

**AUDIT COMMITTEE**

MEETING HELD ON THURSDAY 8 MARCH 2018

Meeting commenced: 18.00

Meeting ended: 19.00

**PRESENT**

Dr Andrew Gilchrist	Independent Member	Chair
Ms Rosemary French	Independent Member	
Mr Colin Monk	Independent Member	
Mr Charlie Martin	Support Staff Member	
Mr Patrick Waller	External Co-opted Member	

**IN ATTENDANCE**

Mrs Jayne Dickinson	Principal and Chief Executive
Mrs Jyoti Baker	Vice Principal: Finance and Resources
Mr Tim Lo	Internal Audit Service: RSM Risk Assurance LLP

**APOLOGIES FOR ABSENCE**

Mr Kevin Standish	Deputy Principal: Curriculum and Standards
Mr Subarna Banerjee	External Audit Service: UHY Hacker Young

**CLERK**

Mrs Sue Glover	Clerk to the Corporation
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**AC.01.18 DECLARATION OF INTERESTS**

Members and officers were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

**AC.02.18 APOLOGIES FOR ABSENCE**

Apologies for absence were received from:

Mr Kevin Standish	- business commitments
Mr Subarna Banerjee	- business commitments

The Audit Committee agreed to accept the apologies for absence.

**AC.03.18 NOTIFICATION OF ANY OTHER BUSINESS**

Members agreed that there was no other business to be considered.

**AC.04.18 UNCONFIRMED MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 30 NOVEMBER 2017**

The minutes of the meeting were approved and signed as a correct record, subject to minor amendments as discussed.

**AC.05.18 MATTERS ARISING AND ACTION POINTS FROM THE MINUTES OF THE PREVIOUS MEETING**

Members agreed that there were no matters arising from the minutes of the meeting.

Members noted that all Action Points arising from the meeting had been addressed to the satisfaction of the Committee.

#### **AC.06.18 RISK MANAGEMENT: SPRING TERM 2018**

The Vice Principal: Finance and Resources presented a report which provided an update on

- the College risk review process for the Spring Term 2018
- the monitoring of the following risks
  - Risk S9: Severe business disruption – ‘minor’ risk
  - Risk O3: Failure to maintain timely and accurate learner data – ‘fundamental’ risk

Members were advised that the Risk Management Committee had met on 8 February 2018 and engaged in a process that enabled deliberations by College management on the process of identifying risks and to agree changes to the risk register.

Members considered and discussed the detail of the highlighted revisions to both risks, noting that

- Risk O3, contributing factor 1, updated the status with regard to DSATs following the recent internal audit
- Risk S10 – ‘Inappropriate responses to change in government policy’ is assigned to the Search and Governance Committee and members asked if it may be more appropriate for the Audit Committee to have oversight of this risk. As Risk S10 relates to the role of governance members were advised that it was more appropriate for the Search and Governance Committee to have ownership of this risk.
- the risk registers from each committee are presented at each meeting of the Corporation Board so that members have sight of all risks

Members noted the key impact measures of the report.

#### **RESOLVED**

The Audit Committee endorses and commends to the Corporation Board the Risk Register: Spring Term 2018 relative to the risks assigned to the Committee

#### **AC.07.18 INTERNAL AUDIT: REVIEW OF OUTSTANDING AUDIT ITEMS**

The Vice Principal: Finance and Resources presented, for consideration, a report on outstanding audit items.

Members reviewed each of the points and noted that the original and revised deadline has not been completed in many instances. It was also unclear as to the status of each of the points as the colours did not have a legend. Members were advised that the red/amber/green colours in the status column indicate risk levels. All the points had been actioned by management by the completion date of the audit during which they were raised, and discussed with the internal auditors at that time, hence the completion deadline information did not apply. The actions have still to be signed off by the internal auditors.

The Committee agreed that it would be helpful for future reports to have an accompanying cover sheet to clearly show the number of outstanding items and their current status. The report would be updated and presented to the Board at the meeting on 22 March 2018.

#### **AGREED**

The Audit Committee receives and notes the report and agreed that the report will be updated as discussed and presented to the Board at the meeting on 22 March 2018

#### **AC.08.18 INTERNAL AUDIT PROGRESS REPORT: MARCH 2018**

The Internal Auditor presented an update on progress relative to the Internal Audit Plan for 2017/18.

Members were advised that the following internal audits are planned

- Risk Management – audit to commence w/c 26 March 2018
- Learner Number Systems – substantive – audit to commence w/c 7 May 2018
- Key Financial Controls – audit to commence w/c 9 April 2018

Members reviewed the executive summary and detailed findings of the Data Self-Assessment Toolkit (DSAT) Review, which had taken place in October 2017 and reviewed the College's R14 return for the 2016/17 academic year. The Committee were reminded that the final report of this internal audit had been reviewed at the last meeting of the Audit Committee. It was noted that the number of issues could be reduced if a regular review of the DSATs was undertaken by the College. It was also noted that there were no high risk issues identified.

The Internal Auditor advised that the number of queries on the DSAT reports reduce as the year progresses as a greater number of errors are resolved at each in-year return submission.

Members were surprised to hear from the Internal Auditor that the internal audit plan does not include a follow-up to confirm that the issues previously identified with the DSAT review in October 2017 have been addressed satisfactorily. When agreeing modifications to the internal audit plan for 2017/18 the Committee specifically requested that a DSAT review follow-up would remain as part of the revised scope. The Internal Auditor agreed to clarify this point.

The Internal Auditor also presented, as part of the Progress Report, information with regard to FE Emerging Issues relating to

- Area review update
- Financial risks – exceptional financial support
- Non-levy apprenticeships and AEB funding
- ESFA business plan 2017 to 2018
- General Data Protection Regulation (GDPR)
- Taxation – VAT

#### **RESOLVED**

The Audit Committee receives and notes the Internal Audit Progress Report: March 2018.

#### **AC.08.18 REVIEW OF COLLEGE POLICIES**

The Vice Principal: Finance and Resources presented, for consideration and approval, a report relating to the review and update of

- **ESC 53 Fraud Policy and Response Plan**

The Committee was reminded of the basis on which it is important that college policies are reviewed and updated and that consideration is given, on a bi-annual basis, to the update of this policy to ensure the relevance of the document.

Members were advised that the Fraud Policy is in line with the College's legal duties and obligations.

Members reviewed the Fraud Policy and Response Plan which had been approved by the College Directorate, suggesting some changes to the wording in the Response Plan. It was noted that, as there had been no incidents of fraud reported in recent years, there had been no need for the Committee to review the incident log (an activity envisaged by the Fraud Policy). Members were reminded that, when the external auditor presents the Financial Statements to the Committee at the autumn term meeting, he asks for details of any such incidents. In recent years the College has confirmed that there have been no incidents. However, it was agreed, if this was not already the case, that this confirmation should be clearly noted annually in the minutes at the time of the sign off of the Financial Statements by the Committee.

Members noted the key impact measures arising from the report.

#### **RESOLVED**

The Audit Committee approves and commends to the Corporation Board

- **ESC 53 Fraud Policy and Response Plan**

#### **AC.09.18**

##### **KPI DASHBOARD**

The Committee received the KPI Dashboard for Finance: January 2018, period 6.

Members reviewed the KPI Dashboard for Actual against Budget and Actual against the same period for the prior year for

- Tuition Fees
- Employer Engagement Income
- Additional Contract Income
- Staff FTEs
- Staff costs as a percentage of total income
- Staff costs as a percentage of total income excluding subcontract
- Cash balance at month end
- Supplier invoice payment days
- 12 month rolling cashflow forecast

#### **AGREED**

The Audit Committee receives and notes the KPI Dashboard for Finance: January 2018, period 6.

#### **AC.10.18**

##### **ANY OTHER BUSINESS**

There was no other business.

#### **AC.11.18**

##### **DATES OF SCHEDULED MEETINGS: 2017/18**

Thursday 14 June 2018 commencing at 18.00

**At the conclusion of the Part 1 meeting, the Committee moved into a meeting restricted, in accordance with the Instrument and Articles of Government and with Section 22 of the Freedom of Information Act 2000, to the members of the Committee, the External Co-opted Member of the Audit Committee and to the senior postholders.**

**SIGNED AS A CORRECT RECORD:**



**DATE:** 14 June 2018