

Minutes of a meeting of the Audit Committee of Lakes College held on Monday, 22nd February 2016 in the Executive Boardroom of the College

Present: Andrew Oldham (Chair); Norma Boyes; Sarah Farquhar; Claire Madden

Apologies: Sarah Graham

Also present: Karen Wilson, Director of Corporate Services; Mark Ashton-Blanksby, Icca Ets; Lyn Carroll, Armstrong Watson.

01/16 Minutes

Agreed – that the minutes of the meeting held on 23 November 2015 be received and signed as a correct record.

02/16 Declarations of Interest

None received.

03/16 Internal Audit: Post Ofsted Review (Part 1)

Following Ofsted inspection, the audit plan had been revised to consider the effectiveness of arising actions. This was part 1, the revised Self-assessment Report (SAR) not yet being available.

The internal auditors felt that they were able to offer reasonable assurance, that action was being taken with the support of an external consultant.

Among the areas for improvement identified were an update of the SAR; refinement of the post-inspection action plan; better reporting to Corporation to identify progress made and to measure performance against 2015/16 targets; and robust evidence should be collated in advance of the next inspection.

The Committee raised the recommendation that the Corporation should have a more in-depth look at certain areas of the post-inspection actions, with more detailed consideration of certain areas for improvement, questioning whether this could be done in a scheduled meeting and it was suggested that the Governors' event scheduled for April, which had been intended as a 6 month review of Ofsted action, would provide a good forum.

The planned follow up review later this year will include the in-year self-assessment report which will detail progress to date.

The internal auditor was asked about themes coming through from other inspections and it was felt that they were broadly similar, ie maths and English; Prevent/Safeguarding; Personal development; study programmes.

The Committee was reminded that an audit had been carried out prior to the Ofsted inspection about study programmes, and while that was about performance, there was perhaps a possibility for triangulating some of the information.

04/16 Internal Audit: Key Performance Indicators

The internal auditor was able to offer reasonable assurance about the effectiveness of the Key Performance Indicators.

Among the areas for improvement were separate reporting of apprenticeships by 16-18 and 19+; that although the direction of travel is reported, the Governors' KPI dashboard should be rag rated; that rag rating should be pegged to the time of reporting rather than the forecast outturn; and that value added measures should be included.

The Committee felt that they would recommend that the Governors' KPI dashboard RAG rating should be on forecast outturn and that the Executive team would be held to account for delivering.

With respect to class sizes, it was noted that some were low and some provision had been stripped out over the past few years for that reason. The curriculum planning process currently underway is focusing on class-size and efficiency of delivery. However, it was noted that there did need to be a critical mass of students to remain financially viable.

05/16 External Audit: Sub-contracting

An additional audit required this year under the joint audit code of practice, producing three recommendations including one to ensure that a clause be added to the contracts to give the SFA the right to enforce the terms of the sub-contract. It was also felt that while external financial pre-contract checks were being carried out, that these should be revisited during the relationship, to supplement the internal review. All the actions arising had now been carried out.

06/16 Risk Register Review

In very general terms, the Committee asked that consideration be given, for inclusion on the risk register and/or the audit plan for the coming year, the impact of area review; Ofsted 2; continued financial viability of the curriculum; internal progression (through to Level 3); and the impact of destination work in the planning of the curriculum offer. In addition, it would be expected that the National College for Nuclear's inclusion on the risk register be kept up-to-date.

07/16 Audit Recommendations Tracking Report

It was agreed that issues with the Student Loan Company over repayment of loans was a long-standing issue, that processes were in place to continue to try and repay loans, that as this was not material to the accounts, that the recommendation could now be removed from the tracking report.

With respect to electronic sign off of student SFA 19+ progress, attention was drawn to a potential solution via a more recent version of adobe which may be compatible with iPads.

08/16 FRS102 Implications

The recommendations of the committee were sought in implementing changes to the accounting framework.

In particular, capital government grants could either be realised when income performance-related conditions met or the accruals approach where income is recognised on a systematic basis over the useful economic life of the asset the grant is intended for. It was recommended that the accruals approach be favoured.

The second area for recommendation was whether the college should decide to revalue assets at 1st Aug 2014. It was agreed that the assets were not revalued as the balance sheet is relatively strong and revaluation would place pressure on the Income and Expenditure Account with increased depreciation charges.

It was noted that these recommendations would be submitted to the Board for approval.

The meeting closed at 1850h.