

**Minutes of a Meeting of the Audit Committee
Wednesday 14 June 2017**

Present Ms L Graves (Chair)
Mrs C Ajit Singh

Also present Ms T Aust (Principal)
Mr M Cooper
Mr M Patel (Financial Accountant)
Mr R Shaunak (MacIntyre Hudson)
Mr J Allen (Clerk)

The meeting commenced at 1800.

APOLOGIES, & DECLARATION OF INTERESTS

69. Apologies were received from Ms M Izquierdo. There were no declared interests against any of the agenda items. It was confirmed that the meeting was quorate.

MINUTES

70. It was **RESOLVED** the minutes of the meeting held 01 March 2017 (Paper 1) be confirmed as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

71. The '*Summary Action List*' (Paper 2) was received and it was confirmed all action points on the SAL are covered through agenda items at this meeting.

72. There were no matters arising from the minutes.

COMMITTEE TERMS OF REFERENCE

73. These were received for annual review (Paper 3) and minor amendments were agreed.

74. Although not references in the terms of reference, the Chair sought confirmation on the timescale for receipt of papers. Although she received an email with the papers 5 days ago, she was not in receipt of printed copies of the papers until yesterday. The Clerk confirmed papers should be issued 7 days in advance of meetings as confirmed in the Corporation's Standing Orders.

75. The Executive agreed to look into the last dispatch of the printed copies and gave assurances that the 7-day requirement, which has always been met up to this instance, will be adhered to.

OUTSTANDING AUDIT RECOMMENDATIONS

76. The report on progress made in the implementation of outstanding internal audit recommendations was received (Paper 4).

77. It was confirmed the four recommendations arising from the internal audit reports to be considered at this meeting have been included in the report, but due to the timing of receipt of the report, no management responses have been proposed but it was confirmed that management accept all four recommendations. As the four recommendations related budget control and commercial strategy, it was **AGREED** to present these recommendations, with confirmed management responses, to the Finance Committee that is scheduled to meet on 28 June.

78. Of the 14 recommendations, it was confirmed two have been fully implemented, one is in progress of being implemented with a revised implementation date of 31 July 2017; and the remaining eleven are not due for implementation until 31 July or later. It was reported that there were no issues of concern on any of the outstanding recommendations and their implementation.

79. It was **RESOLVED** to note the report.

INTERNAL AUDIT REPORTS

80. The following reports were received:

- Internal Audit Visit Report 1 (Paper 4)
- Internal Audit Visit Report 2 (Paper 5)

81. The following audit opinions and recommendations were confirmed for each area subject to audit:

Audit	Opinion	Recommendations
Key Financial Controls - Central Nominal Ledger	Substantial Assurance	1 Low 1 Advisory
Key Financial Controls - Income and credit control	Substantial Assurance	1 Low
Key Financial Controls - Treasury Management	Full Assurance	None
Budget Setting & Control	Full Assurance	3 Low
Commercial Income & Diversification	The review in this area highlights that the College is in the very early stages of pursuing commercial opportunities and there is no commercial strategy in place. As such the internal auditors were not yet able to provide assurance in this area.	

82. It was **RESOLVED** to note the reports.

INTERNAL AUDIT PLAN 2017-18

83. The College report '*Internal Audit Plan 2017-18*' was received (Paper 5).

84. The College Executive Team has reviewed the audit areas covered as outlined in the Board Assurance Map over the past few years and drawn up a list of possible audit areas to cover as a priority in 2017-18. This list of proposed audit areas will be refined over the summer and thereafter will be confirmed in a meeting with MacIntyre Hudson. The final plan will be presented to the autumn committee meeting for approval.

85. It was **RESOLVED** to note the report.

REVISED LETTER OF ENGAGEMENT INTERNAL AUDIT SERVICE

86. Following the publication of the revised Audit Code of Practice, the engagement letter for the internal audit service has had to be amended to reflect the new changes (Paper 6). As the changes were not material, it was **RESOLVED** for the Chair of the Audit Committee to sign the letter on behalf of the Corporation.

SUB CONTRACTING CONTROLS

86. The Skills Funding Letter issued in February 2015 stated that the Education & Skills Funding Agency (ESFA) will consider the risks that subcontracting presents and how they can be mitigated.

87. Subsequently, funding agreements from 2015/16 onwards contain a clause concerning an annual subcontracting external assurance requirement which, along with strengthened subcontracting funding rules, goes some way towards providing the assurance being sought by the ESFA.

88. The clause requires lead providers that will subcontract more than an aggregate value of £100,000 in 2016/17 to obtain a report from an external auditor that provides assurance on the arrangements in place to manage and control their subcontractors. Providers are also required to supply the ESFA with a certificate by 31st May 2017 confirming that the external audit report provides satisfactory assurance.

89. As the College has subcontracted provision estimated at around £750k this year the College is required to certify that the external assurance has been provided and, on request, make the audit report available to the ESFA.

90. The College appointed Buzzacott to undertake this work during w/c 1st May 2017 and the certificate was sent to the ESFA on 31st May.

91. The external audit report reviewed by the Committee (Paper 7) made three recommendations, all of which were accepted by Management.

92. The Clerk advised that the recommendation on the approval process for subcontracting arrangements to be formalised in the College's Financial Regulations.

93. It was **RESOLVED** to note the report.

FINANCIAL STATEMENT & REGULARITY AUDIT

94. The new Engagement Letter between Buzzacott and the College was received (Paper 8a). The new letter, that follows the template issued by the funding bodies, has been issued to all Colleges as a result of the new accounting framework for colleges that come into force this year.

95. The Financial Statement & Regularity Audit Plan prepared by Buzzacott was received (Paper 8b). The report outlined the audit areas and proposed fee structure for the audit of year-end accounts 31 July 2017.

96. It was **RESOLVED** that the Audit Committee approves the Financial Statement & Regularity Audit Plan for the year-end accounts 31 July 2017.

BOARD ASSURANCE FRAMEWORK & RISK MANAGEMENT

97. The current version of the Board Assurance Framework (BAF) was received (Paper 9). Confirmation was given that the review of the BAF helped to inform the draft of the internal audit plan for 2017-18, an earlier agenda item.

98. The Committee received for review all 'Red' and 'Amber' risks in the Strategic Risk Register (Paper 10). It was noted that none of the high risks fall within the terms of reference of the Audit Committee but will be subject to detailed review from the Quality Committee and Finance Committee that are scheduled to meet 21/6 and 28/6 respectively.

99. It was confirmed the following changes to the Register have been made since the last committee meeting:

- Increased score for risk #8 as in-house delivery of Apprenticeship volumes is below the target numbers.
- Increased score for risk #38 as income from TU Education courses is well behind budget and planned activity for the rest of the year will not recoup this shortfall. Moreover, the TU Education Co-ordinator has left the College and interim arrangements are in place for partial cover only.
- Removal of risk #49a re entry in Register of Apprenticeship Training Providers as the WTC application was successful.

100. It was **RESOLVED** to note the Board Assurance Framework and Strategic Risk Register.

ANY OTHER BUSINESS

101. There was no other business.

DATE OF NEXT MEETING

102. Wednesday 29 November 2017 @ 6pm.

The meeting closed at 19.45

Signed: _____ Date: _____

(Chair)

Min	Action Point	Review Date
77	The four internal audit recommendations relating to budget control and commercial strategy to be presented, along with confirmed management responses, to the Finance Committee that is scheduled to meet on 28 June.	29/11/17
92	The approval process for subcontracting arrangements to be formalised in the College's Financial Regulations	29/11/2017