

# AUDIT COMMITTEE



WEDNESDAY 3 JULY 2013

**Report:** Minutes of the meeting held on Tuesday 9 April 2013  
**Author:** Clerk  
**Action:** Approve  
**Status:** Open

GATESHEAD COLLEGE

**Present:** Chris Macklin (Chair)  
Allan Steele  
Neil Weddle (Co-optee)

**In attendance:** Katie Reeves (PWC)  
Karen Finlayson (PWC)  
Peter Gray (Baker Tilly)  
John Holt  
Clare Sample (Clerk)  
Gwyneth Jones

## **A/466 Welcome/Apologies**

Chris Macklin welcomed everyone to the meeting. Apologies for absence were received from Richard Thorold and Claire Leece (Baker Tilly).

The Chair invited members to declare any interests on any item on the agenda. No interests were declared at this stage in the meeting: however, members noted that should the direction of debate on an item result in a potential conflict of interest this would be indicated during the meeting. Members were also reminded to advise the Clerk of any changes to be made in the declaration of interests.

The Committee appointed Neil Weddle as a Co-opted member of the Audit Committee. As such, the meeting was now quorate. Members noted that a proposal to appoint Vivien Shipley to the Audit Committee would be put to the Board at the Board meeting on Thursday 11 April 2013.

## **A/467 Minutes of the meeting held on 10 October 2012**

The minutes of the meeting held on 10 October 2012 were accepted as a correct record.

## **A/468 Matters Arising**

There were no matters arising which were not substantive items on the agenda.

## **A/469 Minutes of the Joint meeting of Audit Committee and Finance and General Purposes Committee held on Wednesday 5 December 2012**

The minutes of the Joint meeting held on 5 December 2012 were accepted as a correct record. The Chair confirmed that the Financial Statements Management Letter had now been signed by the Chair of the Corporation and the Principal and that the financial statements had been recommended to the Board and the Chair of the Corporation as referenced in the minutes.

## **A/470 Matters Arising**

There were no matters arising which were not substantive items on the agenda.

## **A/471 Internal Audit Reports**

### **Progress Report**

Karen Finlayson of PWC reported on the progress of the internal auditors. She confirmed that the Quality review had been concluded. The review of Commercial Activities and Subsidiaries had also been completed. The reviews of Appointments and Payroll, Strategic Planning and Student Engagement are still to come but generally they are making good progress throughout the year. Assurance Mapping is a separate matter which will be dealt with later in the agenda. There are no concerns regarding the ability to complete the timetable by the year end.

KF confirmed that she would speak to John Holt separately regarding lines of communication to check whether PWC are speaking to the right person in the first place in order to be provided with the correct information.

### **Quality Report**

Katie Reeves presented the Quality report. KR explained that this review had been deferred from last year due to the Ofsted inspection. This review was particularly important to the college due to weaknesses that Ofsted had picked up in the process. PWC looked at:

- The terms of reference for the Academic Standards Committee, and minutes of its meetings;
- The management information system ProAchieve which holds student data;
- The process for the compilation of self-assessment reports (SARs) and quality improvement plans (QIPs);
- Arrangements for the challenge and scrutiny of SARs, through moderation;
- Minutes of a sample of weekly performance review meetings; and
- The action plan developed in response to the Ofsted findings.

As part of the work PWC had access to two subject sector area SARs, namely Information and Communication Technology and Engineering.

In terms of positive findings, PWC found that the Academic Standards Committee had increased the frequency of its meetings and also a new governor had been appointed with specific Ofsted experience. They found that there was a clear set of guidance and instructions embedded within the standard SAR template and that the reporting cycle was robust.

PWC identified that in response to the Ofsted report in June 2012, there had been an action plan developed which has been presented several times, with progress updates, to the Academic Standards Committee. In addition, six themed working groups had been established to target particular areas of findings from the report and they report in to the management team weekly cycle in terms of actions and progress.

PWC recommended that to make more efficient use of governor time:

- Senior management should be more heavily involved in the SAR production process, in particular their role to provide scrutiny and challenge through the

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- review process;
- Using an independent, external “critical friend” to review the SAR and QIP processes in detail.

The Chair thanked PWC for the report stating that it was really interesting and extremely important to the College.

Allan Steele then commented that as a member of the Academic Standards Committee, this report was absolutely right, critical and accurately reflected what needs to be done. He also said that in the previous year the governors were carrying out a moderation exercise and only because the senior managers had not already done this. This situation has improved already and he fully supported the report.

A member identified that the action plan refers to a “responsible person” and asked how the College decided who was a responsible person. John Holt responded that it was critical that the moderation was picked up by the whole Management Team and not just the Curriculum Team. JH said he was not confident that this would spread throughout the whole team and requested that something more specific was added to the report. In response to the question he stated that the person responsible for making this happen is the Principal. It therefore needs to be formalised as part of the process.

The Chair thanked PWC for a very useful and helpful report.

### **RESOLVED to note the contents of the report**

#### **A/472 Assurance Mapping**

John Holt explained that following a request at the Audit Committee on 10 October 2012 the College had been working with PWC to put together an initial template to assist the Committee. The template identifies an Assurance Need and then the source of the Assurance (split into three categories). The College then identifies the level of Assurance it has and then needs to make a decision whether it should be increased, decreased or stay the same.

PWC organised a workshop for the College Managers. This presentation was well received. Many staff liked the concept and indicated that they would like to apply it to other areas of the College.

The Chair asked whether Assurance Mapping was used generally across other colleges. KF replied that it was very common in the Department of Health. However, in education it varies from college to college. There are different templates but this particular one is one formulated by PWC. The purpose of it is not for it to contain vast amounts of detail. For it to be effective, it needs to be brief, visual and ideally fit on one page.

JH said that the middle managers in particular were very interested in using this template. He felt that each of the bullet points needed to have a written explanation behind it to justify the information. He is currently working with IT to see if they can use this as an online interractional tool. The idea would be that by clicking on the bullet point a report would come up from behind.

The members acknowledged that it would be helpful for the middle managers to see the bigger picture rather than just what was happening in their own departments. KF

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said it was particularly helpful in the event of something going wrong as it helps the College to access the answer a lot quicker.

JH said that, going forward, he could tie this into the Risk Management reporting and report back to each Audit Committee. The bulk of the work is in the initial set up but after that the updating should be relatively straightforward. The Committee agreed that they were happy for this to be rolled out across the College.

### **RESOLVED to note the contents of the report**

#### **A/473 Risk Management Plan**

John Holt provided a summary of this report and explained that he had introduced a new column to demonstrate "Risk Appetite" and he has also added a status bar to make it more navigable.

Allan Steele said that he thought it was very helpful to have the Risk Appetite included. This was a particularly good first draft and he questioned how the Committee could get it to the stage where the Board is happy with it. The Chair proposed that this was something that needed to be discussed in a workshop environment rather than in a Board Meeting. KF explained that the College would need to decide what level of risk it was prepared to tolerate. Some areas are so important that the risk is worthwhile e.g. some colleges will not tolerate certain levels of debt. The College needs to prioritise which areas are most important and the full governing body will need to decide this. JH suggested a workshop on the broad themes of sustainability, growth and financial viability.

The Chair said that at the Board Meeting on 11 April 2013 there was an agenda item entitled Strategic Direction. He proposed that he float this idea during this agenda item.

*Karen Finlayson left the meeting at 9.55 am*

The Chair concluded that the report was easy to follow and he particularly liked the traffic light system.

### **RESOLVED to note the contents of the report**

#### **A/474 Follow up of Previous Recommendations**

John Holt presented a document which showed where the College was at with the previous recommendations and this showed that many items had already been completed.

The areas that are still 'in progress' are:

##### **Debt Collection**

JH explained that the College are thinking of appointing a dedicated credit controller. Two of the members put forward the idea of appointing a company who could do debt collection on a fixed fee basis. They both had experience of this in their own organisations. JH explained that the College had traditionally not wanted to appear too aggressive regarding debt collection but he would talk to the Management Team about this. He acknowledged that this was certainly an approach that could be considered particularly as it is public money which needs to be gathered in. The members would

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be able to suggest suitable debt collection companies if the Management Team agreed to go down this route.

**IT**

Some of the issues are quite technically challenging but should be completed within the next month or two.

**Capital Projects**

JH needs to get the report pulled together and this should be finished in the next month or two.

**Franchising**

The franchise report will be presented to the Board at the meeting in May 2013.

JH summarised that no items were overdue and all items 'in progress' were due to be completed in the near future. All items should be completed by the next Audit Committee Meeting in June 2013. PWC would then validate the findings later in the year at which point the items would drop off the list. She would then systematically add new points as they were raised.

**RESOLVED to note the contents of the report**

**A/475 Any Other Business**

There were no items for discussion.

**A/476 Date of the Next Meeting**

The next meeting of Audit Committee is on Wednesday 3 July 2013 at 12.30pm.