

**Minutes of the meeting of the
Audit Committee held on
Monday 18 June 2018, at 4.00pm in the Boardroom**

Present: Mark Bass - Chair
Sarkis Mazmanian

In attendance Wijay Pitumpe - Chief Finance & Enterprise Officer (CFEO)
Sam Abbas – RSM (SA)
Mark Eagle - MacIntyre Hudson (ME)
Victoria Eastwood - Clerk to the Corporation
Maxine Deslandes – Director of Finance & Estates

1. Welcome and apologies for absence

The Chair welcomed those present to the meeting. There were no apologies for absence.

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 19 March 2018

The Minutes of the previous meeting held on Monday 19 March 2018 were agreed as a true and accurate record.

4. Matters Arising

An update on outstanding actions from the March 2018 Committee meeting were provided:

Ref.	Action	Responsibility	By (Deadline)	Update
5	Appointment of Vice-Chair be deferred to the June 2018 meeting of the Committee.	Clerk	18 June 2018	Included on the Agenda
7	Ensure NCWR staff training has been completed by end of 31 July 2018. Progress to be advised at the next Committee Meeting.	CFEO	18 June 2018	Training in progress will be completed by 31 July 2018.
8	Update on the fixed asset system be provided at the June Audit Committee Meeting.	CFEO	18 June 2018	The fixed asset system will be live by the beginning of the 2018/19 academic year.
9	COO title to be amended where appropriate within the risk register.	CFEO	ASAP	Complete
9	Growth Opportunities to be included as a low risk within the risk register.	CFEO	ASAP	The Exec Team are reviewing the College growth agenda.

				Once the review is complete the risk will be included.
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There were no further matters arising that were not covered by the Agenda.

5. Committee Vice-Chair

The Clerk reported that this item had been deferred from the March Committee Meeting but that the position regarding Committee membership remained unchanged. It was agreed that this item would be deferred to the first meeting of the academic year and that membership of the Audit Committee be reviewed and strengthened over the summer period.

**Action: That the appointment of the Committee Vice-Chair be deferred to the November 2018 Audit Committee Meeting.
That membership of the Audit Committee be strengthened as soon as possible.**

6. Committee Self-Assessment

The Clerk advised that, in order to ensure newer Corporation Members felt comfortable with the self-assessment process, the committee self-assessment would be deferred to the next academic year and would feed into the whole Corporation self-assessment process in December 2018.

Agreed: That the Committee self-assessment be deferred to the next academic year in order to feed into the Corporation self-assessment process in December 2018.

7. Committee Meetings Schedule 2018/19

The Clerk informed the Committee that the meetings schedule for 2018/19 had been approved by the Corporation and that the schedule had been presented to the Committee for the benefit of the Auditors.

Agreed: The meetings schedule for 2018/19 was noted.

8. Post-16 Audit Code of Practice 2017-18

The Clerk reported that the Post-16 Audit Code of Practice was issued annually and set out the common standard for the provision of assurance in relation to funding of post-16 providers. The changes from the previous version (March 2017) were outlined and the Clerk advised that these would be adhered to.

The Clerk highlighted the change clarifying that ‘staff governors should not be members of an audit committee’ and expressed her disappointment at this. The Committee were advised that the Staff member had been informed of this decision and thanks were recorded to Doug Trengove for his previous contributions to the Committee.

Agreed: That the changes to the Post-16 Audit Code of Practice 2017-18 be noted.

9. Internal Audit Assignment Reports:

(a) Examinations

The Internal Auditor, Sam Abbas, (SA) presented the internal audit assignment report on Examinations, advising that overall assessment was ‘Green – Substantial Assurance’ and two low recommendations had been made. The recommendations were being progressed by College management.

Agreed: That the report be noted.

(b) General Data Protection

SA reported that the report on GDPR was advisory and was a review to assess the College’s progress on GDPR implementation. As such, an assurance opinion was not provided.

Four actions had been recommended during the audit and these were being progressed. The next step would be to assess compliance and ensure GDPR was embedded throughout the College.

In response to a question from the Chair, SA stated that the report suggested that the College was doing well compared with other organisations and fared positively against the benchmarking report provided by RSM. It was agreed that Members would be provided with a copy of this report.

The Clerk added that an update on the College's current GDPR position would be provided at the July Corporation Meeting.

Action: That the RSM Benchmarking report be provided to Committee Members.

(c) Governance & Risk

SA informed the Committee that the Governance and Risk report had been assessed as 'Green – Substantial Assurance' with one medium and three low recommendations. The medium recommendation pertained to self-assessment which had been discussed earlier in the agenda.

In response to a query from Sarkis Mazmanian (SM), the Clerk clarified that the recommendation concerning governor training was to ensure all training was recorded whether it was internal, external or via webinars. Records would now be maintained.

Agreed: That the report be noted.

(d) Financial Controls

Overall assessment for financial controls was assessed as 'Green – Substantial Assurance.' There were no concerns with payroll and three low recommendations had been made.

The Chair questioned whether the mismatch issues with the system had been corrected. The Director of Finance and Estates (DOFE) replied that approvals were currently provided on paper but the system required updating to allow for differing authority limits.

The Chair asked whether there was ability for delegated authority to be permitted for set periods. The DOFE responded that this wasn't available at present and it was only possible to limit how much was spent per period.

Action: DOFE to investigate whether delegated authority for set periods would be available on the College system.

(e) Learner Numbers

SA reported that an overall assessment for Learner Numbers was no longer provided and this was a review of a sample of learners and not a formal opinion.

One high and two low recommendations were made. The high recommendation related to eligibility of costs - a breakdown of the price elements for apprenticeships not being in place.

The DOFE clarified that the introduction of the Apprenticeship Levy was new to the College and historically, 16-18 learners would not pay fees. The error had occurred when a 16-18 learner had been incorrectly identified as a 16-18 apprenticeship. An exception report was now in place to ensure this was not repeated.

The Chair noted that the target date for implementation of this recommendation was August 2018 and asked that this be included on the November 2018 meeting agenda to ensure compliance.

Action: That progress/completion of the high recommendation for the learner numbers internal audit report be included on the November 2018 Meeting agenda.

(f) Follow up on Previous Recommendations:

SA advised that an overall assessment of 'Good Progress' had been provided on the implementation of previous recommendations. One low recommendation on an updated Treasury Management was outstanding but this was scheduled to be presented to the Policy and Resources Committee at their meeting later that evening.

The Chair stated that the general concern was whether there was a handle on policies/procedures and the dates these required review. The stance should be that policies are both correct and up to date or

are no longer required. If there was nothing to change on a policy then the date of the policy should be updated to reflect it had been reviewed.

The Chair sought clarification on whether the College had a central database for policies and their review dates. The CFEO replied that a database was in place and being managed with the Quality Unit.

Agreed: That the position be noted.

10. Progress on Previous Internal Audit Recommendations

The DOFE provided an update on the progress against previous internal audit recommendations advising that the recommendations with an implementation date of 31 July 2018 were still in progress. Two actions with initial implementation dates of March 2018 had been updated with new completion date of November 2018 as work was still taking place on these. An update would be provided at the November Committee Meeting.

Agreed: That the position be noted.

11. Financial Statements Auditors – Audit Plan for 2018/19

The Financial Statements Auditor presented the proposed audit plan for 2018/19 advising that there were no concerns identified that required specific review as part of the audit process. The following were highlighted from the report:

- Key areas that would be addressed within the audit planning process: capital expenditure, key financial controls, recognition of income, going concern, consolidation and related party disclosures;
- Scope and framework for considerations;
- Expected audit approach;
- Responsibilities of the Corporation
- Proposed timetable

Approved: That the Financial Statements Auditors – Audit Plan 2018/19 be approved.

12. Progress on Previous Financial Statement Auditor Recommendations

The DOFE provided the progress to date on the previous external audit recommendations advising that there was one recommendation outstanding relating to the fixed asset register with an implementation date of July 2018.

The Committee were informed that the fixed asset system had now been chosen and would be in place by the end of the year.

Agreed: That the position be noted.

13. Risk Management Update including Risk Register

The Chief Finance & Enterprise Officer (CFEO) reported that there had been little change to the Risk Register since the previous meeting. The Executive Team were in the process of discussing whole college growth agenda and once this had been agreed it would be added to the register as a risk.

Agreed: That the current Risk Register be noted.

14. Subcontracting Controls Report 2017/18 including Apprenticeship Sub-contracting

The CFEO advised that the ESFA required the College's Financial Statements Auditors to undertake an assessment of the College's system of control in relation to its subcontracted provision.

The report found that the College 'meets the expectations outlined by the SFA in their March 2017 document- providing external assurance on subcontracting controls.'

The Committee were informed that the Auditors also required the College to issue a Providing External Assurance on Subcontracting Controls Certificate and this had been submitted.

Agreed: That the position be noted.

15. Date and Time of Next Meeting – Monday 19th November 2018, 4pm.

The Chair thanked all present for their contributions.

The meeting concluded at 5.15pm.

Signed.....
Mark Bass (Chairman)

ACTIONS FROM MEETINGS OF THE AUDIT COMMITTEE

Ref.	Action	Responsibility	By (Deadline)	Update
5	Appointment of the Committee Vice-Chair be deferred to the November 2018 Audit Committee Meeting.	Clerk	November 2018	
5	Membership of the Audit Committee be strengthened as soon as possible.	Clerk	ASAP	
9 (b)	RSM Benchmarking report be provided to Committee Members.	Clerk	ASAP	Complete
9 (d)	Investigate whether delegated authority for set periods would be available on the College system.	DOFE	ASAP	
9 (e)	Progress/completion of the high recommendation for the learner numbers internal audit report be included on the November 2018 Meeting agenda.	Clerk	November 2018	