

**The Corporation Board of Accrington and Rossendale College**

**Minutes of a Meeting of: The Audit Committee**

**Date: 17<sup>th</sup> June 2014**

**Location: The Boardroom, Broad Oak Centre**



**Confirmed**

**Members Present:**

Rosemarie Andrews	Chair of the Committee and Independent Member
Stephanie Bridgeman	Independent Member
Louise Gaskell	Independent Member

**In Attendance:**

Sue Collinge	Vice Principal (Business and Innovation)
Wendy Higgin	Vice Principal (Curriculum and Quality)
Joanne Love	Grant Thornton
Karen Musgrave	Baker Tilly
Annette Walmsley	Baker Tilly
Andy Armiger	Clerk to the Corporation

**Apologies were received from:**

Prof Ian Smith	Independent Member
Janine Smith	Independent Member

Draft Minutes Prepared by AA  
Draft Minutes approved by the Chair: RA  
Minutes Approved by the Committee:

Date:  
18-06-2014  
19-06-2014  
18-11-2014

.....*Rose Andrews*.....  
Chair

The Chair began by welcoming everyone present to the meeting

The Chair then asked that, for the benefit of Miss Gaskell who was attending her first meeting as a member of the Audit Committee, members and those attending introduce themselves.

**AC**

**13/14-3.1 Apologies for Absence**

Prof Smith had sent his apologies as he was abroad on business

**13/14-3.2 Declarations of Interest**

There were no declarations of interest

**13/14-3.3 Minutes of the meeting held on 11 February 2014**

**Resolved**

**13/14-3.3 To approve the minutes of the meeting held on 11 February 2014 as being a true and accurate record**

**13/14-3.4 Matters arising not otherwise on the Agenda**

The Clerk referred committee members to the Record of Resolutions with Actions Required paper he had prepared who noted that the actions required from the meeting on 11<sup>th</sup> February had been carried out. Members

**Resolved**

**13/14-3.4 To note the actions taken**

**13/14-2.5 Internal Audit Reports**

**a/ Report 03 – Key Financial Controls ( Payroll & Personnel and General Ledger)**

Mrs Musgrave of Baker Tilly presented the first of her reports which she advised members had received Substantial Assurance. The audit had been undertaken as there had been operational changes in these areas. Mrs Musgrave reported that there had only been two low risks identified in the General ledger area and that college management had agreed on the action to be taken to remedy the risk.

**b/ Report 04 – Internal Audit Review – Learner Number Systems - Apprenticeships**

Mrs Musgrave began her report by advising members that this audit had resulted in Baker Tilly only being able to offer Limited Assurance. Mrs Musgrave noted that the overall picture was that the college was in danger of not being able to track its apprentice learner journey whilst they were on their programme. Members were told that there were two high risk areas; enrolment and assessment and in learner support and two medium risks in recording withdrawals and evidencing learner continued participation on their programme.

Mrs Musgrave informed members that there were serious problems in the evidencing of learner support and of learners being placed on programmes at the wrong levels and that there were problems evidencing continuing participation. Both of these areas would put funding at risk and could cause serious problems if they were externally audited.

Mrs Andrews asked Mrs Collinge if this report had come as a surprise. Mrs Collinge replied that it had. Mrs Andrews commented that she had been disappointed that the committee had received another audit report that showed the college's apprenticeship provision in a bad light.

Mrs Collinge went on to tell members that the lack of evidence as presented in the Audit would mean that the college would be unable to claim £200k in funding and that the other areas mentioned as being at risk was down to "slipshod" working practices and staff not following procedures.

Mr Scholey entered the discussion by saying that the college was now looking at investing in an on-line system to tighten up systems and procedures and was working closer with the Learner Support and functional skills teams to ensure that procedures for assessing students and ensuring that they are on the correct level of programme are improved.

Mrs Collinge advised members that there would be changes in staffing roles and functional skills would now be delivered by the curriculum team to which the apprentice was attached. It was felt that the previous system of delivery had been too fragmented.

Mrs Collinge also noted that last year's audit had concentrated on quality of programmes which had now improved but the college would now need to focus on the record keeping aspects of the provision which played a major role in being able to draw down funding. Mrs Andrews asked if the college was confident that it would be able to justify all the money that it was claiming. Mrs Collinge said that the college will ensure that the data will be clean and that claims will only be made for where evidence is available.

Mrs Andrews said that she felt that there would be a lot of extra work caused by the college getting this wrong. Mrs Collinge agreed.

Mrs Bridgeman asked if there would be one person responsible for ensuring that the work is carried out to put the errors in the systems right. Mrs Collinge said that a new Apprenticeship Manager had recently been appointed who will work with Mr Scholey to resolve the current situation. Mr Scholey informed members that Curriculum teams would now be responsible for Apprentices undertaking programmes in their areas, as they know the learners, with pastoral support provided by the College's Learning Development team.

Mrs Bridgeman went on to ask if the staff involved are aware of the serious financial impact on the college the situation has caused. Mrs Collinge replied that they were and that this would have an effect across the college as there was now no possibility of a staff pay rise this academic year.

Mrs Andrews went on to say that it seemed that although the staff are doing a great job with individual learners in terms of their apprenticeship programmes the required paperwork was not being completed and evidence produced to draw down programme funding.

Miss Gaskell asked if there had been an issue with putting learners on the wrong level of learning. Mr Scholey replied that it appeared there had.

There was further discussion between members of the committee and college managers regarding the apprenticeship situation and then Mrs Bridgeman asked if the situation would have any impact on the year's scheduled internal audit programme. Mrs Musgrave noted that there were 2 days available from this year's plan that could be utilised to re-audit this area. Members asked when the audit could be carried out. Mrs Musgrave said that subject to negotiation with the college management the re-audit could be carried out in July or August with a report coming to the committee at its November 2014 meeting. Members

**Resolved**

**13/14-3.5**

- i) To note the Internal Audit Reports presented**
- ii) that Baker Tilly will re-audit the apprenticeship programmes in July/ August 2014 and provide a report on that re-audit to the Audit Committee at its meeting in November 2014**

**13/14-3.6**

**Internal Audit Progress Report**

Mrs Musgrave presented her report informing members that Baker Tilly had now completed all scheduled audits, but as per discussion in the previous item would be carrying out a re-Audit of the Apprenticeship provision in July / August 2014. Mrs Musgrave went onto say that that Baker Tilly's annual report will be completed after 31<sup>st</sup> July 2014 and be available for the committee's meeting in November 2014. Members

**Resolved**

**13/14-3.6**

- to note the report and the actions taken**

**13/14-3.7**

**Audit Findings Monitoring Report**

The Vice Principal (Business and Innovation) presented her report. Mrs Collinge advised members that the Principalship is continuing work on the presentation of Key Performance Indicators to the Board to allow an annual report to be published. Work was also continuing in the area of apprenticeships as discussed in item 13/14-3.5

There were no further high or medium risks presented during the year requiring any further work. Members

**Resolved**

**13/14-3.7 to note the report and the continuing work being undertaken**

**13/14-3.8 Internal Audit Plan 2014/15**

Mrs Musgrave began by saying that the plan presented was very much influenced by the meeting held by members of the committee in May 2014 at which they had discussed which areas of the college they would wish to see subject to internal audit. This had followed a resolution made at the committee's February 2014 meeting in light of recent revisions to JACOP. Members noted that the meeting in May had been an extremely useful one in terms of allowing the committee to set the tone of the internal audit schedule and that they looked forward to receiving the report scheduled in due course.

Members asked the Clerk to ensure that a meeting to discuss the 2015/16 Internal Audit plan be scheduled into the Board's Calendar

Mrs Musgrave went on to advise that Baker Tilly would meet with College management to agree a time table for the four audits planned. After further discussion members

**Resolved**

**13/14-3.8 i) to note the report;  
ii) that the Internal Audit Plan 2014/15 be recommended to the Corporation Board for approval: and  
iii) that the Clerk is to ensure that a meeting to discuss the 2015/16 Internal Audit plan is scheduled into Board's meeting calendar.**

The Chair thanked Mrs Musgrave for her reports

**13/14-3.9 Draft Audit Approach Plan for the year ending 31st July 2104**

Mrs Love of Grant Thornton presented the Draft Financial Audit plan. Mrs Love advised members that she had met with Mrs Collinge and Mrs Jarvis to plan the financial audit for the year 31<sup>st</sup> July 2014 and took members through the plan highlighting the significant, reasonably possible and other areas of risk focus such as revenue from HEFCE and Capital funding and its use within the college estate. Mrs Love went on to say Grant Thornton would, as always, give consideration to the College's position with regard to its loan covenants and the College as a going concern. Auditors would also be reviewing the College's relationship with the Pennine Lancashire Education Trust (PLET) and the treatment of any further losses incurred by PLET in 2013/14 which may affect the college's finances.

Mrs Love advised members that Grant Thornton would be carrying out its normal Regularity audit and then took members through the logistical timetable of the audit saying that the draft audit findings would be made available to the committee at its

November 2014 meeting for consideration before recommendation to the Corporation board in December 2014.

Mrs Andrews asked if the limited assurance received from the Apprentice Internal Audit would have an effect on the financial audit. Mrs Love confirmed that it would have an effect and would be taken into account when the external financial audit is carried out

Miss Gaskell asked if the Regularity audit questionnaire was carried out to a format prepared by the Skill Funding Agency (SFA). Mrs Love replied that it was.

Following final discussions members

**Resolved**

- 13/14-3.9**      **i) to note the Draft Audit Approach Plan for the year ending 31st July 2104; and**  
**ii) Recommended the Draft Audit Approach Plan to the Corporation Board for approval**

The Chair thanked Mrs Love for presenting her report.

**13/14-2.10      Risk Management Action Plan 2013 /14 - Monitoring**

The Vice Principal (Business and Innovation) presented the updated Risk Management plan to members. Mrs Collinge highlighted key areas of change since the plan had been presented to the committee in February 2014. Mrs Collinge reminded members that the document was dynamic and that the final update for 2103/14 would be presented to members in November.

Members discussed with Mrs Collinge where significant changes had been made e.g. increase in Adult Skills Budget, staffing budget saving, changes to the requirement for work experience for learners and the commencement of construction of the new College Sports Hall.

Miss Gaskell asked if the report indicated if there was a change in the levels of identified risks. Mrs Collinge said that yes it would but there had been no changes in this report.

After final discussions members

**Resolved**

- 13/14-2.8**      **to note the report and actions being taken against risks identified**

**13/14-3.11      Dates and Times of Next Meeting:  
To be advised**

The meeting closed at 9.30am