

**Minutes of the Audit Committee meeting held on Monday 2<sup>nd</sup> March 2020 at 9am in the Steelite room, Caudon campus**

Present:	Julie Obada, Meeting Chair Steve Sawbridge David Rogers		
In Attendance:	Maxine Bagshaw, Clerk to the Corporation Denise Brown, Principal/CEO Antoinette Lythgoe, CFO Nova Abela, Executive Director of HR Heather Marks, Executive Director of Quality of Education Patrick Clark, Internal Auditor ICCA		
<b>Min. No.</b>		<b>Action By Whom</b>	<b>Action By When</b>
<b>1</b>	<b>AUDITORS MEETING WITH THE COMMITTEE WITHOUT MANAGEMENT PRESENT</b>		
	It was confirmed that auditors had not required a meeting with Governors in the absence of management.		
<b>2</b>	<b>APOLOGIES FOR ABSENCE &amp; UPDATE ON COMMITTEE MEMBERSHIP</b>		
	The Clerk advised that apologies for absence had been received from Amanda Anthony, Dave Hopley and Anna Spencer-Gray. David Rogers, Nova Abela and Heather Marks were welcomed to their first meeting and round table introductions were made.  The Clerk advised that, since the last meeting, Martin Jones has resigned as a Governor and that, through a recent recruitment exercise, David Rogers has joined the Board and is proposed as the new Audit Committee Chair.		
<b>3</b>	<b>APPOINTMENT OF COMMITTEE CHAIR</b>		
	It was agreed that Julie Obada would Chair this meeting and thereafter the proposal put forward was that David Rogers be appointed as the Audit Committee Chair. This proposal was seconded and approved.  AGREED:		

Signed : \_\_\_\_\_ Chair  
Stoke Audit Committee meeting 2<sup>nd</sup> March 2020  
Page 1 of 10

Date:

	<p>a) To appoint Julie Obada as the meeting Chair for this meeting, and b) Appoint David Rogers as the Audit Committee Chair.</p> <p>David Rogers took the opportunity to confirm that he has previously been the Chair of an Audit Committee through his role with NHS Trusts.</p>		
<b>4</b>	<b>DECLARATIONS OF INTEREST</b>		
	<p>The meeting Chair reminded everyone present to declare any interests that they may have on matters to be discussed. No specific declarations were made and standing declarations were noted.</p>		
<b>5</b>	<b>MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 29<sup>TH</sup> NOVEMBER 2019 &amp; MATTERS ARISING</b>		
	<p>The minutes were reviewed and it was agreed that they were an accurate record of discussions.</p> <p>AGREED: to approve the minutes of the meeting held on 29<sup>th</sup> November 2019.</p> <p>As a matter arising, the Committee discussed section 15 and the suggestion that the College undertake a benchmarking exercise. The Principal confirmed that the College, through ICCA last year, undertook a full benchmarking exercise and that sitting alongside this are the agreed KPIs, which include costs, both pay and non-pay. Given this context, she therefore questioned the benefit of having a further benchmarking exercise.</p> <p>In discussion, it was noted that ESFA sector data is usually released in March each year and the CFO confirmed that, once received, she will undertake a 'checking exercise' to ascertain the College's position. She confirmed that this would be done internally, and would be based upon the finance record analysis. This will give an overall view but will not consider the granular.</p> <p>In discussion, the Committee felt that there may be more benefit to review the contribution analysis, specifically individual course contributions, and this is to form part of a broader review, which will be completed on an ongoing basis. The Committee felt that it was important to, wherever possible, evaluate Stoke-on-Trent College against others in the sector, and agreed that this could be done through an annual report linked to a Value for Money review/exercise. The CFO confirmed that this would be done at the end of the summer term. On the basis of the agreed position, it was confirmed that line 8 in the action progress table should be amended to reflect the update.</p>	CFO	Sept. 2020

Signed : \_\_\_\_\_ Chair  
Stoke Audit Committee meeting 2<sup>nd</sup> March 2020  
Page 2 of 10

Date:

<b>6</b>	<b>MINUTES OF THE JOINT MEETING OF THE AUDIT AND TRANSFORMATION, FINANCE &amp; RESOURCES COMMITTEE HELD ON 29<sup>TH</sup> NOVEMBER 2019</b>		
	<p>The minutes were reviewed and it was agreed that they were an accurate record of discussions.</p> <p>AGREED: to approve the minutes of the joint meeting held on 29<sup>th</sup> November 2019.</p> <p>There were no matters arising.</p>		
<b>7</b>	<b>COMMITTEE ACTION PROGRESS REPORT</b>		
	<p>In line with previous discussions, it was confirmed that item 8 would be updated. Save for this change, the Committee were happy to note the content of the information provided.</p>		
<b>8</b>	<b>INTERNAL AUDIT</b>		
	<p>ICCA presented a number of items for Committee consideration.</p> <p>1) <u>Performance Management Internal Audit</u></p> <p>ICCA presented their final report and, in terms of the overall assurance conclusion, indicated that the design was adequate, the application/compliance was weak and, as a consequence, the assurance opinion was 'reasonable'. In total, there have been 4 recommendations: 1 high priority and 3 medium. ICCA drew the Committee's attention to section 2.2, which sets out the review headlines. Actions agreed are set out in section 3; each was considered on an individual basis.</p> <ul style="list-style-type: none"> <li>• 3.1 Staff Training – auditors' view is that, in order to improve the Ofsted grade awarded to the College in relation to quality of education, the College must ensure that effective CPD methods are used to aid the development and improvement of teaching and support staff. In doing so, the College should consider running weekly/bi-weekly CPD classes covering a range of topics. For example, embedding maths and English delivery and/or dyslexia capability and support training etc. The College should ensure future CPD sessions are designed around areas identified as weaknesses during the learning walk process.</li> </ul> <p>The Executive Director of Quality of Education provided a verbal update at the meeting, and confirmed that the College has now timetabled extensive CPD. Regular mandatory sessions are undertaken on a weekly basis. These respond to areas of weakness identified in learning walks/observations. Part of the process includes the impact of CPD being self-assessed. Themes</p>		

Signed : \_\_\_\_\_ Chair  
Stoke Audit Committee meeting 2<sup>nd</sup> March 2020  
Page 3 of 10

Date:

	<p>identified in learning walks are picked up and scheduled CPD put in place to address. On the basis of the activity scheduled, the Committee were advised that College teams are making good progress at pace.</p> <p>A challenge from the Committee was that Governors need to see the 'impact' of CPD reported to the Curriculum, Quality &amp; Standards Committee, rather than a simple summary of activity undertaken. A challenge from the Committee was that CPD needs to be aligned to individual needs and then linked, where appropriate, to performance management. It was confirmed that the College does have a Support to Improve register, with staff added or removed according to individual circumstances.</p> <p>The Committee were advised that the vast majority of actions identified and agreed were planned in any event. The design of the system was found to be good; however, the timing of the audit negatively impacted because the evidence of implementation and impact was not complete.</p> <p>The Committee were given assurance that CPD is very much driven by what is seen in observations and therefore, if there is not a critical mass of observations completed, then the College is unable to evidence the fact that CPD has been tailored to individual needs. With hindsight, it was felt that a better time to have undertaken this audit is in February. It was acknowledged that CPD is a continuous process and is not just one point in the year. It was confirmed that the College is also slightly behind in terms of PMRs completed, given the challenging start to the year.</p> <ul style="list-style-type: none"> <li>• 3.2 Compliance – the Committee’s attention was drawn to the outcomes of the sample size and the areas where the PDR process can be improved. It was confirmed that HR report on a monthly basis to the Executive Board regarding compliance with PDRs; however, they are involved more towards the end of the process and not throughout all of the probationary points.</li> </ul> <p>The Executive Director of HR confirmed that, internally, the HR team have now completed a 100% sample of PDR documents as part of the wider training package. The HR team are auditing 100% of the forms sampled and then giving a view on compliance, rather than the quality of content. The Committee were advised that termly Performance Review Boards are in place and they support this process.</p> <p>A question and challenge from the Committee was whether the systems and processes in place provide automated prompts, reminders, chasers etc. The Executive Director of HR explained that the PDR process is a manual one, which is labour intensive. Probationary reviews are prompted by HR but it was acknowledged that improved systems would greatly help to keep</p>		
--	--	--	--

	<p>on top and track the activity required. A challenge from the Committee was that the College appeared to be using a lot of staff time that could be better used elsewhere, if the team were supported by improved systems. A challenge from the Committee was that a better system would also support performance management requirements in the College.</p> <p>It was confirmed that, for teaching staff, the 'teacher on a page' data really helps to inform the performance management processes. The Committee were advised that the 'totally me' initiative is starting this week. This is a cultural change which will encourage compliance throughout the College.</p> <p>An observation made was that, because of the restructure in 2019, 80% of managers were new to the role. These were individuals not experienced in performance management, and they were described as being 'at the bottom end of the learning curve', particularly in relation to difficult conversations. Alongside this, the HR team was restructured with staff identified to support particular managers. This is having a beneficial effect, with a coaching model being adopted.</p> <p>In terms of the audit process itself, it was agreed that, for every Internal Audit, the College needs to identify one individual who will be the audit lead.</p> <p>A challenge from the Committee was that all activity identified within this audit is interlinked and therefore the College needs to assess the impact on the learner. It was acknowledged that learner surveys give a really honest review and it was confirmed that staff are starting to see some positive views, specifically in relation to maths and English resources.</p> <ul style="list-style-type: none"> <li>• 3.3 Learning Walks – the recommendation from auditors is that the College should ensure a timetable is developed for the expected completion deadline of when they expect all staff to have received a learning walk, ensuring this provides enough time to implement any necessary intervention methods, in order to have a measurable impact on the learning taking place within 2019/20 academic year.</li> </ul> <p>The Executive Director of Quality of Education provided a verbal update, and confirmed that a timetable is now in place, with the focus being on encouraging staff to inspire learners, raise the bar and ensure consistency. The Committee were advised that apprenticeship observations involve staff being on site with partners for 1 ½ hours plus. The College is using the same electronic evidence gathering tool utilised by Ofsted. This is a completely different model, and staff are responding positively to this. A challenge from the Principal was to update the language used i.e. deep dives which incorporate the learning walks.</p>		
--	--	--	--

	<ul style="list-style-type: none"> <li>• 3.4 Measuring the Impact – the recommendation from auditors is that the College should formally measure the impacts of the performance review framework in respect of driving improvements, outcomes and success. The impact should be measured by assessing some tangible outcomes, which demonstrate the framework is effective in improving the performance of staff year on year, as well as the quality of teaching and learning.</li> </ul> <p>It was confirmed that the Board do see reports which evidence the outcome of performance management and assurance was given that there is a clear link between performance management and staff movement. It was confirmed that work is ongoing to set tangible targets.</p> <p>AGREED: to note the content of the report provided.</p> <p>(Nova Abela and Heather Marks left the meeting at 9.50am)</p> <p>2) <u>Progress report for 2019/20</u></p> <p>ICCA presented their report, which summarises the results of audit work already completed and also detailed those areas that are in the planning or fieldwork phase. A challenge from the Committee was in terms of how likely all reports will be completed for the year. Assurance was given that there are plans in place to ensure that all reports are available to come to the Committee on or before the June meeting. The CFO explained that, in FE, there does tend to be a backloading exercise undertaken, with audits avoided in the autumn term because of other pressures. It was agreed that ICCA would circulate the agreed dates so that the Committee can be assured that the work will be completed. This is to include planned dates, along with a comparison with the original dates envisaged.</p> <p>The Committee acknowledged that assurance to the Board is through a range of sources; however, there was a level of concern that 70% of audit work was still outstanding at this point in the year. A challenge from the Committee was that the MIS review is critical, particularly identifying the gaps and issues. The Committee all agreed that the College needs to use Internal Auditors as a management consultancy service, and it is their role to inform both staff and Governors on what is not already known.</p> <p>A challenge from the Committee was that, in the future, any change to the audit plan is to be agreed with the Audit Chair outside the meeting.</p> <p>In relation to the intended review of payroll, it was explained that this has now been deferred to the early part of the next academic year, once changes have been made and can be tested.</p>	ICCA	March 2020
		Executive	Ongoing

	<p>3) <u>Key Financial Controls – Sales Ledger and Income</u></p> <p>Auditors presented their report, which found that the design was good, application and compliance good and therefore they could give an overall substantial assurance opinion. There were no recommendations made. Committee’s attention was drawn to the summary provided following analysis of the aged debt report; all acknowledged that this appeared to be very well controlled.</p> <p>Auditors confirmed that they would not expect to find a vast array of issues, given the scope of the audit, but nevertheless this was a really positive report, particularly as the College has had a financial notice to improve regarding controls in the past. The CFO expressed the view that this audit clearly shows that the core team are doing what they need to do on a day to day basis. The Committee all agreed that, given the content of the audit outcome, it was unlikely that the College would receive any surprises in relation to financial controls.</p> <p>4) <u>Terms of Reference for planned internal audits</u></p> <p>The Committee were happy to note the content of the Terms of Reference for the remaining reviews planned.</p> <p>The CFO took the opportunity to confirm that the fieldwork in relation to the Learning Support and High Needs review was completed last week. Verbal feedback is that the review was good, with only two recommendations made. ICCA advised that it was fairly common to identify areas to address in relation to this particular type of audit, and therefore only two recommendations would be a positive position.</p> <p>AGREED: to note the content of the updates and reports provided.</p>		
<b>9</b>	<b>COMPOSITE ROLLING REPORT OF INTERNAL AND EXTERNAL RECOMMENDATIONS AND ACTIONS</b>		
	<p>The CFO introduced this item and confirmed that recommendations arising from the FE Commissioner visits and the ESFA ILR audit have also been included. An observation made was that some of the recommendations will remain ‘in progress’ and ‘ongoing’ for quite some time. A question and challenge from the Committee was whether or not the College can better track what is involved in the ‘in progress’ update and all agreed that the aim was to move from a deficit position to the ‘business as usual’.</p> <p>The Committee all agreed that it was useful to see all of the external recommendations, as there is a need for the Board to know that issues identified are being addressed. It was</p>		

	<p>acknowledged that these represent the external observations but that, internally, the College measures against the 5-pillar plan, which is the internal strategic monitoring system. The Committee felt it was important to continue to report on all of the aspects included but acknowledged that it was more of an aide memoire. A challenge from the Committee was not to pick off the actions on an ad hoc basis. Assurance was given that all activity is being driven from the top, with all actions identified fitting in to one or other of the 5 pillars. The Committee acknowledged this and felt that the report presented brings everything together, which was helpful.</p> <p>AGREED: to note the content of the update provided.</p> <p>The Committee's attention was drawn to the update provided in relation to Cyber Essentials, and it was explained that this had been circulated to give the Committee assurance regarding completion of this action.</p> <p>AGREED: to note the content of the update provided.</p>		
<b>10</b>	<b>RISK MANAGEMENT/RISK REGISTER/BOARD ASSURANCE FRAMEWORK</b>		
	<p>The CFO introduced this item and confirmed that progress was now becoming evident. She confirmed that the College has made good progress in respect of updating, revising and documenting Risk Management processes across the College, supported by ICCA.</p> <p>There have been two separate Risk Management workshops to date, with several more planned over the next few weeks. Each team has been asked to outline the main risks in their areas and draft Risk Registers have then been completed. The next workshop sessions will cover curriculum areas and any outstanding business support areas. The curriculum teams will start from their SAR and expand into risks relevant to their area of learning.</p> <p>Governors' attention was specifically drawn to the Governance Risk Register, and feedback was invited outside the meeting. It was explained that, once the individual risk registers have been completed by the middle of March, then the key risks will be extracted and included in a Corporate Risk Register. ICCA will then work with the College to broaden the Corporate Risk Register in to a Board Assurance Framework. All Risk Registers and the Board Assurance Framework will then be updated regularly.</p> <p>In terms of context, it was explained that, whilst Risk Management was and is happening within the College, it has not previously been collated into one place. To address this, the</p>		

	<p>College needed an understanding of Risk Management across all areas of the College and not just a top down approach. The CFO advised that it was mainly business support areas who have completed the exercise so far but that curriculum areas are scheduled to undertake a review next.</p> <p>Key risks will be brought forward into a Corporate Register. In considering the process, the Committee members all acknowledged that it was important that the exercise was undertaken on a bottom up basis. A challenge from the Committee was that any red RAG rated items need to clearly articulate any mitigating actions in place or planned. The Committee all agreed that it was pleasing to see greater risk awareness.</p> <p>In terms of the next phase, the Committee felt that there was a need for a top down approach, as well as bottom up. They believe that the Board Assurance Framework is critical and needs to include the strategic risks. These are the strategic versus operational risks, it being the case that many of the registers brought to this meeting include mainly operational aspects.</p> <p>The Committee members all felt that there was a need to differentiate between actions and mitigation, and that the College needed to be careful not to try and include 'everything' in the register. It was acknowledged that development of the registers would be an iterative process. It was agreed that the first draft of the Corporate Risk Register and the Board Assurance Framework would be presented to the next meeting.</p> <p>A challenge from the Committee was that, as a Corporate Risk Register does already exist, there is a need for it to be updated for the next meeting. All agreed that there needed to be a systematic approach, with good staff engagement in the process.</p> <p>A challenge from the Committee was that there needs to be departmental ownership of the registers once they are finalised.</p> <p>AGREED: to note the content of the update provided.</p>	<p>CFO/ ICCA</p> <p>CFO</p>	<p>24.4.20</p> <p>24.4.20</p>
<b>11</b>	<b>TRANSACTION UNIT GRANT REPORTING – CERTIFICATE OF EXPENDITURE</b>		
	<p>The CFO explained that provision of independent certification regarding expenditure was one of the conditions from the Transaction Unit. The information provided confirms that the condition has been met and this action completed.</p> <p>AGREED: to note the content of the update provided.</p>		

<b>12</b>	<b>FRAUD, IRREGULARITY AND WHISTLEBLOWING</b>		
	<p>The CFO confirmed that there were no instances of fraud, irregularity and whistleblowing to bring to the Committee's attention.</p> <p>One member of the Committee made the suggestion to introduce a 'freedom to speak out guardian', as this is something seen in the NHS. This could be developed as part of the staff engagement programme and any individuals identified as guardians would need support and training. All agreed that this was a useful suggestion and it was agreed that the Principal would progress this option.</p> <p>AGREED: to note the content of the update provided.</p> <p>(Patrick Clark from ICCA left the meeting at 10.45am)</p>	Principal	July 2020
<b>13</b>	<b>CONFIDENTIAL ITEMS</b>		
	It was agreed that confidential items would be recorded on a separate basis.		
<b>14</b>	<b>AOB</b>		
	As a matter of additional business, the Committee discussed the College's position to Coronavirus. The CFO advised that the College has a Business Continuity Group, which met last Wednesday. There were 5 learners who had been to northern Italy and who were in College. In addition to this, there is a planned trip to Italy (Rome) on 16 <sup>th</sup> March. In relation to this trip, she confirmed that the College was in contact with parents and is monitoring the situation. She described it as a fluid situation but gave assurance that the College is aware of the risks, and is taking steps to monitor and mitigate. One suggestion made was a 'hints and tips' section on screensavers.		
<b>15</b>	<b>DATE AND TIME OF NEXT MEETING</b>		
	<p>The Clerk confirmed that the next scheduled meeting was Friday 24<sup>th</sup> April 2020 at 8.30am.</p> <p>Meeting closed at 11am</p>		

Signed : \_\_\_\_\_ Chair  
Stoke Audit Committee meeting 2<sup>nd</sup> March 2020  
Page 10 of 10

Date: