Minutes of a Meeting of the Audit Committee
Wednesday 01 March 2017

Present	Linda Graves (Chair)
	Charanjit Ajit Singh
	Michaela Izquierdo
Also present	Barbara Calvert (Deputy Clerk)
	Mark Cooper (Executive Director Funding & Finance)
	Shameem Rahman (MacIntyre Hudson)

The meeting commenced at 1800.

WELCOME, APOLOGIES, & DECLARATION OF INTERESTS

40.   The Chair welcomed everyone to the meeting. Apologies were received from Tracy Aust, Mukesh Patel, and Jon Allen There were no declared interests against any of the agenda items. It was confirmed the meeting was quorate.

MINUTES

41.   It was **RESOLVED** that the minutes of the meeting held 30 November 2016 (Paper 1) be confirmed as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

42.   The '*Summary Action List'* (Paper 2) was received. There were three action points from the last meeting and the '*Summary Action List'* provided an update against each action. It was confirmed the Board Assurance Map is an agenda item. The risk on the Apprenticeship Levy has been added to the Risk Register. The final action point, to make available for review the Merger Risk Register is no longer applicable following the decision not to proceed with the merger.

43.   It was **RESOLVED** to note the '*Summary Action List'*.

OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

44.   The report on progress made in the implementation of outstanding internal audit recommendations was received (Paper 3). The report summarised progress and current status on the implementation of the three recommendations that were outstanding following the last review conducted by the Committee. It was confirmed all three were 'Low' priority recommendations.

45.   Following review the Committee agreed with the overall assessment that two of the three recommendations have been fully implemented. These were to carry out a review on finance/HR to provide assurance that the new controls implemented ensure the accuracy of staffing data across all teams particularly the information held by Finance for the processing of payroll; and the use of mystery shopping could be further expanded to ensure enquiries are responded to in a consistent manner between the College's different sites.

46.   It was informed that the feedback received from mystery shopping would be subject to analysis and review by the Executive Director – Performance,

Development & Student Experience with the Head of Student Recruitment, Exams & Customer Service and it was AGREED to make this analysis available to the Quality and Curriculum Committee and Audit Committee at their respective June meetings. Feedback received to date via mystery shopping has in the main been very positive.

47.   Whilst the third recommendation is overdue (termly reporting on the student use of free meals allowance) good progress has been made to fully implement with a revised implementation date set for 28 April 2017, as all issues should be resolved in April to enable termly automated reports to be provided to the 'Executive Team Plus' Student Data Group.

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

INTERNAL AUDIT VISIT REPORT

49.   The '*Internal Audit Visit Report*' was received (Paper 4). 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/Housekeeping
Key Financial Controls - Income and Credit Control	Substantial Assurance	1 Low
Key Financial Controls – Treasury Management	Full Assurance	None

50.   The Committee reviewed each report and considered proposed management responses against each of the recommendations proposed by the internal auditor. Management responses were deemed to be both timely and appropriate. Against the one housekeeping advisory recommendation, management response was recorded as being 'N/A' (not applicable), as it was only a housekeeping recommendation for noting. However, the Chair asked that in future reports the use of 'N/A' should not be used as it gives the wrong impression that the College is not responding to the point raised.

51.   On the audit on the Central Nominal Ledger, of the 25 journals sampled, all but one were authorised by the Financial Accountant. The Committee queried this and the auditor replied that this was an exception due to human error. However, the Committee asked to be advised as to which journal this applied to and sought assurances that were no risks associated with this error. It was **AGREED** to provide further information to the Committee on this point raised.

52.   It was confirmed that each of the recommendations, and management responses, listed in the internal audit report would be added to the '*Outstanding Internal Audit Recommendations Report*' for review at the next meeting to enable the Committee to monitor the implementation progress.

53.   It was **RESOLVED** to note the Internal Audit Report.

RISK MANAGEMENT

54.	The *'Strategic Risk Register'* was received (Paper 5). Any items on the Strategic Risk Register with a net score of 15 or above are presented to the relevant Corporation Committee at each of their meetings and amended or confirmed.

55.	It was noted there are no current items associated specifically with the Audit Committee with a net score of 15 or above. For information, the report summarised the items which have been discussed at other Committee meetings this term and the changes that have been made to the Register since the last Committee meeting.

56.	The following changes to the Register were noted:

- Removal of risk #48 re merger as this is no longer applicable
- Addition of risk #49 concerning negotiation of leasing agreements with LBH for the Skills + Logistics Centre in Feltham
- Addition of risk #50 concerning Apprenticeship Levy implementation from April 2017
- Increased score for risk #8 as despite planning and monitoring of targets the in-house delivery of Apprenticeship volumes is below the target numbers YTD
- Increased score for risk #21 due to under-performance of the subcontract with System Training for Apprenticeships provision

57.	It was noted against Risk 44 and Risk 50 that there was no recording of seeking any independent assurances against each of these two risks. The Committee asked if this was an oversight. In response it was confirmed this was not an oversight but would be subject to further review from the Executive and an update would be made available for the next Audit Committee meeting.

58.	It was **RESOLVED** to note the *'Strategic Risk Register'*.

BOARD ASSURANCE MAP

59.	The first draft of the proposed '*Board Assurance Map'* was received and it was confirmed this is still work in progress (Paper 6).

60.	It was agreed at the last meeting to make available for this meeting a Board Assurance Map to show the range of assurances, both internal and external, that is made available to enable management and governors to form an opinion on overall assurance and to identify where additional assurances are required.

61.	The Audit Committee needs to review the available sources of assurances against each key operational areas/strands within the College and to make a judgement (RAG rated) as to whether they high a high level of assurance (Green), a medium level of assurance (Amber), or a low level of assurance (Red). Any identified low level or medium level assurances need to be addressed.

62.	The Committee noted and agreed with the 'Green' assessment (high level of assurance) against the majority of key operational areas/strands within the College that were proposed in the Board Assurance Map.

63.   The one area where there was an 'Amber' assessment (medium level of assurance) was for the management of estates and property. Against the component of 'monitoring and effectiveness of capital projects' increased governor oversight will be directed through the work of the Finance & Capital Projects Advisory Group. The Finance & Capital Projects Advisory Group raised this as an issue at their recent meeting with a range of actions agreed to enable the Committee to monitor more effectively capital projects. External assurances for the three components of 'monitoring and effectiveness of capital projects'; 'monitoring and effectiveness of Property Strategy'; and 'space and room utilisation' will be identified and included in the Board Assurance Map and made available for review at the next meeting.

64.   It was **AGREED** to iinclude some timeframes within the Board Assurance Map, i.e. last date when external assurance was received and/or proposed date for next external assurance; and to add more clarification about the activities to be pursued to give the required assurances.

65.   The Committee welcomed the approach outlined in the '*Board Assurance Map'* and it was **RESOLVED** to note the Map, and to receive an updated Map at the next meeting.

66.   A general point was raised as to whether the terms of reference of the Committee should be reviewed and updated to take account such developments as the introduction of the Board Assurance Framework. The Deputy Clerk advised that terms of reference are subject to annual review and can be accessed through the Governors Handbook published on the College website. However, it is good practice for the Committee to formally receive on an annual basis the terms of reference for review and this will be arranged for the summer term meeting.

ANY OTHER BUSINESS

67.   Governor Link visits took place and further discussions may follow. (As a postscript, Governor Link Visits is an agenda item at the March Corporation meeting).

DATE OF NEXT MEETING

68.   Wednesday 14 June 2017 @ 6pm.

The meeting closed at 19.55

Signed: _____   Date: _____

(Chair)

AUDIT COMMITTEE SUMMARY ACTION LIST

MINUTE	ACTION POINT	REVIEW DATE
51	On the audit on the Central Nominal Ledger, of the 25 journals sampled, all but one were authorised by the Financial Accountant. The Committee queried this and the auditor replied that this was an exception due to human error. However, the Committee asked to be advised as to which journal this applied to and sought assurances that were no risks associated with this error. It was **AGREED** to provide further information to the Committee on this point raised.	14/6/17
52	It was confirmed that each of the recommendations, and management responses, listed in the internal audit report would be added to the '*Outstanding Internal Audit Recommendations Report*' for review at the next meeting to enable the Committee to monitor the implementation progress.	14/6/17
57	It was noted against Risk 44 and Risk 50 that there was no recording of seeking any independent assurances against each of these two risks. The Committee asked if this was an oversight. In response it was confirmed this was not an oversight but would be subject to further review from the Executive and an update would be made available for the next Audit Committee meeting.	14/6/17
63	Board Assurance Map: Against the component of 'monitoring and effectiveness of capital projects' increased governor oversight will be directed through the work of the Finance & Capital Projects Advisory Group. The Finance & Capitals Projects Group raised this as an issue at their recent meeting with a range of actions agreed. External assurances for the three components of 'monitoring and effectiveness of capital projects'; 'monitoring and effectiveness of Property Strategy'; and 'space and room utilisation' will be identified and included in the Board Assurance Map and made available for review at the next meeting.	14/6/17
64	To include some timeframes within the Board Assurance Map, i.e. last date when external assurance was received and/or proposed date for next external assurance; and to add more clarification about the activities to be pursued to give the required assurances.	14/6/17
66	For the Committee to formally receive on an annual basis the Committee's terms of reference for review and this will be arranged for the summer term meeting.	14/6/17