



**Minutes of a Meeting of the Audit Committee of the
Board of the Corporation**

held at the College on Tuesday 10th March 2014 at 5.30 p.m.

Present:

Mr G Marshall (Chair), Mr J Davies, Mrs G Granath, Mr G Gibson

Apologies: Mr D Temperley.

In attendance:

Ms K Redhead (Principal), Mr C Todd (Director of Finance and Resources),
Mr M Sowerby (Clerk to the Corporation), Mr P Church (Internal Audit, Baker Tilly)
Ms C Leece (Baker Tilly)

The Chair, Mr Marshall welcomed all attendees to the meeting and especially welcomed Ms Redhead, the new Principal and Mr C Todd the new Director of Finance and Resources who were attending the meeting for the first time.

1. Declarations of Interest

1.1. There were no declarations of interest.

2. Minutes of the Meeting of the Audit Committee held on 11th November 2013

Matters Arising

2.1. Item 3.1. Langley Park. The Director of Finance and Resources informed Members that there had been no further movement on the sale of the property. The views of another estate agent had been sought and the sale to an interested party will be progressed over the next few months. A Member commented that considerable improvements have taken place in the area around the property and the community will probably be keen for the property, which has become an eyesore, to be removed.

2.2. Item 7.4 Benchmarking with other Colleges. A Member asked if the benchmarking exercise had been carried out. Mr Church (Internal Audit) stated that he had provided the information to the Interim Director of Finance and Resources. The Principal advised Members that the information may have been mislaid in the

hand over to the new Director but a benchmarking report will be presented to the next meeting of the Audit Committee.

Agreed:-

2.3. THAT the Committee accept the minutes as a true record.

3. Report on outstanding audit recommendations.

3.1. The Director of Finance and Resources informed Members that significant progress had been made in the implementation of the outstanding audit recommendations. Six of the recommendations have now been implemented, two new recommendations have been added resulting in four being carried forward.

3.2. The Director of Finance and Resources advised Members that the Fixed Asset Register is a long standing recommendation which will receive attention in the next few weeks.

3.3. Following a question the Director of Finance and Resources informed Members that he will discuss the Strategic Planning recommendation with the Clerk and hopefully this item can be removed.

3.4. Following a question from the Chair regarding the IT Disaster Recovery recommendation, the Director of Finance and Resources informed Members that a lot of testing has been undertaken but as yet a full shut down has not been implemented. The Principal confirmed that officers are currently contemplating the best ways to test the processes.

Agreed:-

3.5. THAT the Committee accept the report.

4. Risk Register update

4.1. The Director of Finance and Resources presented the report and informed Members that the strategic Risk Register has been comprehensively reviewed and updated over the last few weeks. Each risk has been more clearly redefined and a diagrammatic form of the Risk Register has been produced to provide a high level summary of residual and target risk scores. The Director of Finance and Resources then explained in more detail the risk diagram which accompanied the report.

4.2. The Director of Finance and Resources informed Members that a Risk Management Strategy is to be developed and implemented and a further update will be provided at the next meeting of the Audit Committee.

4.3. The Chair commented that the report contained very positive comments.

4.4. Following a question the Director of Finance and Resources confirmed that the development of the Risk Management Strategy will provide further clarity on the process of updating, reviewing and evaluating risks.

Agreed:-

4.5. THAT the Committee approve the updated Risk Register and note the development of Risk Management Strategy.

5. Internal Audit Reports

5.1. Mr P Church presented the following internal audit reports:

- Safeguarding
- Creditor Payments
- Internal Audit Progress Report

5.2. Safeguarding

5.2.1. Mr Church explained the reason why the report format had changed and outlined several aspects of the report. Members were advised that the systems in place provided substantial assurance that the controls upon which the College relies to manage this area are suitably designed, consistently applied and effective. Members were also advised that no formal recommendations had been made.

5.2.2. The Chair commented that the report was very good and it was unusual to have no recommendations. The Chair noted that the date on page 5 of the report needed to be changed to January 2014.

Agreed:-

5.2.3. THAT the Committee note the report

5.3. Creditor Payments

5.3.1. Mr Church presented the report and advised Members that an audit of this area is normally undertaken every two years. Mr Church then outlined the introduction and the scope of the report. No formal opinion was provided in the report. Two recommendations had been made and both had been agreed and implemented by management.

Agreed:-

5.3.2. THAT the Committee note the report

5.4. Internal Audit Progress Report

5.4.1. Mr Church highlighted several aspects of the report and informed Members that it had been agreed to move the Risk Management audit to June to enable the Director of Finance and Resources to develop the Risk Management Strategy.

5.4.2. The Principal informed Members that she had instructed the Internal Auditors to merge and amend the Student Journey audit and the Academic Quality Systems audit in order to produce a more challenging and worthwhile audit.

Agreed:-

5.4.3. THAT the Committee note the report

6. Funding Assurance Review

6.1. The Principal presented the paper and described the background to the Funding Assurance Review. The Principal then outlined the Executive Summary and explained the weaknesses which had been identified. Members were informed that many of the weaknesses identified had been due to the timing of the review.

6.2. Members were further advised that as a result of the review the Skills Funding Agency (SFA) took back approximately £20k in funding from the College. However the SFA had taken back £600k from another college in the region. The Director of Finance and Resources confirmed that the report was good and only relatively minor items had been identified.

6.3. Following a question the Principal informed Members that the SFA had not stated that a follow up review would take place, but reviews will be more regular in future.

6.4. The Principal informed Members that in future the College is to run the PDSAT data collection reports frequently in order to keep the data clean and reduce the volume at the year end. Partners have been instructed to submit evidence to the College on a monthly basis in future.

6.5. Following a question, the Principal informed Members that the 585 National Insurance numbers not collected possibly represented 10% of all learners. A Member commented that it was a good report but the figures would have had more relevance if they had been put into perspective.

Agreed:-

6.6. THAT the Committee note the report

The Chair asked Mr Church and Ms Leece to leave the meeting at this point.

7. Re-Tendering of Internal Auditors and Financial Statements Auditors

7.1. The Director of Finance and Resources presented the report and briefly summarised the key points of the Special Audit Committee held on the 8th October 2013 and the progress made to date. Members were informed that the Senior Management Team had agreed the tendering process which was contained within the report.

7.2. The Director of Finance and Resources then explained the tendering timetable and asked Members to consider holding a special Audit Committee meeting during week commencing 28 April 2014. At this meeting the Audit Committee could

evaluate the returned tender documents and receive a short presentation from each of the companies. The recommendation of the Audit Committee would then be approved at the meeting of the Board on the 20th May 2014.

7.3. Members were then given details of the four companies who were to be invited to tender. The Director of Finance and Resources informed Members that three of the four companies would probably be interested in tendering for both internal and external services.

7.4. Following a question the Director of Finance and Resources confirmed that the number of audit days had deliberately not been included in the tendering document as there needs to be more focus on the quality of audits rather than the number of days spent doing audits.

7.5. Following further questions the Director of Finance and Resources confirmed that there are advantages in having one company doing both audits, but we will need to see what the tenders look like. The fourth company is small in comparison to the others, but operates in the region and the colleges in which they work have a high regard for the company. The Director of Finance and Resources also confirmed that flexibility will be built into the legal contract with the successful company.

Agreed:-

7.6. THAT the Committee;

- **approve the Invitation to Tender document;**
- **hold a special meeting on Monday 28 April 2014 at 5.30pm to evaluate tender proposals and recommend a preferred supplier.**

8. Next Meeting Agenda

8.1. Items include:

- Minutes of previous Meeting
- Report on outstanding recommendations
- Risk Register update
- Internal Audit Reports
- Internal Audit Plan 2014/15
- Financial Statement Auditors Plan for year ending 31st July
- Regularity Audit; College self- assessment
- Annual Review of Financial Regulations
- Next Meeting Agenda

9. Any Other Business

9.1. The Clerk distributed copies of a Board Assurance toolkit for Further Education Colleges. Members were asked for feedback with the view to distributing the document to all the Members of the Board.

The meeting closed at 6.40pm.

Date of Next Meeting

The next regular meeting of the Audit Committee is 7 July 2014 at 5.30pm but a special meeting of the Audit Committee is to take place on 28 April 2014 at 5.30pm.