

## EXETER COLLEGE FURTHER EDUCATION CORPORATION

### AUDIT COMMITTEE

#### Minutes of the meeting held on Wednesday 11<sup>th</sup> March 2015 in the Board Room, Hele Road, Exeter College

**Present** David Allen Chair  
Matt Roach  
Elaine Hobson  
Dave Underwood

#### **In Attendance**

<i>All bar item 7.2</i>	John Laramy	Vice Principal
<i>All bar item 7.2</i>	Steve Campion	Executive Director Finance and Enterprise
<i>To Item 8</i>	Heather Ancient	(PwC)
<i>Item 5.2 only</i>	Richard Brine	Head of ILS
<i>Item 5.2 only</i>	Toby Coombes	Head of MIS
<i>Item 4.1 only</i>	Sarah O'Shea	Head of STEW
<i>Items 4.2 &amp; 4.3 only</i>	Steve Strang	Head of Estates
<i>All bar item 7.2</i>	Juliet Tremeer	Head of Finance
	Barbara Sweeney	Clerk to the Corporation

**Apologies** Richard Atkins  
David Batho  
Jon Whyte (PwC)

1. **Welcome Apologies and Declarations of Interest** **Action**  
The Chair welcomed colleagues to the meeting. He particularly welcomed Heather Ancient from Pricewaterhouse Coopers, and Dave Underwood, who was attending his first meeting since being appointed to the Committee.
- Apologies were received.
- There were no declarations of interest.
- At the invitation of the Chair, Heather Ancient (PwC) updated the Committee on her nonexecutive role at an FE college in the region, and assured the Committee that her appointment had gone through the necessary independence checks and that there was no conflict of interest.
2. **Minutes**
- 2.1 The minutes of the meeting held on 3<sup>rd</sup> December, as circulated, were agreed and signed by the Chair.
- 2.2 The confidential minutes of the meeting held on 3<sup>rd</sup> December, as

circulated, were agreed and signed by the Chair.

3.1 Board Decisions

The report advising what Board actions had been taken on the recommendation of this Committee was received and noted.

All other matters had been completed or were covered elsewhere on the agenda.

4. **Internal Audit Project Reports**

The report incorporating the following project reports together with an Internal Audit Monitoring Paper from the Auditors was received.

*Sarah O'Shea, Head of Safeguarding, Tutoring Equality, and Wellbeing (STEW), joined the meeting for item 4.1 only.*

4.1 • Safeguarding children and vulnerable adults

The report, giving low overall risk, was received and considered. The review was undertaken as part of the 2014/15 internal audit plan approved by the Audit Committee and examined the adequacy and effectiveness of the controls in relation to safeguarding children and vulnerable adults. There were several areas of good practice including comprehensive safeguarding procedures, an effective traffic light system to manage and monitor staff safeguarding training and a well maintained student safeguarding log to ensure those students with safeguarding concerns or who require support were identified.

Overall, the controls to safeguarding children and vulnerable adults were well designed and operating effectively. There were two advisory recommendations: to improve the efficiency of the educational visit risk assessment process and to implement a master work placement policy.

Sarah updated the Committee on the actions to address the recommendations and confirmed that all had been completed. There were a variety of risk assessments in use. The Health and Safety Manager and ILT team had simplified the procedure to differentiate between paperwork. There was also a need for a number of different procedures to cover all health and safety risks within different work placements and a policy had been developed to include a work placement statement, suitable for all placements.

The Governor with responsibility for safeguarding raised the issue of students wearing lanyards. There was not 100% compliance. However, new Prevent legislation may serve as a driver to improve compliance.

The Head of STEW and her team were commended for a positive review.

**The Committee noted the report.**

*Steve Strang, head of Estates, joined the meeting for items 4.2 and 4.3 only.*

4.2 • Capital contract management/project management

The report, giving the low overall risk, was received and considered. The review, the first for this identified risk, focussed on the two current key capital projects being undertaken by the College; the refurbishment of National House (to be used by the Maths and Science faculties), budgeted to be delivered in September 2015 and the building of a new sports hall at Victoria Yard, estimated to be completed in June 2015. There were robust controls in place to ensure that the projects were properly costed, monitored and operating effectively and there were no recommendations.

Many areas of good practice were identified, including the tendering process for both projects, which were competitive, transparent and fully compliant with the College's Financial Regulations; close monitoring by the Senior Management Team, with processes in place to enable senior staff to track the progress of all capital projects and compare actual spend against budget; stakeholders were actively involved throughout capital projects and project costs were subject to certification by third party project management experts and approved by College senior management prior to payment.

The Committee noted that post project appraisal was not in the current scope, and requested that this be included in future reviews. The Head of Estates confirmed that it had been a thorough review and that post project appraisal was required by the funding agencies as a condition of part funding. There was also ongoing review with relevant Heads and Assistant Principals to ensure that expectations were met. He confirmed that there had been a number of learning points, not least the importance of consulting with stakeholders throughout the project.

PwC

The Committee noted that this was a year of unprecedented activity in developing the College estate and that the positive review reflected the good relationship and effective communication with contractors.

The Committee commended the team and **noted the report.**

4.3 • Health and Safety

The report, giving low overall risk, was received and considered. Health and safety controls and processes were last reviewed in 2009/10 and the review was not a specialist review.

A good system of health and safety checks and controls were in place, underpinned by comprehensive policies, to ensure the health and safety of staff and students as well as compliance with laws and regulations. There were several areas of good practice, including effective use of the

portal to provide advice on health and safety policies and example risk assessments; the knowledgeable Health, Safety and Security Officer ensured that information was effectively disseminated to the rest of the College; there was effective reporting, monitoring and reporting accidents and incidents, including trend analysis to identify recurring incidents; clear first aid procedures were in place and there were regular electrical safety testing and comprehensive fire risk assessments.

Two low risk findings were identified. All first aid kits should be fully stocked and regularly checked to ensure that they contain sufficient supplies. Email reminders would be sent to all first aiders to remind them of the need to regularly check stock levels in first aid boxes and ensure they were replenished. The second recommendation was that the Health and Safety Policy Statement should be renewed promptly. This action was completed on 29 January 2015, and the Health, Safety & Security Manager would review annually.

The Head of Estates was commended on the findings.

**The Committee noted the report.**

4.4 Audit Monitoring Update

Heather confirmed that the Internal Audit Monitoring Paper was a summary of the projects agreed in the Audit Plan and updated the Committee on the progress against them. The final Risk and Corporate Governance report and draft Department report had been issued and would come to the June Audit meeting. Three reviews remained, with one rescheduled to fit best with College staff and specialist reviewers. All reviews were on track to be completed by the end of the academic year.

BHS

- Tax Specialist Review

The report, detailing the outcomes from a meeting with the International Office, was received and Heather confirmed that a specialist advisory review into International and UK direct tax had been requested and completed to provide assurance that there were no inadvertent issues overseas which might impact on tax liability. The review had been very helpful in preparation for developing future markets.

The Committee requested clarification on the implications of VAT reverse charge rules for the commission charges made to the College by overseas agents.

PwC

**The Committee noted the Report.**

5. **Internal Audit Action Plan**

5.1 Progress Update

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The report was received. Juliet Tremeer, Head of Finance confirmed that there was one outstanding action identified in 2013/14, which related to the ability of the Agresso finance system to record workflow of purchase orders. Since the current system was no longer fit for purpose, the College was replacing the finance system, scheduled for 1<sup>st</sup> August 2015.

There were no outstanding actions from 2014/15

**a) Note the report.**

*The agenda was reordered, taking item 6 before item 5.2*

**6. Risk Management Update**

The report, including the revised Risk Register and Heat Map was received and considered. Steve confirmed that the Senior Leadership Team (SLT) had reviewed and updated the Risk Register and Risk Heat Map. He highlighted the changes from the previous version, and provided justification for raising or lowering risk ratings.

The Committee agreed to:

**a) Note the report.**

**b) Recommend the revised Risk register and Heat Map to the Board on the 1st May 2015.**

*Richard Brine, Head of ILS and Toby Coombes, Head of MIS, joined the meeting for item 5.2 only.*

- 5.2 Update on actions following Security Analysis Report  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

**7. Special Items**

**7.1 Value for Money**

The annual report was received and Steve recommended that future annual reports be included in the June Audit meeting so that benchmarking was with the latest data, which would be available in the next month.

BHS

The report provided data on College's metrics on student numbers, and success rates measured against the national average using 2013/14 data. The College was providing value for money as it had delivered learning to significantly more learners than it had been funded for, because of the lagged funding model. The report also provided information on how the College used its resources and the impact on the students' environment.

However, because of the timing of the report, this was based on benchmarking data for 2012/13.

The College was in good financial health, which would drop to satisfactory in 14/15 because of the unprecedented number of capital projects. The planned deficit in 2012/13 was to provide resources to support quality of delivery, recognised in the grade one Ofsted inspection.

Steve confirmed that the College offered value for money. Whilst in a number of benchmarking groups, true comparators were difficult to establish and the Committee requested tighter benchmarking data with comparator colleges in the upper decile, and over time, to indicate trends.

SC

It was agreed that Value for Money was an issue for the whole Board and that it might be appropriate to include it in the terms of reference for the Business Services Committee.

BHS

The Committee agreed to:

**a) Note the Report**

**b) Request an update at the June meeting of the Audit Committee**

BHS

*The Vice Principal, Executive Director Finance and Enterprise and Head of Finance withdrew for item 7.2 only.*

- 7.2    **Governors Only Item with Auditors**  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
8.    **Review of Performance of External Auditors 2013/14**  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
9.    **Date of next meetings**  
Wednesday 17th June 2015