

**AUDIT COMMITTEE**

MEETING HELD ON THURSDAY 14 MARCH 2013

Meeting commenced: 18.00

Meeting ended: 19.55

**PRESENT**

Dr Andrew Gilchrist

Independent Member

Chair

Mr Brian Smith

Independent Member

Mrs Isobel Wallace

External Co-opted Member

**IN ATTENDANCE**

Mrs Jayne Dickinson

Principal and Chief Executive

Mr Kevin Standish

Deputy Principal: Curriculum and Standards

Mrs Ann-Christine Harland

Vice Principal: Finance and Resources

Mr Mike Cheetham

RSM Tenon: Internal Audit Service

**APOLOGIES FOR ABSENCE**

Mr Michael Axelrod

Independent Member

Ms Rosemary French

Independent Member

**CLERK**

Mr Melvyn Cass

Clerk to the Corporation

**AC.01.13 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.02.13 APOLOGIES FOR ABSENCE**

Apologies for absence were received from two members of the Committee

Mr Michael Axelrod - business commitments

Ms Rosemary French - business commitments

**AGREED**

The Audit Committee accepts the apologies for absence.

**AC.03.13 NOTIFICATION OF ANY OTHER BUSINESS**

The Chair requested that the Committee receive an update on the shared services joint venture with Shared Services in Sussex and Surrey Colleges (SISSC).

**AC.04.13 UNCONFIRMED MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 6 DECEMBER 2012**

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

**AC.05.13 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 previous meeting.

Members noted that all Action Points had been satisfactorily completed.

**AC.06.13 INTERNAL AUDIT: REVIEW OF OUTSTANDING AUDIT ITEMS**

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

Members were advised that

- following the internal audit reviews in 2011/2012 and the external audit for 2011/2012, twenty audit items had been raised
- at the meeting of the Audit Committee held on 6 December 2012, it had been reported that all but six of the items had been cleared
- a further two items have been cleared since that meeting and two are in process of being cleared
- the remaining two items remain to be actioned later in 2013
- as a consequence of the Autumn 2012 internal audit visit, three further items have been identified and have been added to the tracker
- the internal auditor will be reviewing progress against the tracker during the next visit in April 2013

Members reviewed the four items which remain to be cleared.

The Committee noted the key impact measures arising from the report.

**AGREED**

The Audit Committee

- approves the revised deadline date in respect of each of the outstanding items
- receives and notes the report

**AC.07.13 INTERNAL AUDIT ASSIGNMENT REPORTS: 2012/2013**

The Internal Auditor presented the Internal Audit reviews carried out in November 2012.

**Internal Audit Assignment Report (2.12/13)**

PARTNERSHIPS

**Significant findings**

None

**Overall Opinion**

'Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective'

LEARNER NUMBER SYSTEMS – EMPLOYER RESPONSIVE

**Significant findings**

One

**Overall Opinion**

'Taking account of the issues identified, the Board can take substantial assurance that the funding claim regarding workplace provision complies with the funding guidance.'

**Internal Audit Assignment Report (3.12/13)**

RISK MATURITY REVIEW

The review focused on assessing two key components of risk management

- Governance

- Risk identification

The review was advisory and did not produce a formal opinion.

The Committee was advised that the review identified that, in respect of Governance and Risk Identification, both were rated as being within the 'Managed Risk Maturity' quartile and, as such, were in the 'top end' of colleges in this process.

The Committee noted the key impact measures arising from the report.

**RESOLVED**

The Audit Committee approves the Internal Audit Reports (2.12/13) and (3.12/13).

**AC.08.13 INTERNAL AUDIT PROGRESS REPORT: MARCH 2013**

The Internal Auditor presented an update on progress relative to the Internal Audit Plan for 2012/2013.

Members considered the summary of progress against the Internal Audit Plan, noting that there were no issues to be brought to the attention of the Committee and that there were no changes to the Plan.

Members considered issues arising from the report with regard to

- Real Time Information
- New Freedoms, New Opportunities, New Risks with particular reference to the re-drafting of the Joint Audit Code of Practice

**RESOLVED**

The Audit Committee receives and notes the Internal Audit Progress Report: March 2013.

**AC.09.13 RISK MANAGEMENT: SPRING TERM 2013**

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

- the College risk review process for the Spring Term 2013
- the monitoring of the risk assigned to the Committee ie **S9: Severe Business Disruption**

Members considered and discussed:

- **Risk S9: 'Severe business disruption':** 'Low' risk– no change

Members noted that the risk encompasses the response to external factors eg pandemics, damage to buildings, together with more localised instances.

The Committee was advised that, during the Spring Term 2013, key changes had been approved by the Learning and Quality Committee in one risk area:

- **Risk S2: 'Failure to achieve 19+ learner targets:** 'Fundamental' risk – increased from 'Significant' risk

Members noted the key impact measures arising from the report.

**RESOLVED**

The Audit Committee endorses and commends to the Board the updated Risk Register: Spring Term 2013.

**AC.10.13 RSM TENON: FURTHER EDUCATION UPDATE**

The Committee received a presentation from Mike Cheetham, Partner, Risk Advisory, RSM Tenon.

The presentation, 'Board Assurance for Colleges – What it is and why might it be relevant?' identified key issues

- Background
- Statutory and Other Responsibilities and Accountabilities
- Key Issues for Management, Audit Committee and Board
- Options if Internal Audit were no longer mandatory
- Board Assurance
- Board Assurance – Risk Management Framework
- Board Assurance – Implications?

Members discussed issues arising from the presentation, including

- the implication of 'New Challenges, New Chances' that, with greater freedom also comes the freedom to fail
- the need for Boards to be clear that they have collective responsibility for the decisions they take and the assurances they give to stakeholders and the wider community
- the role of the Audit Committee in light of the soon to be published Joint Audit Code of Practice
- the likely need for the Annual Statement of Corporate Governance and Internal Control in the Members' Report to be strengthened
- the decisions to be taken with regard to the continuing provision of Internal Audit
- the implications for the continuing development and strengthening of risk management frameworks

The Committee thanked Mike Cheetham for a thought provoking presentation and discussion.

#### **AGREED**

The Audit Committee commends the presentation to the members of the Corporation Board.

#### **AC.11.13**

##### **KPI DASHBOARD**

The Committee received the KPI Dashboard: December 2012 and considered the salient issues.

#### **AGREED**

The Audit Committee receives and notes the KPI Dashboard: December 2012.

#### **AC.12.13**

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

##### **SHARED SERVICES IN SUSSEX AND SURREY COLLEGES (SISSC)**

The Vice Principal: Finance and Resources gave a verbal update on the involvement of the College with the Shared Services in Sussex and Surrey Colleges.

Members were advised that

- the College continues to take a lead role in relevant areas of development and has seconded staff to the project
- the Accounting system, in which the College is involved with two other colleges, is scheduled to go live on 1 June 2013
- the Payroll/HR system, in which the College is involved with four other colleges, is scheduled to go live on 1 August 2013
- the project is overseen by relevant college Principals who are striving to ensure that agreed deadlines are maintained

**AGREED**

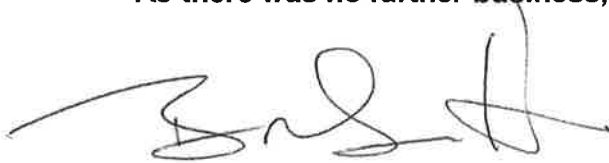
The Audit Committee

- notes the verbal report
- requests that a report on this item is included in the agenda of future meetings

**AC.13.13 DATES OF SCHEDULED MEETINGS: 2012/2013**

Thursday 20 June 2013 commencing at 18.00

**As there was no further business, the Chair declared the meeting closed.**

A handwritten signature in black ink, appearing to be 'B. Smith', written over a horizontal line.

**SIGNED AS A CORRECT RECORD:**

**DATE: 20 June 2013**