

**Minutes of a Meeting of the Audit Committee  
Wednesday 30 November 2016**

- Present** Ms L Graves (Chair)  
Mrs C Ajit Singh
- Also present** Mr J Allen (Clerk)  
Ms T Aust (Principal)  
Mr M Cooper (Executive Director Funding & Finance)  
Mr M Patel (Financial Accountant)  
Mr A Alimohamed (MacIntyre Hudson)  
Ms S Blakemore (Buzzacott)

The meeting commenced at 1800.

**WELCOME, APOLOGIES, & DECLARATION OF INTERESTS**

1. Apologies were received from Ms M Izquierdo. 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 29 June 2016 (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. It was confirmed all action points are agenda items at this meeting. There were no matters arising from the minutes.

**INTERNAL AUDIT SERVICES ANNUAL REPORT 2016/16**

4. Received for information purposes was the internal audit report covering the audits undertaken during visit 2 (Paper 3). This report had previously been reviewed by the Committee in June but management responses had yet to be confirmed. These were now confirmed and included in the report that had been emailed to members.

5. The Committee placed on record its thanks to the HR team for addressing immediately two of the recommendations made on staff recruitment and selection.

6. The '*Internal Audit Annual Report 2015/16*' was received (Paper 4). The Annual Internal Audit Report confirmed the areas subject to audit were in accordance with the agreed audit plan for 2015/16.

7. The Internal Audit Service (IAS) reviewed and evaluated the college's processes in a number of business areas. From these examinations the IAS concluded that the college has adequate policies, procedures and operations in place to:

- establish and monitor the achievement of the College objectives;

- identify, assess and manage the risks to achieving the College's objectives;
- advise on, formulate, and evaluate policy, within the responsibilities of the Principal as accounting officer;
- ensure economical and efficient use of resources;
- ensure compliance with the College's policies, procedures, laws and regulations;
- safeguard the college's assets and interest from losses of all kinds, including those from fraud, irregularity and corruption;
- ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

8. The opinion of the IAS is that West Thames College has adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives.

9. The Committee welcomed the positive opinion expressed within the report and it was **RESOLVED** that the '*Internal Audit Annual Report 2015/16*' be included within the Annual Report from the Audit Committee and be recommended for the approval by the Corporation at its meeting of 07 December 2016.

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

10. The Committee received for review and approval the proposed '*Internal Audit Strategy & Plan 2016-17*' (Paper 5). The focus of the two planned visits would be on financial viability focusing on:

- Key Financial Controls – Nominal Ledger
- Key Financial Controls – Income and credit control
- Treasury Management
- Budget Setting and Control
- Commercial Income and Diversification

11. The Committee had no issues with what was proposed but sought confirmation on how assurances were being obtained for other key areas of the College's operations and business strands, and in particular:

- Staff & student activity
- Estate and property
- Student applications and enrolments
- Data quality and curriculum
- Board assurance and management

12. It was **AGREED** to make available at the March 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.

13. It was **RESOLVED** to approve the '*Internal Audit Strategy & Plan 2016-17*'

## **OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**

14. The report on progress made in the implementation of outstanding internal audit recommendations was received (Paper 6). The report summarised the ten recommendations reported as outstanding as at 12 September and provided an update on current progress. Of the ten, seven have been implemented and three are still work in progress.

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

## **FINANCIAL STATEMENT & REGULARITY AUDIT POST AUDIT MANAGEMENT LETTERS & FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2016**

16. Under this agenda item the Committee received the following reports:

- Financial Statements 2015/16 (Paper 7)
- Post Audit Management Letter (Paper 8)
- Letter of Representation (Paper 9)
- Completed regularity self-assessment document for information only (Paper 10)

17. As required by the Audit Code of Practice, a copy of the College's draft '*Financial Statement and Annual Report 2015/16*' 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 was conducted by the Finance Committee on 23 November 2016.

18. 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

19. The financial statements opinion is addressed to the College. The regularity opinion is addressed to the College and the Skills Funding Agency (SFA).

20. The Post Audit Management Letter raised one minor internal control issue. The financial statement auditor has issued an unqualified report on the 2015/16 accounts.

21. The Audit Findings Report raised no internal control issue relating to regularity audit. An unqualified regularity audit opinion was confirmed for 2015/16.

22. Both audit opinions are confirmed in the Financial Statements and Annual report for the year-ended 31 July 2016.

23. 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 07 December 2016.

## **CONFIDENTIAL SESSION**

24. Prior to consider 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 205/16 FROM THE AUDIT COMMITTEE**

25. The 'Annual Report 2015/16 from the Audit Committee' was received (Paper 11). There is a requirement in the Joint Audit Code of Practice that states 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.

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

*There are no matters that the committee wishes to bring specifically to the attention of the Corporation Overall, based on the information provided to them by the College; the work, reports and audit opinions of the College's Internal and Financial Statement & Regularity Auditors; and the opinions and assurances received from the Corporation Committees; the Audit Committee's opinion is that that the College's risk management, control and governance systems and its internal processes for securing economy, efficiency and effectiveness at the College are adequate and effective and that the Governing Body should have confidence in relying upon them. The Committee is satisfied that where weaknesses are identified they have been responded to in an appropriate and timely manner.*

*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.*

27. It was **RESOLVED**

- (i) That the Committee approves the 'Annual Audit Report 2015/16 from the Audit Committee'; and
- (ii) That the 'Annual Audit Report 2015/16 from the Audit Committee' be made available to the Principal and Corporation at its meeting on 07 December 2016.

## **EXTERNAL ASSURANCES ON SUBCONTRACTING CONTROLS**

28. The Skills Funding Agency (SFA) have announced they will consider the risks that subcontracting presents and how they can be mitigated. Subsequently, the College's funding agreements for 2016/17 contains a clause on the requirement to obtain external assurances on the College's subcontracting

controls.

29. The clause requires lead providers that will subcontract more than a defined level of provision (aggregate value of £100,000 or more in any one year) in 2016/17 to obtain a report before 31 Jan 2017 from an external auditor that provides assurance on the arrangements in place to manage and control their subcontractors. The clause requires the college to supply the SFA with a certificate confirming that the report provides satisfactory assurance. It was confirmed the College will appoint Buzzacott to undertake this work during January 2017.

30. It was **RESOLVED** to note the update.

## **RISK MANAGEMENT**

31. The Committee received for review the entire Risk Register (Paper 12) containing all risks, including low risks. For the spring and summer term meetings, the Committee will receive for review the 'High Risk Register'.

32. The Finance Committee at its meeting on 23 November reviewed those risks that fall within the terms of reference of the Committee, and the following points were noted from the review conducted by the Finance Committee:

- Two risks have been removed from the Register – the failure to implement the LEP project as the project is now complete; and the implementation of the new SORP as the new SORP has been applied to the Financial Statements 2015-16.
- Three new risks have been added to the Risk Register and all three fall under the responsibility of the Finance Committee. The first deals with the impact of Brexit (Risk 48); the second on the catering contract (Risk 49) and the third on the proposed merger with Uxbridge College and Harrow College (Risk 50).
- 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.

33. The Quality Committee at its meeting on 12 October reviewed those risks that fall within the terms of reference of the Committee, and the following points were noted from the review conducted by the Quality Committee:

- A new risk has been added to the Risk Register - Risk 7 (Reduction in achievement rates due to a failure to prepare staff and students appropriately for new assessment methodologies of the new qualifications).
- Risk 9 (Failure to improve success rates) has had its overall score increased to 20.
- Following review of the issues discussed at this meeting, and in order to focus attention, the Committee requested two new risks be added to the Risk Register:
  - A separate risk for English & maths (Risk 45); and

- Staff turnover and appropriately qualified staff. To inform the Committee if there is any impact on curriculum delivery arising from any of these potential staffing issues (Risk 46)
- 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.

34. Following review of the Risk Register, it was **RESOLVED**:

- (i) To add a risk on the Apprenticeship Levy;
- (ii) To make available for review at the next meeting the Merger Risk Register; and
- (iii) To note the Risk Register

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

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

35. The '*Annual Review of Auditors' Performance Report*' was received. The Audit Committee is required to annually assess 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.

36. It was **RESOLVED** to approve the annual review of the performance of the internal audit service.

37. It was **RESOLVED** to approve the annual review of the performance of the external audit service.

### **ANY OTHER BUSINESS**

38. There was no other business.

### **DATE OF NEXT MEETING**

39. Wednesday 01 March 2017 @ 6pm.

The meeting closed at 19.30

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

(Chair)

**AUDIT COMMITTEE SUMMARY ACTION LIST**

<b>MINUTE</b>	<b>ACTION POINT</b>	<b>REVIEW DATE</b>
12	To make available at the March 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	1/3/17
34	(i) To add a risk on the Apprenticeship Levy; (ii) To make available for review at the next meeting the Merger Risk Register	1/3/17