

**Minutes of a Meeting of
the Audit Committee**

on Monday 18 November 2019 at 5.30pm in Room RW110, Redwood building

Audit Committee Members in Attendance: Sasha Burns (Chair), David Griffin (Vice-chair) and Nicki Reid.

Also in Attendance: John Abbott (Principal)(Part), Duncan Alexander (Chair of Governors), Barbara Barratt (Vice-chair of Governors and Personnel, S&G Committee Vice-chair), Xanne Blythe (Clerk), Jonathan Langdon (Vice-chair of Governors and F&GP Chair), Paul Lonsdale (Vice Principal-Finance) and Mary Tighe (AP&Q Committee Chair).

Apologies were received from Ann Helsby (Personnel, S&G and Remuneration Committee Chair) and Pat Flaherty (Audit Committee Member).

The meeting noted Stephen Haydock's (Audit Committee Member) recent resignation from his Governor role due to his increasing work commitments, and that the Principal was arriving late from a meeting in London.

The Committee Chair explained that the Audit Committee, at its last meeting, had requested that the following two items be discussed on 18 November 2019 at the Audit Committee and had invited the Corporation Chair/Vice-chairs and Committee Chairs to the meeting: (i) ESFA Funding Audit Report and remedial action plan, (ii) RHC Internal Audits/Assurance Plan for 2019-20.

AUD 25 Declarations of Interest (agenda item 2)

Action

There were no declarations of interest.

AUD 26 Minutes of the Previous Meeting and Matters Arising Report 19-20 (agenda item 3)

RESOLVED: that the minutes of the Audit Committee meeting dated 21 October 2019 be agreed and signed by the Chair as an accurate record.

AUD 27 ESFA Funding Audit (agenda item 4)

The VP-F informed the meeting that the ESFA Funding Audit final report had not been received and therefore the final remedial action plan was not available. In the absence of these two documents the following framework documents were tabled at the meeting:

- Huish Apprenticeships Journey Plan
- Recruitment Checklist
- Apprenticeship Delivery and Monitoring
- Apprenticeship Recruitment – Employed and Unemployed
- Apprenticeship Actions: Inspection/Processes and Audit/Reporting and Monitoring.

In response to detailed questions and challenge further information and clarification was provided on the following areas:

- the VP-F advised the meeting that there was no financial penalty from the ESFA Funding Audit, however the ESFA Funding Audit had used up a high level of staffing resource that would, at this time of year, be focussed on generating new apprenticeship starts, and there would be a direct impact on start targets. The Committee asked for action to be taken to cover the shortfall in the agreed budget,

- new apprenticeship starts could be approximately 350 for the year,
- the current paper driven enrolment process for each apprenticeship took a total of two full days, SLT were looking at more efficient methods with online platforms to deliver some of the processes,
- the cohort size, financial viability, economies of scale and low tariff apprenticeships were discussed, with the potential for Level 2 apprenticeships to lead onto Level 3, together with the necessity to review the financial liability,
- further financial analysis was required on a full costing basis, certain standards that generated a clear income were identified,
- there was a key focus on improving processes, compliance with audit and funding rule requirements/specifications in the apprenticeship team, the funding conditions were published very year,
- the new Director of Apprenticeships, due to start on 4 December 2019, was already meeting with SLT to cover the corrective action that was needed going forward, with robust leadership and direction. An additional resource had been sourced to work with the Apprenticeship Team prior to the Director's start date,
- the recently appointed Director of Apprenticeships was a source of expertise,
- the high staff turnover in the Apprenticeship Team, the lack of set targets, the poor leadership and management, the Apprenticeship Team remuneration compared to other providers, and the staff morale were covered in greater detail,
- strong relationships with levy providers were being built for greater capacity,
- the apprenticeship risk level in the College risk register was covered with the raising of the risk score to a higher level,
- the need for the Apprenticeship Team to access other College facilities/resources rather than working separately,
- the reputational risk if the delivery of apprenticeships was transferred to another provider,
- the qualitative aspect and financial journey of all learners,
- Governors questioned the set targets for the Apprenticeship Team, and the high level of staff turnover,
- discussion centred on the information and reports provided to Governors and the requirement to review current KPIs to enable a greater level of enquiry and interrogation into underperforming targets,
- it was agreed to provide each Committee with information from the ESFA final audit to monitor the ESFA funding audit's corrective actions for assurance, rather than set up another Task and Finish Group:
 - o Finance & General Purposes – financial viability,
 - o Academic Planning & Quality Committee – quality, student experience and academic outcomes
 - o Audit Committee – compliance with process and legislative requirements,
- revised KPIs would be discussed by all Committees to ensure that they were provided with the required metrics to provide Governor assurance, and highlight any dips in performance for early interrogation and interventions,
- external consultants' visits for the apprenticeship area had been planned for 25 October and 25 November 2019, with an apprenticeship deep dive in February/March 2020. The Academic Planning and Quality Committee had commented on the first draft or revised apprenticeship monitoring reports at their meeting dated 12 November 2019.

Governors thanked the VP-F for the work he had completed with the Apprenticeship Team and the Director of Apprenticeships.

RESOLVED:

1. that each Committee be provided with the ESFA final funding audit to monitor the ESFA funding audit's corrective actions for the following areas:
 - a. Finance & General Purposes – financial viability,
 - b. Academic Planning & Quality Committee – quality, student experience and academic outcomes
 - c. Audit Committee – compliance with process and legislative requirements,

PLO

2. that the Audit Committee have oversight of the ESFA funding audit in its entirety,
3. that revised KPIs be discussed at all Committees to ensure that they afforded the required metrics to provide Governor assurance, and highlight any dips in performance for early interrogation and interventions.

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JAB
XBL

AUD 28 RHC Internal Audits/Assurance Plan for 2019-20 (agenda item 5)

The VP-F presented the risk register as discussed at the last Audit Committee meeting, and made reference to the heat map and the operational risks. If operational risks still scored highly in the residual risk area this would become a strategic risk. The risk register was reviewed termly. The Audit Committee had agreed to review the heat map at every Audit Committee meeting to discuss the direction of travel of risks, this would enable Governors to ask the right questions, gain oversight and recommend more specialised internal audits. The generation of a risk assurance map was discussed by the VP-F for a longer term approach in twelve months' time.

Governors discussed whether the College had reduced overall staffing levels, to meet funding income, to an unacceptable level, thus creating a higher resourcing risk.

The Audit Committee agreed for each Committee to have 3-4 key strategic risks to monitor as a standing agenda item. The one page 'assurance reports' on risk areas would be discussed at every Committee, together with the resources cost to further reduce the risk. Mitigating controls would be discussed for each risk, comments from Committees' 'assurance reports' would be compiled by the Clerk and overseen by the Audit Committee. This would enable all Governors to have a full understanding of the key risk areas and create greater awareness of the risk register.

Governors discussed the requirement to improve the audit assurance with deep dive more focussed and specialised internal audits. Governors would not be constrained by the allocated internal audit budget. It was agreed that the Audit Committee would recommend more specialist audits, based on the high risk areas. The meeting noted that by using different companies to audit, an overall audit opinion would not be generated to accompany the annual Audit Committee report for the ESFA. The current Internal Auditor's contract term had come to an end, and it was agreed not to renew this contract for 2019-20.

RESOLVED:

1. that internal audit assurance be provided by a number of providers for 2019-20 for greater focus and specialism, PLO
2. that the following internal audits be arranged for 2019-20 PLO
 - a. Apprenticeship Funding, and
 - b. HR safer recruitment practices, for a follow up report on the original recommendations by the Safer Recruitment Specialist,
3. that each Committee, from January 2020, receive an Assurance Report, as a standing agenda item, with 3-4 key strategic risks. Risks would be linked to the Committee's remit, with associated mitigating controls and available resources, for discussion. The Audit Committee would have oversight of all Committees' Assurance Reports and their updates at each meeting. PLO
XBL

AUD 29 Review of Draft Corporation Business Calendar for 2019-20 (agenda item 6)

The Clerk had reviewed and circulated the Annual Corporation Meeting Schedule and Business Planner for 2019-20 with a clear plan of timely reports to each Committee. Some additional reporting had been recommended such as the Assurance Reports for each Committee. Committees' terms of reference for 2019 were also circulated for reference.

RESOLVED: that each Committee review their Committee business for 2019-20, in line with the Annual Corporation Meeting Schedule and Business Planner for 2019-20.

AUD 30 Any Other Business/ Items for Next Agenda (agenda item 8)

XBL

The date of the next meeting was noted as Monday 20 April 2020, it was agreed to convene another Audit Committee meeting in early February/March 2020.

Items for the 2020 Audit Committee agenda:

- 2019 RHC Expenses (Governors) Gifts and Hospitality Policy
- 2019 Anti-Bribery and Corruption Policy
- 2019 Anti Fraud Policy
- RHC Committees' Assurance Reports for 2019-20
- RHC Internal Audit Assurance Plan for 2019-20
- Final ESFA Audit Report and Remedial Action Plan – Sept 2019
- PCI vulnerability report

With no further business the meeting concluded at 8.40pm.

The minutes were agreed and signed.

Chair.....Date.....