

**MINUTES OF THE MEETING OF THE
AUDIT COMMITTEE
held on Thursday 8th March 2018 at 8.00 a.m.**

Present: Mr Geoffrey Bowley, Mr Graham Lawrence, Mr Hugh Stafford-Smith, Ms Smita Warren

Apologies: N/A

In attendance: Mr Abbas Alimohamed (MHA), Mrs Sally Bromley, Mr Kevin Casey (Agenda item 4), Mr Ian Dumbleton, Mr Steve Martell (Agenda item 4), Mr Shameem Rahman (MHA), Ms Nicola Whitehead

In the Chair: Mr Hugh Stafford-Smith

The Chair opened the meeting by ensuring that all present were content with the paperwork provided and were clear on what was required. No consent agenda items were proposed.

1. Declaration of interests

There were no declarations of interests.

2. Minutes of the meeting held on 23rd November 2017 were approved.

3. Matters arising

Item 4: Mr Alimohamed confirmed that the amendment to the status of recommendations report in respect of student alumni had been made.

The Clerk had circulated details of the role of the Accounting Officer and the associated letter from Peter Lauener (ESFA) of 17th November which had subsequently been discussed at the Governing Body meeting in December. *(Carried forward: NDQSC Audit coverage)*

Item 5: The Principal reported that the room utilisation survey had been completed and had underpinned the revised Property Strategy considered by the F&GP Committee that week. Whilst staff preferred a consistent classroom, greater efficiency could be gained through more flexible use of classrooms.

The Learning Support Manager continued to be on the lookout for any new funding opportunities for mental health support but none had yet come to her attention.

Item 8: The Clerk reported that she had identified a number of people who might be interested in a governance role with the Audit Committee. Having shared these details with the Nominations and Audit Committee Chairs, she would now seek to make contact.

The Chair had been invited, but was unable to attend, the summer meeting of the Audit Committee. Once the Autumn term date was known their invite would be extended to that meeting.

4. Internal Audit Reports

Papers: Student Alumni processes, Student Surveys and Learner Voice; Student Attendance Systems and Monitoring, and Schools and Employer Engagement

Members noted the very satisfactory reports in respect of the first three of the five reviews under the 17/18 internal audit plan. In respect of **Student Alumni processes, Student**

Surveys and Learner Voice, 'full assurance' had been given with only two housekeeping recommendations for an alumni engagement strategy (not least to incorporate current activity) and an update to the Student Voice Policy to reflect changes in roles. The auditor reported that there had been evidence of significant engagement with students, favourable responses to student surveys with actions identified and carried through to the Self Assessment Review (SAR) and Quality Improvement Plan (QIP). An extract from an alumni strategy had been provided to assist the college.

'Substantial assurance' had been provided on **Student Attendance Systems and Monitoring** and **Schools and Employer Engagement**. With regard to the latter, there was one 'low' recommendation to build on the existing marketing position statement and comprehensive schedule of events with a formal engagement or marketing strategy. Members agreed that the auditor's reference to 'business continuity' was a valid one given how easy it was to lose a corporate memory.

In terms of detail, the audit report covered the wealth of activities designed to market the college, improve student employability, obtain feedback on the college offer and gather market intelligence. Direct auditor participation in employment skills and 'Not Going to Uni' (NG2U) events demonstrated that these were engaging, 'supremely beneficial' to students and well supported by employers. The DP commented that there were two NG2U events – one for current students which 440 students had now attended – and another for local schools to help support the sense that Collyer's was their sixth form. The audit had shown that school engagement was reported to governors including assemblies and presentations to partner school's students and parents, admissions interviews and academic tutoring links. There was also clear evidence of the success of the international offer based on promotional visits, market research and liaison with other colleges.

[Mr Martell left the meeting which was joined by Mr Casey].

Mr Rahman reported on **Student Attendance** as well as follow-up on the previous staff sickness and absence report. The review had included the place of attendance within the strategic objectives, the attendance recording system, internal controls and attendance reporting. With 92.2% attendance, the College was exceeding the national benchmark of 90%. Increasing parental involvement including MyStudent was being encouraged to drive up attendance - and by extension performance. Data from Corero provided valuable internal reports to staff on attendance by faculty and house and the KPIs shared with governors were comprehensive.

The three 'low' level recommendations concerned reducing the number of gaps in unreported absences, reviewing blanket 'study leave' marks for withdrawn students and removal of an average class attendance figure within a Corero spreadsheet which could be misleading. The college accepted all the recommendations and had already acted on two of them. The Chair clarified the data hierarchy to be assured that there was no impact on the ILR. Members suggested that action on the third should be recorded as 'ongoing housekeeping' rather than with a specific date of relevance only to the current year. The Principal commented that an increase in resource for student services should assist with the updating of registers.

In conclusion members thanked the auditors for their comprehensive reports and the very high levels of assurance they provided as to the effectiveness of the College's systems in a number of high priority areas.

5. Risk Update

Papers: External risks update, Historic overview of internal audits from 2003

Governors noted the updates to the College's external strategic level risks including action to build the relationship with new North Horsham free school. The invitation to the new CEO to

visit Collyer's remained open but the Principal had received a visit from Sarah Chisholm from the DfE about the embryo school. Jeremy Quin MP had also been in touch to thank her for offering to work with the new school. Against a backdrop of the local schools reporting full rolls, the intended opening date for the new school was still believed to be Autumn 2019 although there were no immediate signs of the North Horsham development being underway.

In terms of funding, the CSR had protected funding for the pre-16 education sector and proposed a review of post-18 funding with SFCA pressing for 16-18 funding to be included. There was some limited extra funding of £600 per student payable from 2019-20 promised for additional students as of 2018/19 taking Level 3 maths courses (calculated on an anchored baseline taken from the average number of students enrolled on maths courses in 2015-2016 and 2016-2017). The Collyer's MIS Manager was in the course of modelling this taking account of the demographic dip which might prevent Collyer's receiving any benefit. The Head of Maths was also looking at the course offer in maths to see if any increase in take-up of maths could be encouraged.

The Principal also reported on progress on GDPR as a newer entry in the College's risk register including an evolving GDPR action plan which had been shared with the F&GP Committee that week. This would be discussed further at the forthcoming meeting of the Risk Management Group on 28th March to which members of the Committee were welcome. The Plan would in any event be circulated to them for any comments **(Action: Clerk)**.

With regard to further potential external risks, one member commented that, in his own workplace, he was seeing a high level of fall-out from the recent publicity around charities and safeguarding as a result of which the Charities' Commission was expected to issue further guidance. The Mercers' Company was also reported to be monitoring the situation to be well-prepared in their charitable efforts in the light of any developments. Members agreed that safeguarding had already been a high profile issue in education with extensive guidance informing operations. They would however share any emerging information with the College which might be of interest.

[Mr Lawrence temporarily left the meeting]

Turning to the review of historic audit activity requested by members, the record of audits since 2003 was welcomed as a means of supplementing the Committee's confidence in existing audit plans and its ability to determine comprehensive but proportionately layered assurance activity for the future. With that in mind they welcomed also the Principal's update on the assurance activity in other committees. For example, the Quality and Curriculum Committee had recently examined the Equality and Diversity Report presented by the Equality and Diversity officer as well as External Quality Reviews on Art & Design and photography and Psychology. The Finance and General Purposes Committee had similarly examined Post Project Reviews on capital projects presented by the Project Manager and HR reports. They recognised also that audit plans needed to be forward-looking as the activities of the College and its associated systems developed. As such the Principal invited the internal auditors to continue to propose audits drawing on their experience of other colleges (as they had in respect of the College website) and sector developments. With a view to assisting perspective on the process, the Principal offered to review her pictorial diagram of the assurance process. **(Action: Principal)**

Commenting further on the importance of presentational aspects on the impact of information, one members welcomed that there was a Collyer's promotional video. He had been struck recently by a competitor's website which included film of students speaking rather than the more traditional static photos. The Principal confirmed that that the College's marketing

continued to evolve and remain sensitive to how best to meet its various audiences including students and parents.

[Mr Alimohamed and Mr Shameem left the meeting which was rejoined by Mr Lawrence]

6. Review of performance of the Financial Statements Auditor 2016/17

Paper: Performance Indicators report

In putting to bed the Financial Statements Audit 2016/17, the Finance Director reported on his follow-up to the Audit Findings Report in relation to VAT treatment for overseas agents where the College had sought guidance from both RSM and the AoC. The Committee noted the action taken to-date in clarifying marketing contracts and the intention to continue to make suitable arrangements with agents to comply with the HMRC guidance. Given the advice received concerning the ambiguity of the guidance and that this was an issue across the sector (and for many colleges more materially so), there was agreement that further costly consultation on an individual college basis seemed unwise. The Committee proposed therefore that follow-up on additional clarity should be through the AoC (**Action: Finance Director**).

Turning to the performance indicators for the recent audit, the Finance Director reminded members that a provisional discussion at the November meeting of the Audit Committee concluded that the audit had gone well and no issues were raised by the auditors in respect of the College's responsiveness on the audit. He had found RSM both challenging and supportive, as was appropriate, and considered their detailed insights on the separate and very technical teachers' pensions audit particularly good. There had been continuity in personnel in terms of the audit partner and manager, whilst a change in manager the previous year had helped ensure a fresh and objective approach. Members agreed the assessment, asking only that feedback be given to the RSM account manager that the Committee were less happy at the high charges being requested even for just 'initial' advice on follow-up to the Audit Findings Report (**Action: Finance Director**).

7. Appointment of Financial Statements Auditor for 2017/18

In view of RSM's continuing good service to the College, the Committee agreed the recommendation in favour of reappointment of RSM for the next accounts. Members noted RSM's proposed additional cost to the £13,150 cost of the 16/17 audit of between £500 and £600 (exc. VAT). In making this proposal RSM had confirmed that they had sought to be as competitive as they could, taking into account the financial pressures in the education sector and the College's relatively straightforward audit given its financial health. The Committee agreed the maximum cost (excl VAT) of £13,750 and requested that the Finance Director seek to finalise as competitive a price as possible.

Recommendation: That, the Governing Body approve the re-appointment of RSM for the Financial Statements audit for 2017/18 at a maximum cost of £13,750 (excl VAT).

8. Sector update

Paper: 'In the loop' digest of sector developments and summary sheet update

The Principal reported that:

- i) Agreement had been reached in the National Joint Council (NJC) for Sixth Form College staff for an across the board increase of 1% on teachers' pay, with higher targeted increases on pay points 1 to 6, backdated to 1st September 2017. The agreement added a cost to the national pay bill of 1.13%, although this figure would vary across colleges depending on the number of teachers employed on the lowest six national pay points. The Finance Director would update governors once the figure for Collyer's had been calculated;

- ii) WSCC had contacted the Principal on 27th February to say that the £450,000 contribution towards post 16 capital build had been paid early by Countryside Properties, the developers of the housing west of Horsham. Furthermore, the payment received was higher at £562,017 due to indexation. The College was pursuing when the payment might be received from WSCC and whether it might be possible, and if so advisable, to lodge this with the trustees in some form;
- iii) Members welcomed too the new digest of sector information from the Clerk and showed particular interest in the College's bid for T levels and the potential threat to BTECs which SFCA was challenging on colleges' behalf. The Principal explained that Collyer's initial interest was in the EYE and Digital T levels given existing college expertise and links for work placements which were often a challenge as for, and potentially more so than for, apprenticeships. Members suggested wider potential governor interest in the development of T levels and implications for BTECs and Collyer's.

9. Any other business None

10. Meeting assessment

Papers: Governance Quality Framework

Members found the reports and expectations of the committee clear and welcomed the opportunity to have spoken directly to staff on their areas of responsibility. They felt they had continued to build on their understanding of assurance activity.

11. Date of the next meeting: Tuesday, 12th June 2018 at 8.00 a.m.

The meeting ended at 10.00 a.m.

Chair.....

Date.....

NCW 14/3/18