

**Minutes of a Meeting of the Audit Committee  
Wednesday 28 November 2018**

- Present** Mr J Bryant (Chair)  
Mrs C Ajit Singh
- Also present** Mr J Allen (Clerk)  
Ms T Aust (Principal)  
Mr M Cooper (Executive Director Finance & Compliance)  
Mr A Alimohamed (MacIntyre Hudson)  
Mr R Cloke (Buzzacott)

The meeting commenced at 1800.

**WELCOME, ANNOUNCEMENT & DECLARATIONS OF INTEREST**

1. There were no apologies. The Clerk confirmed that he received last week notification from Ms M Izquierdo (non governor co-opted member) of her need to resign from the Committee for domestic reasons. The Committee placed on record thanks to Ms M Izquierdo for her contributions. Arrangements are being made to seek a new non-governor co-opted member of the Committee. There were no declared interests against any of the agenda items. It was confirmed the meeting was quorate.

**MINUTES**

2. It was **RESOLVED** that the minutes of the meeting held, 27 June 2018, (Paper 1) be confirmed as a correct record and signed by the Chair.

**SUMMARY ACTION LIST & MATTERS ARISING**

3. The ‘*Summary Action List*’ (Paper 2) was received. The following updates were made available:

<b>MIN REF</b>	<b>DETAILS OF RESOLUTION/ACTION POINT</b>	<b>COMMENTARY / UPDATE FOR MEETING 28 NOVEMBER 2018</b>
54	The Health & Safety audit made the ‘low’ recommendation that the College chases those members of staff (full-time, part-time and agency) who have not completed training in relation to FireRite, AssessRite and CHASA. The Committee asked the auditor to explain as to why this recommendation was rated as a ‘low’ recommendation when it is a requirement for all staff to complete this mandatory training. In response, it was stated that staff training is scheduled to take place on 13 July and, for this reason, a ‘low’ rating was given to the recommendation. The Committee agreed to note this explanation and asked for the rating to be subject to further review after the follow-up audit has been conducted. If there remains an	See Paper 6: Progress Update on Outstanding Audit Recommendations.

	issue on non-compliance, then the Committee would expect the recommendation rating to be raised to a higher level.	
58	<p>On an annual basis, the Estates Manager carries out an inspection of the College's communal areas. The Health &amp; Safety audit confirmed that an inspection had been carried out for Spring Grove House, Atrium &amp; Millennium Building and the Sir Joseph Banks building between April and May 2018.</p> <p>The audit found that a total of eight priority 1 actions were raised which require completion 'immediately or as soon as practically possible'. The auditor presented these to the Health and Safety Manager who advised the auditor that, as the inspections were very recent, the College was still working to implement the actions in question. Based on this assurance given, no recommendation was made. The Committee noted this and asked for an update to be made available to the Committee to enable the Committee to be assured that these priority points have been actioned.</p>	<p>All bar two of the actions have been fully implemented. Of the two outstanding actions:</p> <p>a) Fire stopping of the service duct will be completed this week; and</p> <p>b) The loose sash window frame in room S201 of Spring Grove House has been made safe by reinforcing the frame and fastening this in place. The window is now completely safe but cannot be opened so the whole sash will be replaced later this year.</p>
61	Internal Audit Plan 2018-19 - to receive for approval	See Paper 5: Proposed 2018-19 Internal Audit Plan
65	Subcontracting Audit - The outcomes of the audit will be reported to the Committee.	<p>The external auditor, Buzzacott LLP, made one recommendation concerning the implementation of ESFA terms in contracts with subcontractors. This recommendation has since been implemented.</p> <p>Aside from this one recommendation, the external auditors' conclusion was that, "nothing has come to our attention which suggests that the systems and controls in place for managing the subcontracting provision of West Thames College for 2017-18 did not comply with the requirements of the College's funding agreement or the funding rules for 2017-18."</p>

73	A discussion took place as to whether, with some 45 risks, the Strategic Risk Register has too many entries. There is a move in some sectors for Strategic Risk Registers to have no more than 8-10 key risks enabling more focus and discussion on the key risks. It was agreed for this to be subject to further discussion at the spring meeting of the Committee.	For discussion at meeting on 20 March 2019.

4. Under matters arising, it was confirmed the College issued to the ESFA with the required certificate by the deadline date of 14 September 2018 confirming that the external audit report on subcontracting arrangements provided satisfactory assurance.

## INTERNAL AUDIT REPORTS

### (i) Internal Audit Reports Visit 21 May 2018

5. The audit conducted an assurance review on attendance systems and monitoring and the following opinion and recommendations were made:

Audit Report	Audit Opinion	Recommendations
Attendance systems & monitoring	Substantial Assurance	2 Medium

6. The recommendations proposed were as follows:

- Managers follow up with teaching staff to ensure registers are completed in a timely manner. In addition, the College should introduce a tolerance level for numbers of unmarked registers in any given week. A breach of this threshold/tolerance level should result in a root cause analysis to identify any underlying reasons for the breach.
- Course teams should ensure that disciplinary actions taken against students in relation to poor attendance are accurately reflected on ProMonitor. Course teams should also carry out a spot check on at risk students on a monthly basis to ensure that their student file contains comprehensive and complete notes and records of actions taken.

7. It was confirmed Management accepted the recommendations, and following review of the Management responses, the Audit Committee were satisfied that planned remedial actions were timely and appropriate. In particular, the requirement is for all teaching staff to complete registers, and a failure to do so could lead to capability action being taken.

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

### (ii) Internal Audit Annual Report 2017/18

9. The report confirmed the areas subject to audit were in accordance with the agreed audit plan for 2017/18.

10. The 'Internal Annual Report 2017/18' confirmed the following annual opinion from the Internal Audit Service for West Thames College following the audit work undertaken from the planned internal audit reviews:

*It is the opinion of the Internal Audit Service that West Thames College has adequate and effective management, control and governance processes to manage its achievement of the College's objectives.*

11. The Committee welcomed the positive opinion expressed within the report and it was **RESOLVED** that the 'Internal Audit Annual Report 2017/18' be included within the Annual Report from the Audit Committee, and be recommended for the approval by the Corporation at its meeting of 13 December 2018.

(iii) Internal Audit Strategy & Plan 2018/19

12. The Committee received, for review and approval, the proposed 'Internal Audit Strategy & Plan 2018/19'. It was proposed for the focus of the two planned visits to be on the following areas:

- Student Applications and Enrolments
- Key Financial Control - Income and Credit Control
- Key Financial Control - Central Nominal Ledger
- Board Assurance Framework and Risk Management
- Payroll

13. It was **RESOLVED** to approve the 'Internal Audit Strategy & Plan 2018/19' as proposed.

14. The Committee were reminded that the proposed internal audit work is only part of the Board Assurance Framework and that other sources of assurance will be sought to help inform the Committee's overall assurance opinion.

## **OUTSTANDING AUDIT RECOMMENDATIONS**

15. The twelve outstanding recommendations from June were presented in the report together with two recommendations arising from the 2017/18 internal audit of attendance systems and monitoring (earlier agenda item).

16. The report summarised the fourteen recommendations and provided an update on their current status. Of the fourteen audit recommendations, three are ranked medium priority, four are ranked low priority, five are advisory/housekeeping recommendations and two are not ranked for priority.

17. Of the fourteen recommendations, the report stated that seven have been fully implemented, six remain in progress and one has not yet been implemented.

16. There were no issues of concern reported to the Audit Committee on the implementation of outstanding audit recommendations.

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

## FINANCIAL STATEMENT & REGULARITY AUDIT POST AUDIT MANAGEMENT LETTERS & FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2018

18. Under this agenda item, the Committee received the following reports:

- Financial Statements 2017/18
- Post Audit Management Letter
- Letter of Representation
- Completed regularity self-assessment document for information only

19. As required by the Audit Code of Practice, a copy of the College's draft *'Financial Statement and Annual Report 2017/18'* was made available. Whilst the Audit Committee has sight of the full financial statements for reference, the main purpose of the Audit Committee is to review the Statement of Corporate and Internal Control, and Statement of Responsibilities of the Members of the Corporation as well as reviewing and recommending, for Corporation approval, the *'Post Audit Management Letter'*. The Finance Committee reviewed the financial details in the accounts and there were no issues arising from this review that had been conducted on 23 November 2018.

20. Financial Statement Auditors (FSAs) are required to issue two audit opinions:

- An opinion on the financial statements
- An opinion on the regularity of financial transactions

21. The financial statements opinion is addressed to the College. The regularity opinion is addressed to the College and the Education Skills Funding Agency (ESFA).

22. The financial statement auditor has issued an unqualified report on the 2017/18 accounts.

23. The Audit Findings Report raised no internal control issue relating to regularity audit. An unqualified regularity audit opinion was confirmed for 2017/18.

24. Both audit opinions are confirmed in the Financial Statements and Annual report for the year-ended 31 July 2018.

25. It was **RESOLVED** that the *'Post Audit Management Letter'* and *'Letter of Representation'* be included within the Annual Report from the Audit Committee and be recommended, for the approval by the Corporation, at its meeting of 13 December 2018.

26. It was **RESOLVED** to recommend that the Corporation at its meeting on 13 December 2018 approves the Financial Statements and Annual Report for the year-ended 31 July 2018.

### CONFIDENTIAL SESSION

27. Prior to considering its Annual Report to the Corporation, the Committee has the right to go into confidential session without college management being present, should the Committee or the Auditors deem it to be necessary. It was confirmed that there was no need to go into a confidential session.

## ANNUAL REPORT 2017/18 FROM THE AUDIT COMMITTEE

28. The 'Annual Report 2017/18 from the Audit Committee' was received. There is a requirement in the Joint Audit Code of Practice stating that the annual report of the audit committee is to be written for both the governing body and the Principal, as the accounting officer of the College. The annual report should be used as a summary document explaining the work of the Committee during the course of the year.

29. The Annual Report must offer an opinion from the Audit Committee to both the Corporation and Principal. The Audit Committee agreed the following opinion:

*The Audit Committee, through review of auditors' reports and discussion with auditors and college managers, has arrived at the opinion that West Thames College has adequate and effective assurance frameworks, framework of governance, risk management and control processes for the effective use of resources, solvency of the institution and the safeguarding of its assets.*

*The Committee is satisfied with the financial reporting of West Thames College and the performance of the internal and financial statement & regularity auditors.*

*The Audit Committee considers that the Corporation's responsibilities have been satisfactorily discharged and recommends this report to the Corporation.*

30. It was **RESOLVED**

- (i) That subject to a final review from the Chair of the Committee, the Committee approves the 'Annual Audit Report 2017/18 from the Audit Committee'; and
- (ii) That the 'Annual Audit Report 2017/18' from the Audit Committee' be made available to the Principal and Corporation at its meeting on 13 December 2018.

## RISK MANAGEMENT

31. The Committee received for review all 'Red' and 'Amber' risks in the Strategic Risk Register. It was noted that none of the high risks fall within the terms of reference of the Audit Committee.

32. The Clerk confirmed that the Finance Committee and Quality Committee, at their respective meetings this term, conducted a review of the high risks that fall within their terms of reference. Both Committees were satisfied with the robustness of the proposed mitigation actions to reduce the risk and of the sources of 'independent assurances'. No new risks were identified by either committee.

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

- Risk #44 has been amended to reflect the end of the outsourced catering contract with Aramark
- Three further risks (#48, #49 and #50) have been added, these being:
  - Risk 48 - Commercial Income
  - Risk 49 - Staff utilisation
  - Risk 50 - Logistics
- The controls/mitigation for risks #13 and #14 have been modified.
- The scoring of two risks has changed since the last Committee meeting:
  - The gross and net scores of risk #18 have increased due to increased likelihood as at this early stage of the year there is greater uncertainty around our ability to fulfill our Adult Education Budget allocation.
  - The gross score of risk #19 has reduced to 18 as the financial impact of any shortfall in HE fee income through under-recruitment is unlikely to exceed £130k.

34. It was **AGREED** for the Risk Register to be subject to further review, to take into account the judgments made in the Ofsted Inspection report, once the report has been published.

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

*(The Auditors left the meeting at this point).*

## **ANNUAL REVIEW OF AUDITORS' PERFORMANCE**

36. The 'Annual Review of Auditors' Performance Report' was received. The Audit Committee is required to assess annually the performance of the internal audit service against agreed performance indicators. It was agreed to use the agreed performance indicators as an aide memoir to guide discussions.

37. It was **RESOLVED** to note there were no issues or concerns arising from the annual review of the performance of the internal audit service.

38. It was **RESOLVED** to note there were no issues or concerns arising from the annual review of the performance of the external audit service.

## **ANY OTHER BUSINESS**

39. There was no other business.

**DATE OF NEXT MEETING**

40. Wednesday 20 March 2019 @ 6pm.

The meeting closed at 19.30

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

(Chair)