Colchester Institute Corporation

Minutes of a Meeting of the Audit and Compliance Committee
held on 18th April 2018
at the Sheepen Road Site

Present

Kevin Prince, in the Chair   David Gronland
Pamela Donnelly

In Attendance

Alison Andreas   Principal and Chief Executive
Caroline Fritz   Assistant Principal Quality, Teaching and Learning (item 11 only)
Gary Horne   Executive Vice Principal: Finance and Corporate Development
Hazel Paton   Clerk to the Governors

Apologies for absence were received from Sue Thompson-Arnold and the Internal Auditor.

1. **Declaration of any conflicts of interest regarding any items on the agenda**
    None.

2. **Minutes**
    The Minutes of the meeting held on 5th December 2017 (CIC/AC/18/1/1) were received and confirmed. The Chair signed the minute book.

3. **Matters Arising from the Minutes**

3.1. **Lennartz VAT Appeal**
    Members asked for an update on the Lennartz VAT appeal and were advised that there was nothing further to report. It is now nine months since the case was heard in the First Tier Tribunal and there is no indication when the judge will deliver his decision.

3.2. **First Aiders**
    It was confirmed that the concerns discussed at the last meeting regarding the inability to get first aiders to attend has been resolved.

4. **Follow up on Internal Audit Reports**
    CIC/AC/18/1/2, Tracking of Internal Audit Recommendations updated February 2018, was received and considered. It was noted that good progress has been made and no actions were RAG rated red at this time.

    It was noted that in respect of the IT Resilience and Recovery audit, all the actions are now either complete or have been superseded by a new IT Strategy which will bring forward a new way of developing a disaster recovery system in order to assure users that data can be recovered in the event of an issue arising.

    The Executive Vice Principal: Finance and Corporate Development reported that he had been involved in the response to the Key Financial Controls report. There was just one recommendation outstanding, relating to updating the preferred supplier list, which should be in place by the end of May. Members asked about the criteria for being added to the preferred supplier list. It was reported that the preferred supplier list includes large contractors where there is an on-going contract which mandates the College to use that supplier. Also where the College has benchmarked a particular supplier or service over a period of time and is satisfied that the supplier continues to

provide best value they are deemed to be a preferred supplier up to the threshold where competitive quotations are required (£3k). It was reported that the College has in place, or is working towards, preferred agreements with local construction firms. Once in place they are automatically on the preferred supplier list to receive an opportunity to quote against any building work in their area.

5. **Internal Audit : Progress Report**

CIC/18/1/3, Internal Audit Progress Report (prepared for the original date of this Committee of 28th February), was received. The Executive Vice Principal: Finance and Corporate Development presented the report on behalf of the Internal Auditor, who had sent apologies due to the need to reschedule the meeting. Members were reminded that the scope of the Internal Audit Plan had been reduced compared to previous years following discussion by this Committee. One final report has been issued this year (Governance), which was received at the last meeting.

It was reported that a draft report has been issued for the Key Financial Controls audit. There are no major issues arising from the audit to bring to the attention of the Committee at this time. The final report will be received at the June meeting.

It was noted that the Business Continuity and Learner Number Systems audits are due to take place week commencing 30th April, and a review of the College readiness for GDPR (General Data Protection Regulation) was scheduled for week coming 23rd April.

6. **Benchmarking of Internal Audit Findings 2016-17**

CIC/AC/18/1/4, Benchmarking of internal audit findings 2016/17, was received and considered. It was reported that this was a new report issued this year, looking at how Colchester Institute performed against other clients of the Internal Audit Service in the further education sector in 2016-17. It was noted that the College was improving compared to the average across the FE client base in 2016/17, but still has work to do. When setting the Internal Audit Plan the College directs the Internal Audit Service to areas highlighted on the Corporate Risk register, which is reflected in the number of recommendations arising from the audits.

7. **Financial Statements Auditors Performance Indicators**

CIC/AC/18/1/5, Performance Indicators for the Financial Statements Auditors 2016-17, was received and considered. The Executive Vice Principal: Finance and Corporate Development reported that the Financial Statements Auditors continue to provide the College with the level of support it needs to produce the regularity audit and statutory audit to the appropriate level of SORP and within the general guidelines for further education. The Committee reviewed the performance of the Financial Statements Auditors against the previously agreed indicators and evidence requirements and AGREED to recommend to the Corporation Board that Scrutton Bland are reappointed for the current financial year.

8. **Internal Audit Performance Indicators**

CIC/AC/18/1/6, Performance Indicators for the Internal Audit Service, was received and considered. The Executive Vice Principal: Finance and Corporate Development confirmed that RSM continue to offer added value to the College and that there is a good working relationship with the Head of Internal Audit.

9. **Risk Management**

9.1. **Notes from Risk Committee Meeting**

CIC/AC/18/1/7, Minutes of the Risk Management Committee held on 14th February 2018, was received and considered. The Committee had reviewed in detail departmental risk registers. The response rate for departmental risk registers (82%) was slightly down on the previous term. The Executive Vice Principal: Finance and Corporate Development, who had chaired the meeting,

confirmed that follow up actions had been taken in respect of the three departmental risk registers that had not been received back.   Since the meeting the Executive Vice Principal has also met with a couple of members of the College Management Group to review their register and update them on the requirements of the risk process. The key risk points by area of the College were noted.

Arising from the discussion, it was reported that there is currently lobbying in the sector in respect of the requirement for all students on main stream Study Programmes who do not have a Grade 4 (previously a Grade C) in English and/or math to resit the GCSE (apprentices can do Functional Skills). The Committee Chair reported that he recently attended a regional training event for Governors where one of the presenters was a Lead Inspector for Ofsted who reported that providers are generally underperforming in English and maths resits. What he had found interesting was the innovative ways colleges were trying to make it successful. The other point of note was that Ofsted were going to be more interested in predicted grades. It was noted that the last round of predicted grades had just started and the College is much more optimistic about results this year.

9.2.   **Corporate Risk Register**
CIC/AC/18/1/8, Corporate Risk Register last updated 27 March 2018, was received and considered. It was reported that the College Executive has a meeting every four weeks that is risk focussed, and at a minimum the risk owners ensure that the risks assigned to them are updated for that meeting. The review by the College Executive (CE) includes discussing and agreeing any proposals to raise or lower a risk ranking, discussing controls and Task and Finish actions, and considering whether any new risks need to be added or any risks removed from the register.

The Principal reported that a number of significant changes had been made to the register at the CE meeting on 27th March. Following the publication of national average data, College achievement rates has been moved to the top of the risk register. Overall achievement 16-19 was impacted by the very large number of students on Functional Skills who failed. The College took the decision, for which it was applauded by Ofsted, to put students who joined the College with a Grade E at GCSE onto Level 2 Functional Skills, which was aspirational.   The national pass rates for level 2 were below 40%; the College was below this. The failure rate at GCSE was 16% and this was almost entirely due to the student not attending the examination. The College has now moved the students back to GCSE and if they attend the exam they are likely to achieve a pass. Many colleges made this change a year ahead of Colchester Institute. The College anticipated considerably better outcomes this year. Progress measures for adults and apprentices remain safe.

It was reported that apprenticeship numbers are picking up and the risk around failing to achieve apprenticeship income has been downgraded. The risk around an alternative HE provider has also been downgraded as discussions with potential partners are progressing well and it is anticipated that the College Executive will be making a recommendation to the Board at its meeting on 25th April. It was noted that two risk scores had been decreased.

9.3.   **Risk Management Policy and Procedure**
CIC/AC/18/1/9, updated Risk Management Policy and Procedure, was received, considered and accepted for recommendation to the Board. The changes were minor.

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**

11.1. **Equality and Diversity Report**
CIC/AC/18/1/10, Colchester Institute Equality and Diversity Report April 2018 for year 2016/17, was received and considered. The report, which is produced annually, is a public document. In respect of students, the report looks at previous results, any specific gaps in achievement, and provides a brief analysis of why that might be the case. A lot of what is included in the report is covered in the College's Self-Assessment Report.

Members asked about the Gender Pay Gap and were advised that the published data shows the College's mean gender pay gap is 16% and the median is 23%. This does not mean the College is paying anybody a lower salary for doing the same job. The difference is primarily due to College's role profile. The higher paid staff are teaching staff, where the ratio of male to female is approximately 50:50. The ratio for business support staff, who are lower paid, is 25% male to 75% female. This skews the average pay of female staff lower than the average male. It was reported that this term the College announced some skills supplement payments in Plumbing, an area where it is very difficult to recruit. This involved adding a premium to the salary to attract new staff and paying an uplift to existing members of the team.

The Assistant Principal Quality, Teaching and Learning was thanked for producing a very comprehensive report.

11.2. **Equality and Diversity Policy**
CIC/AC/18/1/11, revised Equality and Diversity Policy, was received, considered and accepted for recommendation to the Board. The main change is the inclusion of a reference to Gender Pay Gap reporting.

12. **Health and Safety**

12.1. **Minutes of Health and Safety Committee**
CIC/AC/18/1/2, Minutes of the Health and Safety Committee meeting held on 9th February 2018, was received and considered. It was noted that accident statistics are broadly in line with the previous year. It was noted that one of the barriers at the Colchester campus has been put out of use following an incident. The barrier system is past its useful life and will be subject to a capital bid as part of the budgeting process, and will be considered alongside new security arrangements. The Committee noted the policy changes, safety warnings and security incidents.

12.2. **Health and Safety Policy**
CIC/AC/18/1/13, updated Health and Safety Policy, was received, considered and accepted for recommendation to the Board. A new section has been added in respect of duty of care to oneself following an incident where a member of staff slipped and was injured due to the footwear they were wearing. Other changes relate to use of non-branded chargers and personal protective equipment.

A member raised the issue of staff wellbeing and was advised that if there are concerns there is a requirement to undertake a risk assessment on stress.

13. **Revised College Complaints Procedure**
The Committee received:

- CIC/AC/18/1/14, Further Education Compliments, Comments and Complaints Procedure for Students, Parents/Guardians of Students and Customers
- Higher Education Student Concerns, Complaints and Compliments Procedure

The policies had previously been reviewed and accepted by the Committee electronically and approved for use by the Corporation Chair as of February 2018. This assisted the College with what was a current and a likely future situation, and the policies would have been in place in February had it not been necessary to cancel the meeting of this Committee on 28th February due to the snow which closed all College campuses. The main changes were to incorporate some good practice in the HE Policy and include a section of serial and vexatious complaints in the FE policy.

14. **Update on Preparations for GDPR**
CIC/AC/18/1/16, paper charting progress against the ICO 12 Steps to GDPR Compliance, was received and noted. The Executive Vice Principal: Finance and Corporate Development has delivered direct briefings to 182 members of staff, and 671 staff have already completed an on-line training package introduced on 1st April. Completion of the on-line training is mandatory of all staff and Governors. A GDPR Compliance Group has been formed, led by the Executive Vice Principal: Finance and Corporate Development, and two members of staff now have GDPR within their job description recognising that they are responsible for a large part of GDPR compliance as data controllers for student record information (Director of Funding and Information) and HR information (Human Resources Manager). All Managers that attend the GDPR Compliance Group have been asked to complete an Information Asset Register, listing all the data flows within the organisation that they control. A lot of work is underway on the EBS system to safeguard access to data.

15. **Post-16 Audit Code of Practice 2017-18**
CIC/AC/18/1/17, Post-16 Audit Code of Practice 2017 to 2018 published March 2018, was received and noted. The Clerk reported that she was currently reviewing this Committee's term of reference against the Code and would be bringing proposed changes to the next meeting for approval.

16. **Date of Next Meeting**
Wednesday, 6th June 2018. It was agreed to bring forward the start time from 4.30pm to 4.00pm.

17. **Any Other Urgent Business**
There were no items.