

**CONFIRMED MINUTES OF THE AUDIT COMMITTEE HELD ON FRIDAY 11 MARCH
2016 IN THE COMMITTEE ROOM AT GREEN LANE**

Present

Ian Swain	Independent Governor
Mark Stokeld	Independent Governor
Ian Butchart	Independent Governor / Chair

Also in attendance

Stuart Slorach	Vice Principal Resources
Martin Raby	Principal
Jackie White	Clerk & Governance Advisor
Claire Leece	RSM
Alexandra Hartshorne	KPMG

		Action
	<p><u>PRIVATE MEETING WITH THE AUDITORS</u> Members held a privately with the auditors prior to the main meeting.</p> <p><u>DECLARATION OF INTEREST</u> There were no further declarations of interest.</p> <p><u>APOLOGIES FOR ABSENCE</u> Apologies were received from Denise Ogden, Independent Member.</p>	
<u>AC15 017</u>	<p><u>UNCONFIRMED MINUTES OF THE MEETING HELD ON FRIDAY 27 NOVEMBER 2015</u> The minutes of the last meeting were agreed as an accurate record.</p>	Clerk
<u>AC15 018</u>	<p><u>MATTERS ARISING</u></p> <p>AC14 035 – members noted that a full progress update was received at Board in February demonstrating that good progress had been made in all areas, notably the development of our Industrial Liaison Group, external events, and strategic partnerships. Papers from the Board meeting were tabled for Audit colleagues.</p> <p>AC14 036 - College Extended Principalship Team (EPT) sets a range of performance targets in either October or May, depending upon the operational area. In May, student recruitment targets are set as part of the process of reviewing and updating the Strategic Plan and setting budgets for the next year, together with financial forecasts for the year after that. Targets in respect of FE and HE student recruitment will have</p>	

been set in May of the prior year, and therefore the budget setting process looks at the forecast enrolment numbers against these targets. Estimates are obviously informed by the available applications data, as well as staff knowledge of processes and future planned activity.

AC15 005 – Members noted that a review was undertaken on the spending review and there was no impact on the accounts. The Principal advised that the College is in discussion regarding the long term borrowing and banking covenant.

AC15 005 – Members noted that the terminology was amended in the accounts.

AC15 007 – Members noted that a conclusion was included in the Final Annual Report. It was agreed to circulate this to members.

VP
Resources

AC15 008 – Members noted that a risk management update and risk register was included on the agenda for today's meeting.

AC15 019 **INTERNAL AUDIT REPORT – PAYROLL**

Alexandra Hartshorne spoke to the previously circulated report and members noted that in accordance with the 2015-16 internal audit plan an audit of the procedures in place within the College in relation to payroll was undertaken.

Alexandra discussed that payroll is the most significant cost to the College, and it is therefore fundamental that the College has a robust payroll control framework. The College currently outsources payroll to Moorepay.

It was confirmed that from the work performed on payroll, two low recommendations were made and KPMG consider the system of internal control as Good.

Ian Butchart asked the Vice Principal Resources how long had the payroll service been outsourced and he confirmed that it has been a long time and that he was planning to tender for the service this year.

The Vice Principal Resources discussed that one of the recommendations had already been implemented and the second one will be complete after 1 April 2016.

The Audit Committee APPROVED the Internal Audit Report – Payroll.

AC15 020 **INTERNAL AUDIT REPORT – HEALTH AND SAFETY**

Alexandra Hartshorne spoke to the previously circulated report and members noted that in accordance with the 2015-16 internal audit plan an audit of the procedures in place within the College in relation to health and safety was undertaken.

Action

Alexandra discussed that there were six recommendations 2 high, 3 medium and 1 low. It was confirmed from the work performed on Health and Safety, that KPMG consider the system of internal control as Weak.

The Vice Principal Resources updated members on the recommendations. With regard to the first two high recommendations members noted that a Health & Safety Policy and Health & Safety Annual Report were being considered by the Corporation Board at its meeting in March. An appointment had been made for a full time Health & Safety Officer who was now in post and was working through the recommendations highlighted in the report.

Ian Swain questioned the Vice Principal Resources with regard to the RIDDOR reportable incident and that the College had breached Health & Safety Law by not reporting the incident in a timely manner and why this had happened. The Vice Principal Resources discussed that there had been a debate as to whether the incident was reportable or not, but following the return of the Health & Safety Officer, who had been on sick leave at the time of the incident, it was agreed to report the incident as treatment had been given as a result of the incident.

With regard to the wording in the Internal Audit Report it was requested that KPMG make clear that treatment had been given and therefore was a reportable incident.

KPMG

Ian Swain also questioned whether there had been any other incidents which should have been reported and the Vice Principal Resources confirmed that there was not.

Ian Butchart questioned the role of the Board and why Health & Safety issues had not been brought to the Boards attention. The Vice Principal Resources apologised and advised that the Board will be made aware of what is happening with H&S.

Ian Butchart also suggested that a member of the Board with experience of this area link in with the H&S Officer and he confirmed that he will raise this at the Board meeting.

IB

Ian Swain asked if there were other members of staff in post with qualifications in H&S to avoid any delay in reporting incidents in the future if the H&S Officer was on sick leave and the Vice Principal Resources confirmed that the Facilities Manager was qualified and also that he was undertaking some training.

Ian Butchart requested that the Clerk ensure that H&S is included on the Board annual cycle of business.

Clerk

The Vice Principal Resources also discussed that that H&S Group had been reviewed and that he now chaired the meeting which also involved HR, Heads of School, Union and Student

Services representatives along with the H&S Officer and Facilities Manager.

With regard to the recommendation on training, Mark Stokeld asked if H&S training could be made mandatory. The Vice Principal Resources explained that the H&S Officer was working through a matrix which identified who required what training and at what frequency. The training was being rolled out on a risk basis so that those who required the training more urgently were provided with it sooner.

With regard to the recommendation on risk assessment, Ian Swain asked what do we class as high risk areas and the Vice Principal Resources confirmed these were areas such as workshop spaces, studios and dark rooms. Ian went on to ask how frequent the risk assessments were undertaken and the Vice Principal Resources discussed that he was undertaking weekly site walk rounds and a planned inspection of high risk and low risk areas were being scheduled in.

With regard to the low risks, Ian Butchart asked that the 6 incidents missing from the report be identified as he would request this information at the Board meeting.

VP Resources

Ian Swain asked the Vice Principal Resources whether the H&S Group would be responsible for reviewing individual incidents and looking at the mitigation which has been put in place. The Vice Principal Resources discussed that the group had recently reviewed the H&S Policy and looked at some trends with incidents and had noticed a reduction in incidents. Ian went on to ask whether each incident gets looked at and the Vice Principal Resources advised that the group did not look at individual incidents.

Ian Swain further discussed the importance to look at individual incidents and near misses and to make sure that systems are in place for this type of incident. The Vice Principal Resources noted this requirement.

Finally Ian Butchart suggested that H&S should be looked at more routinely within the Audit Committee given the outcome of the Internal Audit report and it was agreed that an update be given at the next two meetings.

Clerk

The Audit Committee APPROVED the Internal Audit Report – H&S

AC15 021 INTERNAL AUDIT REPORT – CORPORATE GOVERNANCE AND RISK MANAGEMENT

Alexandra Hartshorne spoke to the previously circulated report and members noted that procedures in place within the College in relation to corporate governance and risk management.

Alexandra discussed that there were three recommendations, 2 medium and 1 low. It was confirmed from the work performed on corporate governance and risk management, KPMG consider the system of internal control as Satisfactory.

The Vice Principal Resources updated members and confirmed that the Risk Management Policy and Risk Register had been received and discussed at the February Board meeting.

The Audit Committee APPROVED the Internal Audit Report – Corporate Governance and Risk Management

AC15 022 **RISK REGISTER UPDATE AND RISK REGISTER**

The Vice Principal Resources spoke to the previously circulated report and it was noted that the report highlights the key areas of risk that the College faces over the coming months.

The Board approved the Risk Management Policy in February 2016 and it was suggested that the Audit Committee review the detail of the risk register as a matter of course in discharging its duties as a committee.

The Risk Register in its previous form had grown over a period of time and was in need of a refresh in order for it to become more manageable and to follow the general approach of the Board of Governors which is to focus on the key risks and opportunities that face the college. This is in line with its risk appetite. The paper illustrates the key risks that the College is facing and what is currently being done to mitigate them.

There are 3 risks that are deemed RED at this point in time. This is because of the likelihood of the event occurring and the controls in place to avoid these risks crystallising and these included the Local Area Review, FE/HE progression and Curriculum development.

Ian Swain commented that the risk in relation to maintenance expenditure of Estate is reviewed as it doesn't accurately reflect the risk. The Vice Principal Resources agreed to review this.

The Audit Committee RECEIVED the Risk Register update and risk register report.

AC15 023 **INTERNAL AUDIT LOG UPDATE**

The Vice Principal Resources spoke to the previously circulated report and members noted that there have been 42 recommendations made in relation or internal controls and governance. Of these 37 have been closed / implemented with 5 ongoing.

The Audit Committee RECEIVED the Internal Audit Log update.

AC15 024 **INTERNAL AUDIT PROGRESS REPORT**

<p>Alexandra Hartshorne advised members that of the two visits planned, one had been completed along with a specialist review. The second visit was due to take place in April / May and this will look at Disaster Recovery and Capital.</p> <p>The Audit Committee RECEIVED the verbal update</p>	Action
<p><u>AC15 025</u> <u>ITEMS TO HIGHLIGHT TO THE CORPORATION BOARD</u> It was agreed that the issues relating to Health & Safety should be highlighted to the Corporation Board</p>	Clerk
<p><u>AC15 026</u> <u>ANY OTHER BUSINESS</u> There were no further items of business.</p>	
<p><u>AC15 027</u> <u>CONFIDENTIAL MATTERS</u> It was agreed to keep the Area Review information as confidential.</p>	
<p><u>AC15 028</u> <u>DATE AND TIME OF NEXT MEETING</u> 24 June 2016 at 9.30 in Middlesbrough.</p>	

Signed:

Date: