

**EASTLEIGH COLLEGE BOARD
25 MARCH 2015**

Audit Committee Minutes of Meeting held on Wednesday 11 March 2015, 1700 hrs, The Red Carpet Restaurant

Present:

Mrs Kathryn Rankin (Chair)
Mr Colin Davidovitz
Paul Sahota
Alex Parmley

In attendance:

Mrs Laura English	Southern Internal Audit Partnership
Dr Jan Edrich	Chief Executive and Principal
Mr Rob Jarvis	Finance Director
Dr Chris Davis	Clerk to the Board (minutes)

PART ONE OF THE MEETING

A.01.15 GOVERNORS' MEETING TIME WITHOUT SMT

No matters discussed.

A.02.15 COMMITTEE MATTERS

i Apologies

There were no apologies.

ii Declarations of interest

Mr Parmley declared an interest in item A.03.15, i) under Governors Monthly Report, Financial Aspects regarding the major redevelopment project update. There were no other declarations of interest, financial or otherwise declared.

iii Minutes of last meeting

The minutes of the meeting held on 12 November 2014 were agreed as a true and accurate record. All actions had been completed.

The minutes of the meeting held on 12 November 2014 were agreed and signed.

iv Matters arising

There were no matters arising.

A.03.15 GOVERNORS' MONTHLY REPORT, JANUARY 2015

i Financial aspects

Mr Jarvis commented on the College's two major funding allocations. The College has received the EFA allocation which is £200k better than last year because of the slight increase in learner numbers. The larger of the two allocations from the SFA has not yet been received, however a funding letter has been circulated setting out the principles of their allocations. The letter outlines that apprenticeship and trainee delivery will be protected, together with maths and English delivery; providers who are strong in these areas will be 'rewarded' although it doesn't clarify how. This means that the cut the SFA are going to effect is going to be very significant on the rest of the provision, in real terms a 24% cut on everything else. Mr Jarvis believed that the College might be in good position because it has a significant proportion of apprenticeships and traineeship provision together with maths and English, so depending on how the equation is calculated the College may benefit from a reduced reduction in funding allocation.

Mr Jarvis updated the Governors on the recent traineeship growth request of £1.1m, which has now been approved, however the SFA will not consolidate this funding into next years allocation. The College will therefore have to bid again next year for growth in the traineeship area.

Mr Jarvis updated Governors on the major redevelopment project affirming that the LEP Board meeting at which our application for final grant confirmation will take place, will be on the 23 March 2015. There had been a slight delay over the planning application with Eastleigh Borough Council because they had revised their recent planning committee agenda; this application will now be heard on the 31 March 2015.

In terms of the management accounts themselves, Mr Jarvis informed Governors that the College is still forecasting a historic cost surplus of £230k, compared to a budgeted surplus of £364k. This closing cash position for 2014/15 is forecast to be £2.4m. Mr Jarvis also drew Governor's attention to the Balance sheet and the Net Current Assets (liabilities) figures, which needed to improve by either making a surplus next year or spending less on routine capital expenditure, both he suggested needed to be accomplished.

Questions were raised over the way the LEPs are working and the way that the grant for the major redevelopment project is secured. Mr Jarvis reported that the College will receive grant confirmation for 2015/16 funding only, not 2016/17. The College has been advised that payment of £4.4m only will be included in the 2015/16 funding agreement. In order for the full refurbishment scheme to proceed in 2015/16, the proportion of the overall £9.0m included in the 2015/16 agreement would need to be increased to £4.8m and the LEP has been formally approached to see if this is possible. Mr Jarvis reported that he felt that this has been received favourably by the LEP, however if this uplift were non-negotiable then the scheme would need to be reduced.

ii Equality & Diversity updates

Dr Edrich reported that the College had met with the various E&D working parties to go through all the staff data and staff development data as well as student data. She felt that the reporting on Equality and Diversity issues had become so imbedded in everything that the College does it had almost become repetitive.

Governors raised the issue of over reporting on E&D and the need for it to be raised as an agenda item on all Board and Committees agendas as well as featuring in the Governors Monthly Report. There was a feeling that this could result in Governors simply paying lip service to it, rather than addressing specific concerns when they are raised. It was felt that a discussion should follow at Board level to find an appropriate and timely level of reporting to Governors on E&D.

The Clerk was asked to raise this as an agenda item at the next full Board meeting suggesting that E&D reporting should still feature in the Monthly Report but be deleted from committee meeting agendas, unless a specific E&D issue needed to be raised. The reporting to the full Board needed to be continued.

ACTION: ChD

iii Safeguarding updates

Dr Edrich explained that Safeguarding was being covered in other agenda items and she would elaborate at that time.

Governors noted the financial aspects, equality and diversity and safeguarding updates in the Governors' Monthly Report, January 2015.

A.04.15 AUDIT MATTERS

i Progress Report on Implementation of Recommendations of Previous Audit Reports.

Mr Jarvis stated that there was nothing outstanding that had not been implemented from the progress report. Offsite visit issues had been resolved, as had the three Human resources report recommendations.

Governors noted progress on implementation of recommendations made in previous audit reports.

ii Internal Audit Report, Visit Two 2014/15

Mrs English explained that the visit had looked at two business areas, employer responsive, which received a substantial assurance audit opinion and work placements, which received a limited assurance audit opinion. She went on to report on the four findings related to work placements, which the visit highlighted; firstly to do with health and safety checks, secondly over health and safety questionnaires, thirdly parental consent forms and student agreement forms and lastly discrepancies over Disclosure and Barring Service checks.

She went on to say that the College had provided very robust management action plans in response to the audit opinion and the auditors were now confident that the risks would be mitigated in the future. Mrs English explained that the limited assurance issues would be followed up during next years first visit 2015/16.

Governors noted the Internal Audit Report Visit Two 2014/15

iii Review Performance of External Auditors against PIs

Mr Jarvis said that this was a standard report and the Audit Committee is required under its terms of reference to monitor the performance of the College's external auditors. He went on to say that their performance had been excellent in terms of rigour, and the advice given to the College.

Governors reviewed the performance of the external auditors.

iv Regularity Audit SAR

Mr Jarvis explained the rationale for the document and it's purpose in ensuring that the funds the College receives are being used correctly. He went onto say that the external auditors have to audit the Regularity Audit SAR to make sure that what the College is stating is correct. Mr Jarvis then went onto highlight some of the various areas the report covered.

Governors noted the Regularity Audit SAR for 2014/15.

A.05.15 RISK MANAGEMENT

i Risk Management Board minutes, 4 February 2015

Mr Jarvis stated that the Risk Management Board reviewed the risk register and risk reduction plan. He identified the biggest risk to College, which is funding changes and the board talked about Risk 1.3, which notes changes in Government/SFA/EFA policy and major funding reduction. He also reported that the Risk Management Board discussed the Skills Minister's announcement that the radical change with regard to apprenticeship funding had been deferred and softened as a consequence of the consultation that the Government carried out with employers.

He went onto to say that the Risk Management Board discussed a new risk 4.1E regarding non-compliance with legislation/regulations, extremism and radicalization and were informed that this had now been incorporated into Safeguarding and Child Protection Policy.

The Risk Management Board discussed the risks related to the Major Redevelopment Project with new risks being added in.

There was also debate about the risks related to the Totton College merger, but as this proposal was not being progressed and a decision had been made not to follow up the merger, this was all now academic.

Mr Parmley asked if the Risk Management Board had identified a risk over changes of Governance of FE Colleges. He went onto to say that there seems to be plenty of evidence that political parties are now looking at governance arrangements and how local authorities would feel about taking responsibility for governance.

Further discussion briefly followed and it was felt that it was a point worth taking to the Risk Management Board for further discussion

ACTION: RJ

Governors noted the minutes of the Risk Management Board meeting held on the 4 February 2015.

A.06.15 SAFEGUARDING AND CHILD PROTECTION

i Review Safeguarding & Child Protection Policy

Dr Edrich stated that the policy had been updated and the primary change is the addition of the new 'Prevent Duty' with regard to radicalization and extremism. She went on to deliberate about who should approve the Safeguarding & Child Protection policy and which committee was best placed to do that. It was felt that the Standards Committee was best placed because it examined in its routine business many of the points in finer detail and is responsible for the overall quality of the learning experience.

It was agreed by the Audit Committee that the Policy should now go to the Standards Committee only.

ACTION: ChD

Discussion took place over the communication with the necessary authorities over potential issues with radicalization and extremism. Dr Edrich confirmed that the College has a very sound relationship with all the official bodies involved with safeguarding, not just on radicalization and extremism issues. Staff are being trained and the College's safeguarding lead is a very thorough and capable member of staff.

Dr Edrich informed Governors that there would be a training session on radicalization and extremism at the next Governor's training event on the 29 April 2015 to bring Governors up-to-date on the 'Prevent Duty' of the new Counter-Terrorism and Security Act.

Governors approved the Safeguarding and Child Protection Policy.

ii Safeguarding and Child Protection Report – Autumn Term 2014

Dr Edrich commented that there was nothing unusual or further to report.

Governors noted the Safeguarding and Child Protection Report for the Autumn Term 2014.

A.07.15 DATE OF NEXT MEETING

Wednesday 3 June 2015 commencing at 1700 hrs

Progress report on implementation of recommendations of previous audit reports

External Audit Plan – financial year 2014-15

Internal Audit Report – Visit Three 2014-15

Annual Internal Audit Report 2015-16 and Strategic Internal Audit Plan 2015-18

Review of Risk management (including annual review of effectiveness of systems of internal control 2014-15, Risk Register and Risk Reduction Plan)

Governors' Monthly Report – updates re Safeguarding and E&D

Safeguarding & Child Protection – termly report

PART 2 OF THE MEETING (without SMT)

Dr Edrich and Mr Jarvis left the meeting at this point. Governors were asked if they had any questions or wished to raise any points with the Internal Auditors. There were no issues raised.

Mrs English was given the opportunity to raise concerns with Governors over the audit process. There were no issues raised.

There being no further business, the meeting closed at 1810 hrs.

Governors' Action:

To receive minutes of Audit Committee meeting – 11 March 2015.