

MINUTES
AUDIT & RISK ASSURANCE
COMMITTEE
 5pm 19th MARCH 2015



Present:	Bob Pointing Bill Joughin Ros Stewart	Chair External Governor Support Staff Governor
In Attendance	John Smith June Fielding Zee Walker Kath Stott Hannah Bell	Deputy Principal for Finance and Resources College Accountant Director of Planning and Performance ICCA (Internal Auditor) Clerk

APOLOGIES FOR ABSENCE

A/15/41 Tracy Irwin, Governor and Mark Ashton-Blanksby, ICCA (Internal Auditor).

DECLARATION OF INTERESTS

A/15/42 The Chair reminded Governors of the requirement to declare their interests in any agenda items. For any such declaration Governors would not be eligible to speak or to vote on the matters under discussion. Ros Stewart advised the Committee that she was the College's Health, Safety & wellbeing manager and declared her interest in the internal audit Health & Safety report.

EQUALITY & DIVERSITY

A/15/43 The Chair reminded Governors of the College's commitment to equality and diversity and the need to consider these issues along with health and safety in all Committee business.

MINUTES

A/15/44 **Resolved** the minutes of the meeting held on 13th November 2015 be **approved** as a correct record and signed by the Chair.

MATTERS ARISING/ACTIONS

A/15/45 The Chair reviewed the actions from the previous meeting with the following findings:

ACTION	COMMENT
1. Liaise with the Deputy Principal (F&R) over the possibility of data sharing by the Colleges involved in the benchmarking activity.	Done. The Deputy Principal (F&R) explained that the Cumbrian Colleges have completed a data sharing exercise, adding that the data can be shared with Governors if desired. The Chair confirmed that it would be useful if this data was shared with Governors.
2. Prepare a half page summary of the	Done.

INTERNAL AUDIT REPORTS

- HEALTH & SAFETY

A/15/46 KS presented the internal audit Health & Safety Report to the Committee and highlighted the following items:

1. The Health & Safety audit was positive.
2. The report makes one recommendation- for the College to maintain a register of third party contractors insurance details. Management have accepted and are implementing this recommendation.

A/15/47 The Deputy Principal (F&R) advised the Committee that the Health & Safety internal audit was reassuring and that Management were pleased with the report. The Chair agreed with the Deputy Principal (F&R)'s comments and asked that the Governors thanks were passed onto the Health & Safety team.

- BENCHMARKING SUPPORT COSTS

A/15/48 KS presented the internal audit Benchmarking Support Costs Report and highlighted the following items:

1. The main comparison used was based upon 12 similar sized colleges with income between £9m-£15, including two other Cumbrian colleges.
2. Overall Furness College support costs were £404,000.00 lower than the benchmark median; this variance is due to a lower overall staffing level.
3. The lower staffing level is partially offset by an overall higher average pay level.
4. Support staff level totals 70.2 FTEs, which is 23.7 FTEs lower than the benchmark median.
5. The College does not have a separate admissions/enrolment team, Student Services fulfil this function. Low levels of resource in this area can result in students taking inappropriate courses and may impact on retention rates.
6. The sector has introduced personal success tutors to work with individuals to optimise retention and success. Furness College does not appear to have followed the sector in this move.
7. The average salaries at Furness College vary considerably, including eight areas where the salary variance was greater than 10%. The largest variances were in the following areas Quality (44% higher), Marketing (25% higher), Printroom (18% lower), Finance (15% lower) and HR (14% lower).
8. The results show that the College has departments where salaries are considerably higher or considerably lower than the benchmark. Some of these variances are explained by departments which have apprentice posts (reducing the average pay level) and by departments which have a low staffing levels (mainly low in administrative staff) increasing the average pay level.
9. It is important that the variances are not viewed in isolation but should be considered alongside staffing levels to gain full understanding.
10. The total non-pay costs for departments at Furness College are £72,000.00 higher than the benchmark median. There does appear to be some opportunities for savings within non-pay and it is recommended that the College reviews the level of spending in the areas identified to explore whether savings can be made.

- A/15/49 The Deputy Principal (F&R) advised the Committee that Management were currently trying to change the culture of the College in respect of reprographics and that Management are aware that the College's printing costs are currently higher than benchmark. The Deputy Principal (F&R) explained that it was unclear following discussions with the other Cumbrian Colleges why Furness College printing costs were higher than benchmark. The Committee understood that the College has invested in the ICT infrastructure in an effort to reduce printing costs.
- A/15/50 The Deputy Principal (F&R) advised the Committee that Management would pick up the recommendations of the Benchmarking Support Costs Report during the annual business planning.
- A/15/51 The Committee noted that the College spend on marketing was higher than benchmark but accepted this may be beneficial. The Deputy Principal advised the Committee that the Principal was currently reviewing the marketing spend and impact in light of the audit.
- A/15/52 BP summarised the findings of the audit; overall the College is performing well and is financially efficient.

PERFORMANCE INDICATORS FOR INTERNAL AND EXTERNAL AUDITORS

- A/15/53 The Deputy Principal (F&R) presented the performance indicators for Internal and External Auditors report to the Committee and confirmed that the Audit & Risk Assurance Committee traditionally review the performance of the Internal and External Auditors at this time.
- A/15/54 The Deputy Principal (F&R) explained that the External Auditors are appointed on an annual basis and the Internal Auditors are appointed for a period of three years with the possibility of extending their contract for a further two years. The Committee understood that the current Internal Auditors were appointed from September 2014.
- A/15/55 The Deputy Principal (F&R) advised the Committee that the Performance Indicator for Internal and External Auditors report should be used to identify (a) whether the External Auditors should be reappointed and (b) whether the Internal Auditors needed to be pushed to provide a better service.
- A/15/56 The Committee considered the External Auditors performance and agreed that they External Auditors were very helpful but expensive. The Committee agreed that the External Auditors provide a high level of assurance to the Board and noted that they were highly regarded by the funding bodies. The Committee agreed to recommend that the External Auditors be reappointed for a further year.
- A/15/57 BP added that he did benefit from attending KPMG audit seminars on occasion.
- A/15/58 BJ advised the Committee that external advice suggests that it was good practice to routinely change Auditors. The Deputy Principal (F&R) accepted BJ's comment but highlighted that the College was currently tendering for the provision of insurance and that to manage two tendering processes would be problematic.
- A/15/59 **Resolved** the reappointment of KPMG as the External Auditors of Furness College for 2015/16 be **recommended** to the Board.
- A/15/60 The Committee challenged why the Performance Indicators for Internal and External Auditors Report was not received by the Audit & Risk Assurance Committee in 2013/14. The Deputy Principal (F&R) explained that the 2013/14

Internal & External Auditors performance was considered by the Audit & Risk Assurance Committee in following an oral report. The Clerk confirmed that this was accurately recorded in the minutes.

A/15/61 The Committee considered the Internal Auditors performance and agreed with the measures and rating provided by the Performance Indicators for Internal and External Auditors Report.

AUDIT RECOMMENDATIONS MONITORING REPORT

A/15/62 The Deputy Principal (F&R) presented the Audit Recommendations Monitoring Report to the Committee and highlighted the following items:

1. All of the 2014/15 audit recommendations are now complete.
2. Fifteen recommendations have been made in year, three of which remain outstanding.
3. One outstanding recommendation from November 2014 is the responsibility of the Deputy Principal (C&Q), who has been off work due to illness. This action is not a high priority and will be picked up on the return of the Deputy Principal (C&Q).
4. The remainder of the outstanding recommendations will be implemented in due course.

A/15/63 The Committee accepted the Audit Recommendations Monitoring Report.

RISK MANAGEMENT REPORT

A/15/64 The Director of P&P presented the Risk Management Report and highlighted the following items:

1. Middle management has reviewed the risk register and where relevant actions have been raised, closed off or updated accordingly.
2. No changes to the risk ratings have been made but some of the effectiveness ratings of the controls have been updated.
3. Two new controls have been incorporated into the risk register.
4. Subsequently the Risk Management Group validated the action plan and updated the risks and risk control as appropriate. All 10 risks and associated sub-risks and risk controls were reviewed by the Risk Management Group. No changes were made to any of the 10 risk ratings.
5. As a result of the risk register review the curriculum planning process has been refined to ensure that the 2015/16 student numbers are realistic.
6. The risk register review has implemented all of the Mock Ofsted inspection recommendations.

A/15/65 The Committee understood that the Principal was currently working with the Marketing Manager to ensure that the curriculum planning process and marketing plan were closely aligned.

A/15/66 The Director of P&P advised the Committee that the Principal was currently leading a review of the PR strategy in respect of the reputational damage risk with a view to modernising the College's approach and encompassing the management of social media.

A/15/67 The Committee discussed the '*Physical Resources Fail to Keep Pace with Need*' risk. The Director of P&P explained that the new build has been delayed because of external factors. The Director of P&P added that Management were also concerned that following the general election adult funding may be squeezed.

A/15/68 The Committee noted that the residual risk associated with the '*Inadequate Health & Safety Practices*' risk had been reduced following receipt of the positive Health & Safety audit. BP asked the Clerk to record the Committees thanks to all staff concerned with the Health & Safety team.

A/15/69 BJ questioned whether the Colleges difficulty recruiting engineering lecturers presented a threat to the Colleges reputation. The Director of P&P confirmed that the difficulty recruiting engineering lecturers did have an impact on the Colleges reputation adding that the College had received some complaints about this which have been reported to Governors through the Learner Experience Committee. The Director of P&P advised the Committee that the College was working with local partners on the Choose South Cumbria campaign to attract future staff.

A/15/70 The Director of P&P advised the Committee that the Principal's retirement did pose a significant risk to the College and would be monitored closely by Management.

DATE OF NEXT MEETING

A/15/71 11th June 2015

MINUTES APPROVED

Signed _____ Bob Pointing, Chair of Audit & Risk Assurance Committee

Date _____ Subject to Amendments / No Amendments

**ACTIONS LIST FROM FURNESS COLLEGE
AUDIT & RISK ASSURANCE COMMITTEE
19th MAY 2015**

ACTION	Ref MINUTE	WHO	BY WHEN
1. Share the data obtained from the benchmarking exercise undertaken with the Cumbrian Colleges.	A/15/45	Deputy Principal (F&R)	11 th June 2015

PRE-APPROVAL