

## AUDIT AND RISK COMMITTEE MEETING

**CONFIRMED MINUTES OF THE MEETING HELD ON TUESDAY 11 JUNE 2019 AT 9.00 AM IN THETFORD BUILDING BOARDROOM, CCN, IPSWICH RD, NORWICH NR2 2LJ**

### **Present:**

Bree Sherwood (Chair), Jill Lanning (Chair of Curriculum and Standards' Committee), Nikki Gray (CCN Curriculum and Standards Governor)

### **Attendees:**

Jerry White (Deputy Principal), Martin Colbourne, NES MD, Paul Goddard (Scrutton Bland Auditor), Stephanie Beavis (KPMG Director), Sue Millions (Administrator)

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#### **1. Apologies for Absence**

Apologies were received from Corrienne Peasgood (Principal) and Jacky Sturman (Interim Clerk to the Corporation) for the meeting.

#### **2. Declaration of Interest**

Governors and Committee members are requested to make known any relevant pecuniary interests relating to any items on the agenda and it was noted that all declarations will be recorded.

It was noted that Stephanie Beavis is an Auditor at Easton and Otley College.

There were no further new declarations of interest given at the meeting.

#### **3. Confirmed Minutes of the Meeting held on 30 November 2018** (Paper 02)

The minutes of the meeting held on 30 November 2018 were agreed as a true record of the meeting and signed by the Chair.

#### **4. Unconfirmed Minutes of the Meeting held on 05 March 2019** (Paper 03)

The unconfirmed minutes of the meeting held on 05 March 2019 were agreed as a true record of the meeting and will be signed by the Chair at the next meeting`.

#### **5. Matters Arising from the Previous Minutes** (Paper 04)

Action 1: *Paul Goddard to summarise the key changes of new Post 16 Code of Practice for next Audit and Risk Committee meeting. Please see agenda item 6.1. Action completed.*

### **SECTION A**

#### **6.1 Key Changes of the New Post 16 Code of Practice** (Paper 05)

An update on the new Post 16 Code of Practice, previously distributed, was discussed at the meeting. The paper presents the background and context to the revised code and it was noted that there were no fundamental changes made to the Code of Practice, but the following was noted:

Discussions followed on the ESFA's proposal; that a separate agenda item is included within each Audit Committee agenda on Fraud. This would show that Corporations have procedures in place to identify fraud in accounting and control frameworks. The Chair agreed that this will be a positive move to demonstrate that the Committee actively considers fraud and it was agreed that this will be reviewed annually through the regularity self-assessment questionnaire, but a verbal update could be an addition to the agenda at future meetings. It was agreed that this move would be reassuring to the full Board.

**Action 1: Fraud – a verbal update to be included on the Audit and Risk Committee agenda at each meeting and the Schedule of Business amended accordingly (JS).**

## 6.2 Risk Management Update

In the absence of the Principal, Martin Colbourne gave a verbal risk management update to the Committee and the following was noted:

- There has been no significant risks added to the Risk Register since the last meeting.
- The weekly Executive Team Meetings review operational matters and the Principal, Jerry White and Martin Colbourne will review any additional risk.
- It was noted that the merger with Easton and Otley College has been included on the Risk Register to ensure it is business as usual at the College. Please see the confidential minutes for a full update.

## 6.3 Internal Audit Services Progress Report for 2018/19

(Paper 06)

The Internal Audit Services Progress Report for 2018/19 was previously distributed and the full content of the reporting schedule was noted.

Paul Goddard informed the Committee that the Annual Report will be presented at the meeting taking place in December 2019.

## 6.4 Significant Audit Recommendations Update

(Paper 07)

The Significant Audit Recommendations Update, previously circulated, was discussed and the following highlighted:

Martin Colbourne informed the Board that there has been five low priority recommendations and the status update is as follows:

- The Pension Reports will be available in September 2019 and a review will be evidenced at the same time.
- The software provider has provided a fix which enables an audit trail to be retained in the system as an annual review was not previously available and only allowed a review of claims less than three months old. An annual history of expenses claims is being explored with the payroll team, to align with the tax year.
- A new rolling cashflow forecast has now been included in the management accounts.
- Bribery Act training is part of the Induction Programme and the current training compliance is 98% (all staff) and 99% (excluding new starters). It was agreed that these are excellent compliance figures.
- It was noted that all educational visits are now separately coded and monitored on the general ledger.

The full content of the update was noted.

## 6.5 CCN Reports

### 6.5.1 Final Report – Adult Education Budget Utilisation

(Paper 08)

The Final Report on Adult Education Budget Utilisation, previously circulated, was discussed at the meeting, and the following highlighted:

- The assurance option was noted as Significant.
- Paul Goddard informed the Committee that the auditors consider that the profile of adult learning has been raised within the College over the last two years and this is continuing to progress.
- It was noted that one medium risk and two low risks have been followed up on and evidenced. The Chair reiterated that she is pleased to see an improvement.
- The Adult Learning Review has been completed and the Adult Learning Strategy is a longer-term project and is due for completion next term.
- The adult educational provision included on the College's website was discussed and it was agreed that the profile could be increased. Work is continuing with the NES marketing team and a new course publication has been approved for next year and a new Adult Learning Open Day is planned for later this month.
- Jerry White informed the Committee that he is currently meeting with NCC Adult Education provision, and four Colleges (West Suffolk College; College of West Anglia; East Coast College; CCN), to review the Norfolk Adult Education Strategy and reviewing pathways and hopefully forming a stronger network together.
- Leisure learning was offered at Paston but this did not take off and it was agreed that partnership working could pay off.
- Jill Lanning noted that Government retraining scheme needs to be better understood.

The full content of the final report was noted.

### 6.5.2 Final Report – Additional Learner Support

(Paper 09)

The Final Report on Additional Learner Support, previously circulated, was discussed at the meeting, and the following highlighted:

- The assurance option was noted as Significant.
- Paul Goddard informed the Committee that the objective of the audit was to ensure that the College systems and processes are efficient and effective in obtaining additional learning support for all students.
- It was noted that two medium risks and five low risks have been followed up on and evidenced.
- The pilot scheme to track the hours using the registers and central timetabling system is planned for the summer and early autumn and the lessons learnt will inform future changes to roles and responsibilities. It was agreed that the pilot is about managing the risks and to make sure the process is fit for purpose with potentially saving staff costs.
- The pilot has commenced and will involve approximately ten members of staff.
- It was noted that the review of additional learner support has been extremely helpful and will enable CCN to review their ways of working and will be helpful in regard to the merger with Easton.
- It was agreed that the progress of the pilot scheme will be reviewed again at the next Audit Committee Meeting taking place in November.

The full content of the final report was noted.

**Action 2: Additional Learner Support Pilot Scheme to be reviewed at the next Audit and Risk Committee Meeting taking place in November (JW).**

**6.5.3 Final Report – Apprenticeship Compliance**

(Paper 10)

The Final Report on Apprenticeship Compliance, previously circulated, was discussed at the meeting, and the following highlighted:

- The assurance option was noted as Reasonable.
- Paul Goddard informed the Committee that the objective of the audit was to provide assurance on the administration and compliance frameworks in place, sharing good practice, reviewing efficiency and adherence to the latest ESFA guidance.
- It was noted that throughout the audit and discussions with members of staff, there were some challenges noted regarding end point assessments, in particular, the administration processes are time consuming and there are some apprenticeship standards being delivered with no end point assessment organisations yet in place. It was agreed that the majority of the current issues are outside of CCN's control but that the auditors consider that the College should take appropriate steps to identify and manage the risk in this area.
- It was noted that one high risk, three medium risks and three low risks have been followed up on and evidenced.
- Jerry White informed the Committee that the review being undertaken will ensure that sufficient off the job hours have been planned to meet the 20% requirement. He noted that it is disappointing that the figures are not accurate and not as the College would have wished, but it is beneficial to see the recommendations and complete the tasks suggested.
- It was agreed that the latest training being received is giving clarity to those involved.
- Jerry White informed the Committee that the costing models being developed for each apprenticeship course could be used for non-apprenticeship work.
- Jill Lanning, Chair of C&S Committee, informed Governors that the apprenticeship process is reviewed regularly by the C&S Committee and will be cross-referenced at their meeting taking place tonight. It was noted that Jill Lanning is also the link governor for Apprenticeships. It was agreed that the apprenticeship compliance will continue to be monitored by the Audit Committee.

The full content of the final report was noted.

**6.5.4 Audit Plan and Strategy**

(Paper 11)

The Audit Plan and Strategy, prepared by KPMG and previously circulated, was discussed at the meeting, and the following highlighted by Stephanie Beavis:

- The significant risks for the coming year will be revenue recognition; management override of controls; pensions valuation. Following discussions, the Committee agreed that they are happy with these three risks.
- The reporting threshold remains at £40k with materiality at £800k.
- The interim audit will commence in July 2019 and the final audit will take place in October 2019.
- Fees are currently under review with both KPMG and Martin Colbourne.

Following discussions, the Committee agreed that it is a very straight forward document and they are all happy with the process and agreed formally for the Audit Plan and Strategy to begin in July 2019.

The full content of the final report was noted.

## **6.6 NES Reports**

### **6.6.1 Final Report – Key Financial Controls**

(Paper 12)

The Final Report on Key Financial Controls, previously circulated, was discussed at the meeting, and the following highlighted:

- The assurance option was noted as Significant.
- Paul Goddard informed the Committee that the auditors consider the processes behind payroll, pensions and cashing and banking are robust and well embedded within Norfolk Educational Services.
- It was noted that there were two low risks which have been followed up on and evidenced and agreed with management.

The full content of the final report was noted.

## **7. Governance Update**

### **7.1 Committee Self-Assessment**

(Paper 13)

Governors are asked to review their performance and add comments and scores to the Self-Assessment document.

Following discussion, the following was agreed:

- Question 1: Score 4
- Question 2: Score 4
- Question 3: Score 4
- Question 4: Score 4
- Question 5: Score 4
- Question 6: Score 4 – challenge topics noted as: Easton and Otley review at Boards; Apprenticeships; fraud
- Question 7: Score 2 – membership stands at 5 but currently only one member sits on the Committee. New appointments needed as soon as possible.
- Question 8: Score 4 – please state that no “new” declarations were made at the “Audit” Committee during 2018/19 and not Business as typed.
- Question 9: Score 3 – open discussion topics include: Easton and Otley; risk register; nature of risks from internal audits; financial statements. Going forward all meetings to be tabled as taking place between 9.00 am and 10.30 am
- Question 10: Score 3 – good balance but need new members.
- Question 11: Score 3 - Sector Update to be included on each meeting’s agenda.
- Question 12: Score 2
- Question 13: Score 4 – similar to Question 3.

The Chair reiterated that new members are needed to sit on the Audit and Risk Committee and it was agreed that this would be discussed at the next full Board meeting to raise support for the Committee.

The Committee also asked that the Clerk reviews the self-assessment questions and format before the next annual review.

**Action 3: OnBoard to be changed to note that Audit Committees take place between 9.00 am and 11.00 am (JS).**

**Action 4: Sector Update to be included on the Audit and Risk Committee agenda at each meeting and the Schedule of Business amended accordingly (JS).**

**Action 5: Self-Assessment Review documentation to be reviewed before the next annual review process is undertaken (JS).**

## **7.2 Review of Committee's Terms of Reference** (Paper 14)

The Committee are asked to consider if the Audit and Risk Committee has met its objectives as set out in the Terms of Reference, previously circulated, and feedback to the next CCN Board Meeting accordingly. Following discussion, the following changes and amendments were suggested:

- Heading to be changed to read Audit and Risk Committee Terms of Reference
- Paul Goddard agreed to reword Terms of Reference points 1 and 10 to be current, transparent and up-to-date.
- Terms of Reference 8 to read: "the current funding agency" by removing the SFA reference.

**Action 6: Paul Goddard to forward his proposed changes to the Terms of Reference to Sue Millions for distribution (PG /SM).**

## **8. SECTION B**

There were no papers tabled in this section of the meeting.

## **9. SECTION C**

There were no items tabled in this section of the meeting.

**Jerry White left the meeting to attend another meeting.**

## **10. Other Urgent Business**

Martin Colbourne informed the Committee that the internal auditors are currently being retendered and as there is not a further meeting taking place until December 2019, the Chair agreed to a Chairs action being forwarded to her, as and when appropriate, by Martin Colbourne.

## **11. Summary of the Meeting**

### **11.1 Review of Meeting Against Strategic Aims** (Paper 15)

It was agreed that the majority of the strategic aims have been covered throughout today's meeting.

### **11.2 Items Identified for CCN Board**

It was agreed that the Chair will inform the Board of the risk oversight from the Easton and Otley merger and the drop in membership of the Committee.

### 11.3 Any Changes or Additions to be considered for the Risk Register

There were no changes or additions to be considered for the Risk Register.

## 12. Confidentiality

**Paul Goddard and Stephanie Beavis left the meeting at 10.30 am.**

### 12.1 Easton and Otley Merger Update

Please see confidential minutes.

## 13. Date of Next Meeting

- Audit and Risk Committee: Friday 6 December 2019 at 9.00 am in the Thetford Building Boardroom.

All business having been concluded, the meeting closed at 10.45 am.

Signed ..... Date .....  
(Chairman)