

Colchester Institute Corporation

*Minutes of a Meeting of the Audit and Compliance Committee
held on 14th March 2017
at the Sheepen Road Site*

Present

Kevin Prince, in the Chair
Pamela Donnelly

David Gronland
Peter Hempstead

In Attendance

Alison Andreas	Principal and Chief Executive
Gary Horne	Executive Vice Principal: Finance and Corporate Development
Hazel Paton	Clerk to the Governors
Anna O'Keeffe	Internal Audit Manager, RSM

Apologies for absence were received from Sue Thompson-Arnold.

1. Declaration of any conflicts of interest regarding any items on the agenda

None.

2. Minutes

The Minutes of the meeting held on 14th December 2016 (CIC/AC/17/1/1) were received and confirmed. The Chair signed the minute book.

3. Matters Arising from the Minutes

3.1. Application numbers and conversion data

CIC/AC/17/1/2, Application statistics (full time study programmes and higher education) for 2017/18 academic year, was received and presented by the Principal.

It was noted that in January full study programme applications were well ahead of the same time last year, but the gap closed in February. It was thought that the February figures were impacted by the fact that at the same time last year there were far more internal progression applications. Colchester Institute was the only college in Essex to increase its applications and enrolments this year against demographic trends. The College exceeded its 16-18 allocation in September and is likely to receive an increased allocation for 2017-18. The Committee was interested to know whether the increase was due to the College maintaining its market share of a growing Year 11 student population or whether the College was increasing its share of the population. It was reported that Year 11 numbers are not forecast to pick up until 2018-19 at least. Student numbers in Braintree are in decline; the position in Colchester is not as bad. The Committee noted that at the end of February, applications in Colchester were up whereas Braintree and Clacton were both showing a decrease in applications and asked if the College knew the reasons for this. It was reported that it is possible that the increase in Colchester is due to applications from students who would previously have gone to Clacton or Braintree. The competition from secondary schools in Tendring and all the private training providers is also a factor. The growth in apprenticeships will have an impact on recruitment onto full time programmes. The College is holding its own overall in a more competitive market place.

The HE application report was considered. It was reported that the College does not do the bulk of its recruitment through the standard HE timetable and remains open for applications throughout the

year. Applications tend to pick up around June and throughout the summer, so it is too early to draw conclusions, but applications are currently behind the same period last year and the College is going to have to consider how to increase the number of applications coming through.

4. Follow up on Internal Audit Reports – Internal Audit Tracker

CIC/AC/17/1/3, Internal Audit recommendation tracker, was received and noted. There had been a lot of discussion at the last meeting about the slippage in implementing the recommendations in the IT Resilience and Recovery internal audit report, and it was noted that progress had been made since the last meeting. Two actions are outstanding which require full scale testing of the College's disaster recovery and the IT Services Manager is awaiting agreement from the College Executive on when the systems can be disabled to allow recovery to take place. The option of switching off parts of the network on a stage by stage basis is being explored, working with individual departments within the College to identify the best times to do this work.

It was noted that there was one recommendation still in progress from the Health and Safety Audit, relating to non-standardised risk assessments. The Executive Vice Principal: Finance and Corporate Development reported that this was a huge task, and updated the Committee on the current position. It is believed that there are 2366 risk assessments in place across the organisation and the timeframe for the delivery of this recommendation needs to be looked at.

5. New Internal Audit Report

5.1. Risk Management

CIC/AC/17/1/4, Risk Management Internal Audit Report, was received and presented by the Internal Audit Manager. This was an advisory review which found that considerable progress had been made since the previous audit of this area. Additional areas for improvement were identified in relation to the Corporate Risk Register (format, controls and assurances) and the risk scoring (some inconsistencies were found in the RAG rating). It was reported that the recommendations had already been implemented.

The Chair said that Governors receive a lot of information around risk and questioned whether they receive too much and whether they should just be concerned with strategic risks. One of the recommendations from the audit is that the Corporate Risk Register should be reviewed in its entirety by the Risk Committee and the Audit and Compliance Committee, but that the Board should only review the strategic risks, not the full risk register. The College Executive meets monthly to review the risk register and will be reviewing the risks to identify which are strategic at its next meeting.

5.2. FE Curriculum Planning

CIC/AC/17/1/5, FE Curriculum Planning Internal Audit Report, was received and presented by the Internal Audit Manager. There was one high and one medium priority recommendation. The high priority recommendation related to course costings which is being implemented. The Executive Vice Principal: Finance and Corporate Development reported that it had been implemented initially for FE courses and reported on in the Period 6 Management accounts. Work continues on course costings for apprenticeships and HE. The FE course costings report is currently being stress tested and the next stage is for the College Executive to meet with relevant Area heads to go through the detail from the report and what is included/excluded. The College has traditionally carried out a course costings exercise, but after the year end (around December) which was too late to inform curriculum planning. Data is now available in-year to inform future planning.

6. **Internal Audit Progress Report**

CIC/AC/17/1/6, Internal Audit Progress Report, was received and noted. Two reports have been issued and the Marketing follow up is in progress. Four audits are planned for March: follow up; key financial controls; safeguarding; and estates. The timing of the sickness and absence and learner withdrawal process audits has been put back and the timing of the risk management review was brought forward to off-set these changes.

The KPIs for the 2016-17 audit plan were noted. These were impacted by Christmas and some staff sickness.

The appended briefings on gender pay gap reporting and FE high priority management actions were noted. The second paper reported on an analysis of all high priority internal audit recommendations emerging from other FE colleges and was useful in identifying where risks could be if we do not focus on them. The largest category of high priority management actions was in relation to funding eligibility and learner data. The Executive Vice Principal: Finance and Corporate Development reported that the College had had various funding audits over the past few years and had come through them with a good bill of health. The second highest area for recommendations was policies and procedural documents; this is an area where the College has more work to do.

7. **Financial Statement Auditors Performance Indicators**

CIC/AC/17/1/7, Performance Indicators for the Financial Statements Auditors 2015-16, was received and presented by the Executive Vice Principal: Finance and Corporate Development. The opinion was based on the outcome of the audit work during 2015-16 and overall Scrutton Bland met all the requirements. The auditors helped the College overcome the challenges of the new reporting standard 102 and the changes to the format of the financial statements and annual report. They continued to offer advice in year and are currently reviewing options for a potential stakeholder pension as an additional option for staff who wish to go down that route. It was AGREED to recommend to the Board the reappointment of Scrutton Bland as Financial Statements Auditors for the current financial year.

8. **Internal Audit Performance Indicators**

CIC/AC/17/1/8, Internal Audit performance indicators for the year 2015-16, was received and noted. The Executive Vice Principal: Finance and Corporate Development reported that the management continue to be pleased with the service and the added value that the internal auditors offer which is helping to drive the College forward.

The Internal Auditor left the meeting

9. **Risk Management**

9.1. **Notes from Risk Committee**

CIC/AC/17/1/9, notes from the Risk Management Committee meeting held on 20th February 2017, was received and considered. The Committee had considered the outcomes of the internal audit of risk management and the changes that had been made to the risk management policy and the format of the corporate risk register, as suggested by the internal audit specialist. The changes to the policy, which were minor, included references to the changes made to the format of the risk register. One of the key changes to the risk register was the assignment of risk owners; each risk is now assigned to a member of the College Executive who is responsible for monitoring the progress and effectiveness of the controls and assurances and for updating the task and finish actions, hopefully resulting in a reduction in the risk score from the inherent risk to the residual risk and moving closer to the target risk. There were some issues around the scoring and the policy has now been updated to make it explicit what constitutes a red risk rating.

The Risk Management Committee had looked at specific departmental areas:

I. IT Register

The IT Services Manager had provided a short presentation on the emerging risks around IT systems security. The presentation supported a business case for additional expenditure (£5k) on our security services. Mimecast now oversees all our email communications and will provide significant efficiencies for the organisation in the longer term in respect of unwanted and potentially harmful emails.

II. Facilities Register

This is an area which sometimes gives cause for concern in terms of the cost of risk mitigation (infrastructure). It was reported that the extraction system in CH&FS has failed on a number of occasions. A number of mitigating actions have been put in place and the position has improved over the last three weeks. Plans are in place to undertake remedial work over Easter and the summer to ensure disruption to teaching and learning is minimised.

III. Capital Projects Risk Register

The Braintree project is going to plan and budget and the level of risk to budget is low.

9.2. Corporate Risk Register

CIC/AC/17/1/10, Corporate Risk Register (CRR), was received and considered. The CRR is updated as required by the risk owner, and at least monthly in preparation for the CE risk register review meetings. The CRR will be updated for the Board meeting on 15 March.

9.3. Updated to Risk Policy

CIC/AC/17/1/11, Risk Management Policy and Procedure updated February 2017, was received and considered. It was AGREED to recommend the policy to the Board for approval.

9.4. Current Risk Issues

This item was covered under review of Corporate Risk Register.

10. Reports under the College's Fraud Policy

It was noted that there had been no reports of suspected fraudulent or irregular acts under the College's Fraud Policy since the last meeting of the Audit and Compliance Committee.

11. Equality and Diversity

CIC/AC/17/1/12, Equality and Diversity Report for year 2015-16, was received and the considered. The Committee Chair will provide feedback on the report to the Assistant Principal: Quality and Teaching and Learning Improvement.

12. Health and Safety

12.1. Minutes of Health and Safety Committee

CIC/AC/17/1/13, Minutes of the Health and Safety Committee held on 13th January 2017, was received and noted. The Executive Vice Principal: Finance and Corporate Development drew attention to the following:

- The health and safety policy requires all staff to be aware of and report near misses so that remedial action can be taken. There is concern that near misses are still not being reported. This was raised at the College Management Group.
- The College Management Group has been updated on the changes to the health and safety policy, their responsibilities under the policy, and the priority for raising awareness of the policy across the organisation.
- Updates to the driving at work policy and major weapons policy were reviewed.
- HSE guidance was reviewed.
- The Committee also looked at general reporting of security incidents and fire evacuations.

A member asked about the incidence of stress at work. It was reported that the H&S Committee receives reports from the Wellbeing Group. Absence, which is an indicator of staff morale, is reported through the Resources Committee, and absence due to stress is now reported separately. The Principal reported that the Wellbeing Group had met earlier that day and had received feedback on the Staff Survey carried out in 2016. The 2016 survey included three questions from the last survey in 2014 to enable progress to be tracked. The results for these three questions were reported:

- For the question 'were you able to take your full annual leave entitlement' 82% responded yes compared to 85% in 2014.
- For the question 'have you taken time off in the past 12 months for reasons you felt were due to work related stress' - 15% responded yes compared to 26% in 2014. This is quite an improvement.
- For the question 'if hours worked exceeded contract hours did you feel pressurised to work them' 47% responded yes compare to 58% in 2014

12.2. **Health and Safety Policy**

CIC/AC/17/1/14, Health and Safety Policy updated February 2017, was received and considered. It was AGREED to recommend the Policy to the Board for approval.

13. **Date of Next Meeting**

Wednesday, 7th June 2017 at 4.30pm

14. **Any Other Urgent Business**

The Clerk reported that an updated Post 16 Audit Code of Practice 2016-17 had just been published by the funding bodies. Changes include updates to reflect Machinery of Government changes including the transfer of SFA into the Department for Education and the addition of common findings from regularity assurance work. The Audit Code of Practice will be circulated to Committee members.