



Minutes
Meeting of the Audit Committee
Friday 17 March at 4.30pm
Principal's Office

Present:	Gareth Osborn	(GO)	Governor (<i>Chair</i>)
	Frank Pitkin	(FP)	Governor
	Andrew Try	(AT)	Governor
Apologies:	John Petitt	(JP)	Governor (<i>Acting Chair</i>)
In attendance:	Gillian May	(GM)	Principal
	Richard Munday	(RM)	Finance Director
	Tracy Reeve	(TR)	Clerk to the Corporation
	Scott Winter	(SW)	ICCA (<i>Internal Auditors</i>)

1/17 Chair's Agenda Item

There was no Chair's agenda item.

2/17 Apologies for absence

Apologies had been received from John Petitt.

3/17 Notification of any other business

There was none.

4/17 Notification of any interests

There was none.

5/17 Minutes of the Audit Committee meeting held on 23 November 2016

The minutes were approved and signed by the Chairman as a correct record.

6/17 Matters Arising

- **ALFIE provision** (*minute 52/16 page 1*)

The meeting noted that the College had started to deliver some ALFIE short-course provision at February half-term; this had been possible as there had been the possibility of under-delivery against the SFA contract. This delivery would generate £25,000 for the bottom-line and was a very popular option for the high-needs learners in RBWM. Governors were given assurance that the cost of this delivery was being carefully monitored to ensure that the SFA contract value was reached but not exceeded.

Noted

- **Celebrating success with staff** (*minute 52/16 page 1*)

The FD (RM) gave the meeting a verbal update on recent activity within College to enhance staff morale and celebrate success with staff at all levels. The meeting was assured that the whole College staff had got together on Friday 17th March to celebrate the success of the recent Ofsted inspection. Other recent activities had included: a programme of two Wellbeing Days for staff with free health-checks and activities available during the day; a pensions advice day; a lunchtime walking club; a Staff Quiz

planned for Thursday 23rd March; and the possibility of starting a Staff Social Club. Governors were given confirmation that the SLT and the HR Department were continuing to look at alternative ways of rewarding staff whilst budgets were still tight.

Noted

- **Whistleblowing Report** (minute 60/16 page 6)

FP sought, and was given, assurance that the College Whistleblowing Policy was freely available to all on the Staff Handbook. RM also assured the meeting that the HR Department operated an open-door policy and staff felt free to raise any appropriate concerns with the HR staff if they did not want to speak to their line management.

Noted

There were no other matters arising that were not already covered on the agenda.

7/17 Internal Audit Visit Reports

- **01.16/17 Support Staff costs benchmarking (follow-up)**

The meeting had received a copy of a follow-up advisory report from ICCA (internal auditors) which reviewed progress in the investigation of variances identified by the benchmarking review of support staff costs undertaken by ICCA in 2015/16. This high level benchmarking report had compared information gathered from the College in respect of support staff costs (pay costs). SW presented the report and reminded Audit Committee members that as it was an advisory report there was no assurance grade. The Finance Director reminded the meeting that this follow-up report had been deferred from the November 2016 Audit Committee meeting in order to enable the management response to be discussed more fully with ICCA. The meeting considered the headline data on page 2 of the report and noted that although the overall support pay costs had dropped at BCA by £15,000 between 2015/16 and 2016/17 this was a lower reduction than had been seen in the benchmark for a similar size college (a drop of £30,000). The meeting considered the conclusion of the report that based upon the comparison of 2015/16 and 2016/17 support costs and updated 2016/17 benchmarking results, ICCA had concluded that the College had yet to sufficiently address the original variances in pay costs, average staffing levels, and average pay levels highlighted in 2015/16 by ICCA. The report suggested that the College should seek to undertake further analysis on the results of ICCA's work to ensure all variances were understood, and where feasible, efficiencies were made.

The meeting had a lengthy discussion around the management responses to this report which included the following specific points.

Student Support: Due to the profile of the needs of learners at the College (54% had an identified welfare, ALS or financial disadvantage 2016/17), the College would continue to maintain the level of student support services. These costs formed part of the College high needs income designed to support this provision.

MIS: The College has an MIS Director rather than manager (an MIS Manager was noted as the norm within the FE sector). The role at BCA encompassed aspects of apprenticeship management and had a corresponding higher salary associated with it. The MIS team also included a business analyst post which was not consistently classified as part of MIS elsewhere.

Exams: Due to the profile of BCA learners many (in excess of 45%) require additional access arrangements for examinations necessitating a higher FTE exams officer. In mitigation to this, the College did not buy in external exam invigilation which would partly offset this additional cost.

IT: The College was currently reviewing its IT Support with a view to taking on a

Service Level Agreement. The FD assured the Audit Committee that the SLT would continue to monitor this area and its performance carefully.

Marketing: The meeting noted that the results of ICCA's 2016/17 benchmarking analysis had highlighted the College's Marketing pay costs as being £17,000 below the Similar Sized Median but £4,000 above the GFEC Median. In comparison, in 2015/16, the pay costs were £36,000 below the Similar Sized Median and £26,000 below the GFEC Median. It was therefore clear from the increase in pay costs (up by £34,000) and FTEs (up by 1.0 FTE) in 2016/17, that the College had sought to increase resource in Marketing as recommended by ICCA in 2015/16. No further action was recommended in this area.

The meeting agreed that to some extent BCA was unusual in its learner profile which required an additional level of support and so incurred a higher level of cost. The Principal reminded the meeting that this excellent support for learners had been highlighted during the recent Ofsted visit as a particular strength of the College. The Audit Committee members were given assurance that the SLT would continue to review all areas where costs had been identified as being particularly high to verify whether these areas could be as effective with a lower resource. For example, opportunities to rationalise MIS staffing as a result of the new curriculum planning and timetabling software and procedures were currently under investigation. The meeting noted that this initiative could reduce the FTE requirement by 1.4 in 2017/18.

After discussion the meeting agreed that the use of sector benchmarks (BM) was a 'blunt' tool and additional analysis was required. Governors sought advice from ICCA on how they should justify the above BM position going forward and it was agreed that the internal audit strategy should be amended as a priority to include a deeper look at exactly why BCA was above the support staff cost BM figures (particularly in relation to MIS and the delivery of English and maths). This would include using more specialist BMs and also looking at individual roles at BCA. The aim of this review would be to establish: (a) whether the output of job functions was valuable to BCA and (b) whether there was a more efficient way of achieving the same outcome.

The Audit Committee Members NOTED and RECEIVED the IAS visit report 01.16/17. It was AGREED that the internal audit strategy should be amended (in 2016/17 if possible) to include a more detailed review of support staff costs benchmarking; particularly in relation to MIS and the delivery of maths and English.

- **02.16/17 Procurement Policy**

This audit had been carried out by ICCA in November 2016 to provide management and the Audit Committee with an independent assurance opinion that the College had developed an effective approach to procurement which supported the College in achieving value for money and compliance with EU Directives for procurement thresholds. The meeting considered this report and noted that the overall assurance which had been given by ICCA around this area was 'reasonable'. The design and application of the College control processes tested during the audit were operating effectively with no significant weaknesses; both had been given an assurance rating of 'adequate'. The meeting discussed the two medium priority recommendations that had been made in relation to policy and procedures and policy compliance.

The first recommendation in relation to the need to update the procurement section of the Financial Procedures to reflect current legislative requirements (EU procurement thresholds) had been accepted by management. The FD informed the meeting that the College Financial Regulations and the Finance Procedures Manual would be reviewed in full during the next few months and updated to meet all current requirements. The

meeting considered the example of the recent purchase of a new telephone system and printer contract which had not fully complied with the tender process outlined in the Financial Regulations. Management confirmed that future purchases would be made in line with the Financial Procedures Manual but the meeting was assured that the process used for the purchase of the telephone system had been appropriate – 3 suppliers had been considered - and had not put the College at risk. SW suggested that the FD should redraft the College Finance Procedures and Regulations to reflect an ‘appropriate’ process for the College; there would then be no issue with compliance.

The IAS visit report 02.16/17 was NOTED and RECEIVED.

It was AGREED that the FD should revise the College Finance Regulations and Finance Procedures for review at the next Audit Committee meeting (June 2017).

- **03.16/17 Learning Support Funds & High Needs students**

The meeting considered a follow-up report from ICCA which reviewed the College’s control framework established to support its claims for Learning Support and ‘High Needs’ funding from local authorities. The audit had looked at the following elements of assurance: initial assessments and individual Learning Plans (ILPs); hourly rates and cost calculations; reconciliation and reporting arrangements; and audit evidence. The meeting was pleased to note that the audit had resulted in an assurance opinion of ‘substantial’; this was comprised of ‘good’ design and ‘adequate’ application/ compliance. The ICCA report asserted that the College had made significant progress to ensure the recommendations made following previous reviews had been acted upon and implemented. Audit Committee members were reminded that a previous review had identified ‘weak’ application and the overall assurance was only ‘adequate’. The FD informed the meeting that the implementation and use of the Atlas software had made a big difference in this area; it had now been in use for well over a year. Governors sought, and were given, assurance that the High Needs Student (HNS) funding was being received in full from all of the local authorities that the College dealt with; this was due to very tight management control and a very effective HNS co-ordinator who was diligently making sure all relevant invoices were issued and then chasing payment. The meeting noted the one medium priority recommendation in relation to staff implementing good practice as highlighted in the Ofsted ‘Moving Forward’ report (‘How well the further education and skills sector is preparing young people with high needs for adult life and learner progress’). Governors were given assurance that action in response to the low priority recommendation around recording achievement and progress had already been actioned across College. The meeting discussed the ongoing issue of accurate and fulsome ILPs being completed across College. FP sought confirmation on why this long-running issue was still not fully resolved; management explained the impact of tight staffing budgets on curriculum support roles which would traditionally chase compliance on the ILPs. The Principal confirmed that some areas were using ILPs very effectively but this excellence was not across the whole of the College. The meeting asserted the importance of ILPs to drive forward the stretch and challenge agenda which would require improvement as BCA sought to achieve Ofsted ‘outstanding’. The meeting had a lengthy debate around the resource implications of striving for Ofsted ‘outstanding’ and SW suggested that maybe the College could not afford to be a Grade 1 College at this point. Governors asserted their commitment to providing Grade 1 outcomes for learners. After an interesting debate the meeting agreed that the focus on improving ILPs needed to be maintained across College and was very clearly a responsibility of the Heads of Department (HoDs). It was suggested that compliance with this objective should be reported on by the HoDs at the termly Quality Review Boards and should be included in the Academic Report to the Corporation going forward.

The IAS visit report 03.16/17 was NOTED and RECEIVED.

It was AGREED that progress against setting and monitoring stretching ILPs for all learners should be:

- ii) reported on by HoDs at the termly QRBs; and***
- iii) included in the Academic Report to Corporation going forward.***

- **04.16/17 Fundamental financial controls: management accounts**

The meeting received a copy of the audit visit report from ICCA which provided management and the Audit Committee with an independent assurance opinion that the College had established adequate and effective systems, controls and processes to support the timely and accurate production of monthly Management Accounts. Governors were pleased to note that the assurance opinion was 'substantial' with 'good' design and 'good' application. The FD informed the meeting that he would amend the management accounts going forward to reflect the 3 recommendations around 'design': 2 'low' priority and 1 'medium'.

The IAS visit report 04.16/17 was NOTED and RECEIVED.

8/17 Board Assurance Framework and Risk Register Report

The meeting considered the College Assurance Framework and Risk Register report which had been updated since the last Audit Committee meeting in November 2016.

Risk 1 'Failure to Retain independent Status' (Risk score of 25 'red' after mitigation): The Principal asserted the need to keep this risk as 'red' even though the planning application for the care village had been approved in principle by the recent RBWM Planning Panel. Governors agreed that there was still a great deal of uncertainty about the final outcome which necessitated a high risk score. The meeting was given a verbal update by the Principal on the Area Review involving the land-based Colleges in the South-East Region. It was noted that the final meeting of this group had been held on 15th March; the final report would contain a recommendation for BCA to 'explore options for merger with Sparsholt College'. The meeting was reminded that the recommendation of the land-based Area Review would be discussed in detail at the Corporation meeting on 22nd March 2017.

Risk 2 'Failure to address reductions in external funding': The meeting discussed the increased activity within the delivery of apprenticeships; the College was on-track to reach its break-even delivery level of £250,000. Governors were reminded of the recent nationwide issue with the SFA process for approval of applications to be included on the Register of Training Providers. Following non-approval of BCA the Principal assured the meeting that the College had re-applied and been given verbal assurance from the SFA that approval would be forthcoming.

There had been no other changes to the Risk Framework since last considered in November 2016.

The Board Assurance Framework/ Risk Register was RECEIVED.

9/17 Register of Outstanding Audit Actions

Members noted that all of the outstanding recommendations related to internal audit reports. The FD reminded the meeting that the 'current status' column related to BCA Management's view of progress; the recommendations would only be deemed to have been completed when ICCA undertook their follow-up audit of previous years recommendations (in term 3 of 2016/17). Members were pleased to note that there were no outstanding recommendations rated 'red' and were assured that the remaining 'amber' recommendations were all moving towards a 'green' classification by the year-end. The meeting noted that the recommendations from the visit reports considered

earlier in the meeting (visits 01 - 04) had already been including on this report; all were classified as amber or green.

The report was NOTED.

10/17 Debtors

The meeting noted the Debtors Report which was now a standing item on the Audit Committee agenda. The FD informed the meeting that although the level of debt was still slightly higher than prior levels it was not a cause for concern; the debtors report was still being reviewed by the FD on a fortnightly basis. Governors sought clarification around the debts in relation to bus passes; the FD confirmed that this debt was chased with individuals and most were expected to pay.

The Debtors Report was RECEIVED.

11/17 Date and Time of Audit Committee meetings 2016/17

The last meeting date for 2016/17 was confirmed as:

- Wednesday 21 June 2017 at 4.30pm

12/17 Any Other Business

There was no other business the meeting closed at 6.00pm.