

**Minutes of a Meeting of the Audit Committee  
Wednesday 27 June 2018**

**Present**                    Mr J Bryant (Chair)  
                                 Mrs C Ajit Singh  
                                 Ms M Izquierdo

**Also present**            Mr M Cooper  
                                 Mr A Alimohamed (MacIntyre Hudson)  
                                 Mr J Allen (Clerk)

The meeting commenced at 1800.

**APOLOGIES, & DECLARATION OF INTERESTS**

44. Apologies were received from Ms T Aust. There were no declared interests against any of the agenda items. It was confirmed that the meeting was quorate.

**MINUTES**

45. It was **RESOLVED** the minutes of the meeting, held 29 November 2017, be confirmed as a correct record and signed by the Chair.

46. It was noted that there was no spring term meeting of the Committee.

**SUMMARY ACTION LIST & MATTERS ARISING**

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

48. There were no matters arising from the minutes.

**OUTSTANDING AUDIT RECOMMENDATIONS**

49. The report on progress made in the implementation of outstanding internal audit recommendations was received. It was confirmed the report includes the recommendations in the internal audit reports that are to be reviewed and considered at this meeting.

50. Of the 25 recommendations listed in the report, it was confirmed 13 have been fully implemented, 3 are in progress but not yet fully implemented, and 9 are not yet due for implementation.

51. Two of the three recommendations, still in progress of being implemented, related to the audit conducted on commercial income and diversification. It was confirmed more work is required to develop a commercial strategy and that this will receive greater focus as a key strategic priority. This strategic priority is to be included in the Development Plan 2018-19. The third recommendation, still in progress, related to the Health & Safety audit - a later agenda item.

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

## INTERNAL AUDIT REPORTS

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

<b>Audit</b>	<b>Opinion</b>	<b>Recommendations</b>
Key Financial Controls - Suppliers & Purchasing	Substantial Assurance	2 Low 1 Advisory
Key Financial Controls - Bank & Cash	Full Assurance	2 Advisory
Key Financial Controls - Treasury Management	Full Assurance	1 Low
Course Viability and Resource Utilisation	Substantial Assurance	3 Low
Health & Safety	Substantial Assurance	2 Medium 2 Low 1 Advisory

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 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 that the rating be subject to further review once the follow-up audit has been conducted. If there remains an issue on non-compliance, the Committee would expect the recommendation rating to be raised to a higher level.

55. The audit conducted on Health & Safety made the 'Medium' recommendation for the College to conduct a further review to determine whether all Fire Risk Assessments (FRA) related remedial actions have been cleared. It was reported to the Committee that the FRA remedial actions, to be carried out within twelve months, have all been undertaken and are now closed. The College is currently reviewing and updating longer-term remedial actions recommended.

56. The second 'Medium' recommendation related to the need to conduct remedial works noted within the fixed electrical inspection for the Millennium Building and Nursery. It was confirmed the required remedial actions have all been completed.

57. On an annual basis, the Estates Manager carries out an inspection of the College's communal areas. The Health & Safety audit confirmed that an inspection had been carried out for Spring Grove House, Atrium & Millennium Building and the Sir Joseph Banks building between April and May 2018.

58. 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 (by email) to enable the Committee to be assured that these priority points have been actioned.

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

#### **INTERNAL AUDIT PLAN 2018-19**

60. The College report '*Internal Audit Plan 2018-19*' was received

61. 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 2018-19. It was confirmed the list of proposed audit areas would be refined over the summer. The final plan will be presented to the autumn committee meeting for approval.

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

#### **SUBCONTRACTING CONTROLS**

63. Funding agreements with the ESFA contain a clause concerning an annual subcontracting external assurance requirement. The clause requires lead providers, who will subcontract more than an aggregate value of £100,000 in 2017-18, 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 14 September 2018 confirming that the external audit report provides satisfactory assurance.

64. It was reported that the College has subcontracted provision estimated at around £120k and, therefore, arrangements are in hand for the required external audit to be undertaken.

65. The outcomes of the audit will be reported to the Committee.

#### **FINANCIAL STATEMENT & REGULARITY AUDIT**

66. The Financial Statement & Regularity Audit Plan prepared by Buzzacott was received. The report outlined the audit areas and the following proposed fee structure for the audit of year-end accounts 31 July 2018.

	<b>Proposed 2017/18 £</b>	<b>Actual 2016/17 £</b>
Financial statements audit	20,720	20,215
Teachers' Pension audit	1,400	1,000
Regularity assurance	3,410	3,330
Subcontracting audit	2,150	2,100

67. The Committee asked as to whether the proposed fee could instead be a fixed fee that had been agreed prior to the commencement of the audit. In response, it was stated the fee is proposed based on a number of key assumptions and actions required from the College. If these assumptions are met and adhered to then the proposed fee would be the actual fee.

68. It was **RESOLVED** that the Audit Committee approves the Financial Statement & Regularity Audit Plan for the year-end accounts 31 July 2018.

## **BOARD ASSURANCE FRAMEWORK & RISK MANAGEMENT**

69. The current version of the Board Assurance Framework (BAF) was received. Confirmation was given that the review of the BAF helped to inform the draft of the internal audit plan for 2018-18, an earlier agenda item.

70. 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 but were subject to detailed review from the Quality Committee and Finance Committee.

71. 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 will not achieve the target numbers.
- Reduced score for risk #12 due to relative stability of ESFA and OfS (formerly HEFCE) funding policy. The most significant change in recent years – the changes to funding for Apprenticeships brought about by implementation of the Levy – is included elsewhere in the Risk Register.
- The risk pertaining to 'failure to recruit planned student numbers leading to revenue deficit' has been split into several risks which are specific to different funding streams (see risks #17-19)
- Increased score for risk #31 following grade outcome of Nov-17 Ofsted inspection.
- Reduced score for risk #36 as the YTD value of AEB funding, for Trade Union Education and Pre-Employment Training (PET) courses, has already exceeded the full-year budget and is projected to exceed the aggregated target by around £100k by the end of the year.

- Increased score for risk #38 as fee income from student take-up of Advanced Learner Loans will not achieve the budgeted value.
- The net score of risk #45 has increased to 10 as Aramark has served notice on the College given their intention to terminate the catering contract unless the College makes a financial contribution to their operation, which is currently running at a loss.
- A new risk (#48) relating to students' on-course progress and achievement of high grades on Level 3 courses has been added.

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

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.

#### **ANY OTHER BUSINESS**

74. There was no other business.

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

75. Wednesday 28 November 2018 @ 6pm

The meeting closed at 19.45

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

#### **SUMMARY ACTION LIST**

<b>Min</b>	<b>Action Point</b>	<b>Review Date</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 issue on non-compliance, then the Committee would expect the recommendation rating to be raised	28/11/18

	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 (by email) to enable the Committee to be assured that these priority points have been actioned.</p>	28/11/18
61	Internal Audit Plan 2018-19 - to receive for approval	28/11/18
65	Subcontracting Audit - The outcomes of the audit will be reported to the Committee.	28/11/18
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.	28/11/18