

**Minutes of the meeting of the
Audit Committee held on
Tuesday 11 June 2019, at 4.30pm in the Boardroom**

Present: Mark Bass - Chair
Sarkis Mazmanian
Balbinder Panesar

In attendance Wijay Pitumpe - Chief Finance & Enterprise Officer (CFEO)
Mike Cheetham – RSM (MC)
Mark Eagle (MacIntyre Hudson) (ME)
Victoria Eastwood - Clerk to the Corporation

1. Welcome and apologies for absence

Apologies for absence were received from Maxine Deslandes. The Chair welcomed those present to the meeting and Balbinder Panesar was welcomed as a full member of the Committee since his appointment to the Corporation. It was also noted that Elaine James had resigned from the Corporation.

2. Declarations of Interest

Members were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. None were anticipated.

3. Minutes of the Previous Meeting – Monday 25 March 2019

The Minutes of the previous meeting held on Monday 25 March 2019 were agreed as a true and accurate record.

4. Matters Arising

An update on outstanding actions from the March 2019 Committee meeting were provided:

Ref.	Action	Responsibility	By (Deadline)	Update
6(b)	Explanation of why there had been an extension to recommendation/implementation deadlines to be included in future reports.	DOFE/Clerk	June Committee Meeting	Noted for future reporting
8	Risk of increased competition to be included in the risk register.	CFEO	ASAP	Included within risk for Learner targets.
9. (AoB)	Management accounts to be uploaded to the E-Governance system each month.	DOFE/Clerk	ASAP	Ongoing – April Accounts have been uploaded.

5. Post 16 – Audit Code of Practice 2018-19

The Clerk highlighted the changes from the March 2018 version of the Audit Code of Practice and referred the Committee to the anti-fraud checklist. The Committee were advised that the College was compliant with the checklist, however, it had been noted that the Anti-Fraud Policy had previously been approved by the Policy & Resources Committee when it should have been approved by the Audit

Committee as this Committee had strategic oversight for risk. It was agreed that the Anti-Fraud Policy be approved by the Audit Committee going forward.

Action: Anti-Fraud Policy to be approved by the Audit Committee at the first meeting of the 2019/20 academic year.

6. Internal Audit Reports

(i) Governance and Risk Management

The Chief Finance & Enterprise Officer (CFEO) reported that six low recommendations had been made by the Auditors which had provided an amber rating. He noted that management had reservations regarding the over assessment of the grade given that there were six low recommendations and the average sector was five.

The Internal Auditor, Mike Cheetham (MC) advised that the nature and context of review was taken into account to provide a judgement on grades and whether the area was fundamental to the workings of the College. MC advised that all recommendations had been completed and reasonable assurance had been provided.

The CFEO referred to the recommendation regarding risk appetite. MC stated that a different risk appetite was required for different decisions and therefore a blanket risk appetite would not fit. The College's proposal of a medium to high risk appetite was fair but it was recommended that a number be included within that criterion to clarify the risk grade. The Chair stated that the risk appetite had to be at the specific point in time for that activity.

The CFEO advised that risk appetite was decided through a Corporation and Executive Team discussion agreed at the strategic planning day. Each issue for risk appetite differed and the context needed to be taken into account. A caveat was required detailing that due diligence was taken into consideration.

(ii) Key Financial Controls

MC informed the Committee that the report had covered IR35 and Income and Debtors and the overall assessment was green – substantial assurance. Two low level recommendations had been made for Income and Debtors and these were being progressed by management accordingly.

The Chair added that the College needed to ensure it adhered to the systems in place.

(iii) Safeguarding

MC advised that a positive opinion had been provided for safeguarding and the report had been assessed as amber – reasonable assurance. Three low and two medium recommendations had been made regarding compliance with the policy.

In response to a query from the Chair, the CFEO confirmed that HR was now considering whether automatic notifications could be available on the HR system.

(iv) Learner Assessment and Quality

MC reported that Learner Assessment and Quality had been assessed as amber – reasonable assurance with six low recommendations made.

In response to a query from Bal Panesar, the Chair advised that the Committee had agreed that any substantial delays to completion dates for recommendations would be notified to the Committee. The CFEO added that the purpose of the Internal Auditor Follow Up Report was to ensure recommendations were completed.

Agreed: That the Internal Audit reports be noted.

7. Progress on Previous Internal Auditor Recommendations

The CFEO referred to Appendix A of the report and advised that the new College website would be live from July 2019.

Discussion took place on the revision of implementation dates and it was agreed that more narrative on why dates were revised and how external factors had affected the recommendations needed to be provided.

The Clerk reported that the self-assessment and appraisal process had been completed. The Board effectiveness review would take place at the beginning of the new academic year.

The Chair noted that actions were in place for any actions carried forward.

Action: Detailed narrative on why implementation dates had been revised and how external factors had affected the recommendations to be provided going forward.

8. Financial Statements Auditors – Audit Plan 2018/19

The Financial Statements Auditor, Mark Eagle (ME) provided a strategic overview of the audit planning processes, detailing the following:

- At the planning stage, overall financial statements materiality is estimated at 1-2% of income. Any items in excess of 5% of materiality will be reported
- Consolidation – several subsidiaries
- Management letter – internal audit assurance
- Fraud responsibilities
- Ethical issue
- Audit timetable
- Report true and fair opinion

ME advised that he had met with the CFEO and Director of Finance and Estates (DOFE) to discuss the plan and the risks ahead and it was noted that a lot of the risks were sector specific but capital venture was key for the College.

The CFEO reported that Education and Skills Funding Agency (ESFA) rules stated that signed financial statements must be submitted by 31 December 2019 but the Office for Students (OfS) had requested the financial statements by 30 November 2019. Discussions were currently ongoing between the ESFA and the Association of Colleges (AoC) were ongoing. ME advised that the requirements of the OfS would not impact on this year's account for but increased disclosure concerning remuneration etc would be required for 2020.

Bal Panesar questioned how much time was allocated for the Subsidiaries. ME responded that an audit opinion would be provided for each of the subsidiaries individually and not as an overview. The CFEO added that each subsidiary had its own Board to discuss issues.

Approved: The Financial Statements Auditors Audit Plan 2018/19 was approved.

9. Risk Management Update

The CFEO informed the Committee that the Risk Strategy had been updated to reflect the changes proposed at the April Strategic Planning Event and risk appetite and risk escalation had been defined as per the internal audit recommendations discussed earlier in the agenda.

It was noted that once the final version of the College Vision, Mission and Strategic Directions was confirmed, amendments would be required to the strategy to ensure all objectives could be achieved and to mitigate the risks.

The CFEO reported that any new risks to the risk register were highlighted in purple and the risk of increased competition had been included in the learner targets (action from March Audit Committee). The Committee were referred to the risk pertaining to pensions, advising that the College would definitely receive funding for the first year but had been referred to the next spending review for following years.

Agreed: That the current position be noted.

10. Whistleblowing Policy Review

The Clerk reported that the Whistleblowing Policy had last been reviewed in 2016 and approved by the Committee. There had been no legislative changes affecting the policy, however, the policy had now been updated to align with the Association of Colleges (AoC) best practice model. The Committee were advised that there had been no reported whistleblowing cases during this time.

The Clerk stated that the Whistleblowing Policy would next be reviewed in 2022 unless there were any relevant changes in policy or legislation.

In response to a query from MC, the Committee were referred to sections eight and ten providing information for any whistleblowing queries to be directed to external bodies.

Approved: The Whistleblowing Policy was approved for future use.

11. Any Other Business

There was no further business.

12. Date and Time of Next Meeting – To be confirmed at the July Corporation Meeting.

The Chair thanked all present for their contributions.

The meeting concluded at 5.15pm.

ACTIONS FROM MEETINGS OF THE AUDIT COMMITTEE

Ref.	Action	Responsibility	By (Deadline)	Update
5.	Anti-Fraud Policy to be approved by the Audit Committee at the first meeting of the 2019/20 academic year.	Clerk	November 2019	Policy is being reviewed and will be presented at the March Audit Committee Meeting.
7.	Detailed narrative on why recommendation dates had been revised and how external factors had affected the recommendations to be provided going forward.	DOFE/Clerk	November 2019	Ongoing

Signed.....
Mark Bass (Chairman)

Date.....