivering value for money from public funds (Regulation 13.6).

Resolved:

That the report be noted.

07/19. **Irregularity and Fraud**

None reported.

08/19 **Risk**

As part of the discussions on the College's Risk Register and Board Assurance Framework agreed by Board (Board Min No. 67/17 refers), the Committee examined those risks within its remit to ensure that they have either been identified or adequately discussed at the meeting.

The Committee concluded that the risks connected with the Committee had been identified and would be covered, due to the planned work schedule. However, it AGREED to recommend that Risk 9.14 (Audit risk that study programmes are not being fulfilled) be removed from the Register.

09/19. **Post 16 Audit Code of Practice**

The Education and Skills Funding Agency's (ESFA) has published an updated post 16 audit code of practice (ACOP) which sets out guidance for colleges and their auditors about ESFA's requirements. The main difference between the audit regime for colleges and that for companies or charities are ESFA's regularity audit requirements. The main change from last

year's Code is a new emphasis on fraud prevention and disclosure; this results from wider government pressure on DfE.

Date of Next Meeting – Wednesday, 12 June 2019 @ 6.00 p.m. Venue – Principal/CEO's Office, Welsh Bridge Campus. The Committee acknowledged the importance of filling the current governor vacancy to the Committee before this meeting, to ensure quoracy.

The meeting concluded at 7. 25 p.m.