

Minutes of a meeting of the Audit Committee held on Monday, 29th January 2018 in FO27 of the College

Present: Andrew Oldham(Chair); Norma Boyes; Sarah Farquhar; Stuart Williams

Apologies: Claire Madden

Also present: Karen Wilson, Deputy Principal, Patrick Clark and Vici Cadwallader-Webb, Internal Auditors, Icca Ets; Karen Rae, Armstrong Watson; Jane Murray, Clerk

01/18 **Minutes**

Resolved – the minutes of the meeting held on 20th November 2017 be approved and signed as a correct record.

02/18 **ESFA Funding Audit**

An ESFA funding assurance review had been carried out by the ESFA in September in the midst of the aftermath of the cyber attack. This was the first audit in over a decade.

The audit had not found any issues arising that would mean a repayment of funding. It was the internal auditor's opinion that this was fairly unusual as generally some cause for repayment would be found.

The did have recommendations to make, for which there were technical explanations and systems issues for most. The change of apprenticeship systems gave rise to some inconsistencies or revisions to working that were still in early days, for example improvements to the template provided by the AOC for apprenticeship contracts. It was requested that AOC be advised of the issues raised.

The Deputy Principal was disappointed though with the recommendation in respect of advanced learner loans documentation, where letters generated at a given moment and issued to the learner had not been archived (the system updating the position on a regular basis) and gave assurance that this was now being rectified.

Overall, the Committee was pleased to hear that there was no funding impact.

03/18 **Internal Audit: Student Journey: Enquiry to Enrolment**

The internal auditor presented the report which had considered the processes and procedures from initial enquiry to actual enrolment and the effectiveness of those procedures. The design was felt to be good and substantial assurance was offered that the procedures were effective.

However, the internal auditors had given an overall amber report on the grounds of a medium recommendation, which noted that recruitment had fallen short of target and that efforts should be made to recoup numbers.

The Chair questioned the amber rating on the grounds that the audit of processes and procedures had not produced any recommendations, and that whilst it was acknowledged that recruitment had fallen short of target, there was no specific causal link from the audit findings to the under-recruitment.

The Chair also felt that there was an inconsistency in approach to rating of the internal audit reports, with a single medium recommendation leading to an amber rating on this audit whilst another report on the agenda also had a single medium recommendation and did not receive an amber grading.

It was felt that in the opinion of the Internal Auditors, the failure to recruit to target and, in particular, the impact of the loss of revenue warranted the amber grading. At the end of the discussion, the opinion of the Chair, that the rating was inconsistent and did not follow from the scope of the audit work undertaken, remained unchanged.

04/18

Internal Audit:

Review of the Tutorial Programme and Work Experience

The internal auditor presented the report which had considered how effective the processes were for the College's tutorial programme and for work experience for students. Substantial assurance was given, with green indicators for control, design and assurance.

There was one medium recommendation, which was to ensure that the elements of the study programmes were clearly recorded on the learning agreements at enrolment. Although these were discussed in advice and guidance sessions, they were not currently translated onto the learning agreements.

This had been agreed and would be implemented for 2018/19.

05/18

Internal Audit:

Apprenticeships – Post Levy Systems and Processes

The internal auditor presented the report, which sought to give assurance that systems and processes associated with Apprenticeship reform were in place and effective. Substantial assurance was given, with green across design, application and assurance.

There was one recommendation arising, to streamline the apprenticeship packs in an automated process and this was accepted and was being researched by management. The internal auditor offered to point the

College in the direction of some online systems in the sector, which was welcomed.

06/18 Internal Audit: Benchmarking/Curriculum Efficiency

The Deputy Principal gave some context to the report. Historically, benchmarking indicated that staff costs were high in comparison with the sector. There were some quite technical reasons as to why this might be, in particular around the organisation of delivery and the categorisation of staff, which might differ with other colleges.

This was an advisory report, which focused on curriculum efficiency, with separate reports envisaged for staff costs, academic support costs and non-pay costs.

It was noted that the College was disadvantaged by the number of 18-year olds that it taught. This is higher than the college average and, owing to the fact that 18-year olds receive £700 less in funding than a 16-17 year old, this has an impact on income.

It was noted that group size was now featuring more positively, 12.4 against a sector benchmark of 11. However, there was scope to improve further with more merged teaching across curriculum areas on common themes, for example health and safety.

The local environment was recognised by the internal auditor as having an impact on costs, both the rurality and the competition with Sellafield salaries. In response to questioning, it was felt that it was likely that new models of delivery would be needed to address this as well as other issues that had been identified, such as adult education.

It was recommended that a comprehensive report that aligns methodology to calculate curriculum efficiency, staff utilisation and group size would be helpful.

Some training was being carried out by tutors rather than by training advisors, who would normally carry out this kind of work. This was explained by the need to 'manage' hours, which would otherwise be lost to the organisation and, it was felt, affected only a small proportion of staff. A recommendation to consider the areas where there is too much teaching resource and adjust the structure accordingly was accepted.

The report concluded that the cost of taught hours was above that of the sector norm. Arising from this was a recommendation to report on the number of remitted hours (hours which are excluded for management time etc) and the associated cost.

The report identified the potential for growth in the adult education budget. While it was accepted that what was delivered for the adult education budget was efficiently delivered, the college did not currently deliver the contract amount and with a remodelling of the method of delivery, together with upskilling of staff, there was the potential to draw down more funding. The Deputy Principal noted that online options for adult education were being explored.

The Committee found the report very informative and sought assurance that the findings and recommendations would be shared with the Finance and Corporate Working Group. The Audit Committee would monitor action tracking in the usual way, but the recommendations would need to inform the working group and action plans.

07/18 **Audit Tracking Report**

The tracking report was received and noted.

The meeting closed at 6.40pm.