

**Minutes of a Meeting of the Audit Committee  
Wednesday 29 June 2016**

- Present** Ms L Graves (Chair)  
Ms M Izquierdo  
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**

39. There were no apologies. There were no declared interests against any of the agenda items. It was confirmed that the meeting was quorate.

**MINUTES**

40. It was **RESOLVED** the minutes of the meeting held 02 December 2015 (Paper 1) be confirmed as a correct record and signed by the Chair.

41. It was noted there was no spring term meeting of the Audit Committee.

**MATTERS ARISING**

42. There were no matters arising from the minutes.

**OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**

43. The report on progress made in the implementation of outstanding internal audit recommendations was received (Paper 2). It was agreed to defer this agenda item until after consideration of the internal audit reports

**INTERNAL AUDIT REPORTS**

44. The following reports were received:

- Internal Audit Visit Report 1 (Paper 3)
- Internal Audit Visit Report 2 (Paper 4)

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

<b>Audit</b>	<b>Opinion</b>	<b>Recommendations</b>
Visit 1 – Board Assurance Framework	Substantial Assurance	2 Medium
Visit 1 – Strategic Management Planning and Key Performance Indicators	Full Assurance	None

Visit 1 = Key Financial Controls - Suppliers	Substantial Assurance	2 Low
Visit 1 - Key Financial Controls – Bank & cash	Substantial Assurance	1 Low
Visit 2 – Course Viability and Resource Utilisation	Full Assurance	None
Visit 2 – Application & Recruitment Systems	Substantial Assurance	2 Low
Visit 2 – Staff Recruitment and Selection	Substantial Assurance	5 Medium and 1 Low
Visit 2 – Value for Money	Full Assurance	None

46. The Chair made the observation that some of the proposed management responses and implementation dates confirmed in the audit reports differed to those outlined in the outstanding audit recommendations paper. The Principal explained the Executive had made these changes following further review. The Committee accepted this explanation but asked for changes to be made in the format and presentation of the outstanding recommendations report. In particular, in addition to the original recommendation and agreed implementation date, additional columns to be added to the report to confirm on any changes made to the management responses and to the original implementation date. The tracker report was a key governance tool and these changes would enable the Committee to monitor more effectively the progress in implementing recommendations.

47. It was noted the Visit 2 report had still to include management responses. The visit was conducted in May and the report was issued to the College in early June. Due to the demands being placed on the Executive arising from the Area Review process, management responses had yet to be confirmed. The Principal also confirmed there appeared to be a mismatch between the Executive's understanding of processes in place, to that found by the audits. In particular, the observation made that the College appraisal system is 'bottom-up' needs to be subject to further review as objectives are set for managers arising from the strategic plan so the process is very much 'top-down'.

48. It was **AGREED** for the Executive to confirm management responses and to circulate to committee members the updated action plan covering all the recommendations arising from Visit 2.

49. In management responses, the Committee asked for immediate implementation dates for those recommendations on identity checks and the updating of the DBS policy.

50. In reviewing the reports, the internal audit service was asked in future audit reports to separate areas of good practice and key findings.

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

#### **INTERNAL AUDIT PLAN 2016-17**

52. The College report '*Internal Audit Plan 2016-17*' was received (Paper 5).

53. The 2015/16 Internal Audit Plan was agreed at a meeting between relevant members of the College management team and MacIntyre Hudson in November 2015 and was brought to the Audit Committee at its meeting on 2 December 2015.

54. For 2016/17, the intention is to bring forward this planning meeting to a date yet to be discussed and agreed with MacIntyre Hudson. Pending arrangement of this meeting, the College Executive Team has reviewed the audit areas covered over the past few years and drawn up a list of possible audit areas to cover as a priority in 2016/17. 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.

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

## **OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**

56. As the Committee had already reviewed audit recommendations arising from Visit 1 and Visit 2 conducted during 2015/16, the Committee reviewed those outstanding recommendations from visits conducted in 2013/14 and 2014/15. Of the six recommendations, one is no longer applicable, two have been implemented, and three are still in progress.

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

## **FINANCIAL STATEMENT & REGULARITY AUDIT**

58. The new Engagement Letter between Buzzacott and the College was received (Paper 6). 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.

59. The Committee sought assurances of there being no change in the limits of liability that could have a detrimental impact on the College. Subject to there being no change to the limits of liability, it was **RESOLVED** to approve the Engagement Letter and for the Principal to sign. Should there be a change in the limits of liability this will need to be reported to the July meeting of the Corporation for further consideration.

60. The FSA & Regularity Audit Plan prepared by Buzzacott was received (Paper 7). The report outlined the audit areas and proposed fee structure for the audit of year-end accounts 31 July 2016.

61. It was **RESOLVED** that the Audit Committee approves the Financial Statement & Regularity Audit Plan for the year-end accounts 31 July 2016.

## **RISK MANAGEMENT**

62. The Committee received for review all 'Red' and 'Amber' risks in the Strategic Risk Register (Paper 8). It was noted that none of the high risks fall within the terms of reference of the Audit Committee but have been subject to detailed review from the either the Finance Committee or Quality as appropriate.

63. The Clerk confirmed the following outcomes from the Committee reviews conducted:

Finance Committee 22/6/16	<p>The Committee confirmed no new risks were identified through discussions during the meeting.</p> <p>Following review, the Committee was satisfied with the robustness of the range of 'Independent Assurances' identified against each risk that falls under the terms of reference of the Committee. The Committee confirmed that no new risks were identified for inclusion within the Risk Register.</p>
Quality Committee 15/6/16	<p>The Committee confirmed no new risks were identified through discussions during the meeting.</p> <p>Following review, the Committee was satisfied with the robustness of the range of 'Independent Assurances' identified against each risk that falls under the terms of reference of the Committee. The Committee confirmed that no new risks were identified for inclusion within the Risk Register.</p>

64. It was confirmed the scoring of two risks had changed since the last meeting. Risk 8 had increased to 20 as in-house delivery of apprenticeships is well below the target numbers. This will result in financial clawback from the SFA for the under performance. Similarly Risk 21 had increased to 25 due to considerable under performance of the subcontractor. It was confirmed a meeting has been scheduled with the subcontractor to discuss their performance.

65. It was noted that at the special Corporation meeting held 15 June 2016 it was agreed to add to the Strategic Risk Register the risk arising from the Area Review process. This risk, with mitigation actions, is to be added to the Strategic Risk Register.

66. In discussions the Committee noted several risks that could arise from the decision to leave the European Union. The decision could have far reaching implications – on staff and personnel, funding cuts to FE that could arise from an emergency budget, ESF funding, and economic risks with a risk of a recession. The Committee sought guidance on what was the process internally for reviewing this risk. The Principal confirmed this risk was discussed at a recent meeting of the Executive and would be subject to further discussions, and if deemed a strategic risk, the risk would be added to the Strategic Risk Register.

67. It was **RESOLVED** to note the Strategic Risk Register.

#### **ANY OTHER BUSINESS**

68. There was no other business.

#### **DATE OF NEXT MEETING**

69. Wednesday 30 November 2016 @ 6pm.

The meeting closed at 19.45

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
 (Chair)

Min	Action Point	Review Date
46	Changes to be made in the format and presentation of the outstanding recommendations report. In particular, in addition to the original recommendation and agreed implementation date, additional columns to be added to the report to confirm any changes made to the management responses and to the original implementation date	30/11/16
48 & 49	It was <b>AGREED</b> for the Executive to confirm management responses and to circulate to committee members the updated action plan covering all the recommendations arising from Visit 2.  In management responses, the Committee asked for immediate implementation dates for those recommendations on identity checks and the updating of the DBS policy	30/11/16
50	The internal audit service in future audit reports to separate areas of good practice and key findings.	30/11/16
54	Internal Audit Plan 2016-17: To receive for review and approval	30/11/16
59	Financial Statement Engagement Letter:  Should there be a change in the limits of liability this will need to be reported to the July meeting of the Corporation for further consideration.	30/11/16
65 & 66	Add to the Strategic Risk Register risks around the Area Review and leaving the European Union	30/11/16