

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

AUDIT COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 7 MARCH 2018

Membership (7):	*	Charles Cardiff	External Member	Chair
	*	Nicole Martin	Co-opted Member	
		Tim Sayer	External Member	
		Martin Slatford	External Member	
	*	Pamela Woolgrove	External Member	Vice Chair
		Vacancy (SC)	External Member	
		Vacancy (MM)	Staff Member	
Quorum:		3 Members required	3 Members present at start	Meeting quorate
In Attendance:	*	Anthony Bravo	Principal	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	Dan Canham	Mazars (Internal Auditor) (IA)	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
Present at meeting:	*			

PART 1 – NON CONFIDENTIAL MATTERS

		ACTION
598. (5.13pm)	APOLOGIES FOR ABSENCE Tim Sayer, Martin Slatford.	
599.	DECLARATIONS OF INTEREST There were no Declarations of Interest made.	
600.	MINUTES OF THE PREVIOUS MEETING The Minutes of the meeting held on 30 November 2017 were confirmed as a correct record and were signed by the Chair.	
601.	MATTERS ARISING 1. Audit Ctte's Contingency Allowance (Minute 588.1) The Ctte suggested two areas for consideration. 1. The College's Ability to Handle a Major Crisis The Chair raised the question of how well equipped the College was to handle a major crisis, both during and following any major incident, eg. Managing public relations etc.	

<p>601. (cont)</p>	<p>The DPFR advised that the College had a Business Continuity Plan in place, and that many different scenarios were considered and reviewed. The DPFR stated that, given the potential situations being considered, no guarantees could be given.</p> <p>It was proposed that a third-party review would be worthwhile. The IA suggested that an extended follow-up of the Business Continuity Plan should cover a total of 3 days (2 days on site).</p> <p>2. Meeting Student Expectations</p> <p>It was proposed that a review could be undertaken on how good the College was at understanding what Students' expected before joining the College and when at College, and how good the College was at meeting those expectations.</p>	<p>Internal Auditor</p> <p>Internal Auditor</p>
<p>602. (5.25pm)</p>	<p>INTERNAL AUDIT SERVICE</p> <p>1. Follow Up (01.17/18) Final</p> <p>A written report was received, considered and noted. The IA advised that the draft report had been considered at the previous meeting, and that there had been no further changes made to it.</p> <p>2. Payroll and Expenses (02.17/187) (Final)</p> <p>A written report was received, considered and noted. The Internal Auditor concluded that he had given 'adequate assurance' on the effectiveness of internal controls reviewed. A total of 4 recommendations had been made, 1 graded Priority 2 (significant) and 3 graded Priority 3 (housekeeping), all of which had been accepted by College Management.</p> <p>3. Subcontracting Controls (03.17/18) FINAL</p> <p>A written report was received, considered and noted. The Internal Auditor advised that, in line with national procedures, he was not required to give a graded opinion on subcontracting controls. He did highlight his key findings, as set out in the report, and advised that as a result he had made one recommendation, graded Priority 3 (housekeeping).</p> <p>The Internal Auditor advised further that the ESFA funding rules stated that "You must take your own legal advice about the impact of Public Contract Regulations 2015 on your recruitment of delivery subcontractors and have advice available for inspection by us on request". He stressed that this requirement was new for 2017/18 in the Apprenticeship Funding Rules, and that the Public Contract Regulations 2015 was concerned with transparency, equality of treatment and proportionality in the procurement process and establishes financial thresholds. He advised that the College considered that these rules did not impact on it as they (the College) did not commission sub-contracted provision. He continued to advise that any training provider could make a proposal to the College to enter into a sub-contract agreement and the College would consider this by reference to its priorities, the availability of funding and the quality of the providers' provision. However, due to the nature of these arrangements, and in the College's view, they fell outside the scope of normal procurement procedures and the requirement for competitive tendering. This position was set out in the Colleges subcontractors' policy.</p> <p>In view of the response from the College, the Internal Auditor was satisfied that he had been given a reasonable answer and proposed that the Audit Ctte accept that response, but he felt that the Association of Colleges should seek clarification of this matter from the ESFA on behalf of all colleges.</p>	

602. (cont)	<p>4. Progress Report 2017/18</p> <p>A written report was received, considered and noted. The Internal Auditor advised that there were two reviews to be undertaken from the agreed plan, i. General Data Protection Regulation (fieldwork complete) and ii. Learner Number Systems (to be started in late June 2018).</p>	
603. (5.35pm)	<p>RISK MANAGEMENT AND RISK REGISTER</p> <p>A written report was received, considered and noted. The DPFR advised that financial challenges presented by declining full-time numbers had been compounded by new uncertainty relating to apprenticeship income and margins following the introduction of the employer levy and a complete overhaul of the funding arrangements for apprenticeships. He stressed that one of the highest risks on the register related to funding changes and the impact of not securing apprenticeship funding through the tendering process operated by ESFA. Following a tender for non-levy apprenticeship delivery from 1 April 2018 the College had been advised that it had been unsuccessful. However, following an appeal this decision had been reversed, but it highlighted the high likelihood/high impact nature of the funding risk that now exists.</p> <p>The DPFR advised also that the risk score for L3 had been increased to 25. This related to the risk around the introduction of the General Data Protection Regulations which come into force from May 2018. A separate internal audit review had been conducted to advise on the college's readiness for this new legislation.</p> <p>It was noted that no new risks had been added to the register, and the risk related to the merger with Alton College had been removed.</p> <p>The Chair suggested the need to add a risk around the potential merger with a private training provider, and the impact on the senior staff of the College. The DPFR advised that, because of the nature of the proposed merger, post-merger activity would be less than if merging with another college.</p>	
604.	<p>USE OF COLLEGE SEAL</p> <p>The Clerk advised that the Seal had been used once since the last meeting.</p>	
605.	<p>ANY OTHER BUSINESS</p> <p>There were no items of Any Other Business discussed.</p>	
606.	<p>DATE OF NEXT MEETING <i>(Meetings commence at 5.00pm unless stated)</i></p> <p>Wednesday 13 June 2018</p>	
(5.47pm)	Part 1 Meeting closed	