



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
WEDNESDAY 19 MARCH 2014 AT 9.30 AM IN THE BOARD ROOM
AT NO 2 ROUNDHOUSE ROAD**

Present: Kevin Slack (*Chair*), Jonathan McCluskey, Rosslyn Green

In attendance: Andrew Hartley (*Chief Finance Officer*)

Heather Simcox (*Clerk*)
Zubair Limbada, *KPMG*
Will Simpson, *Grant Thornton*
Hazel Parker, *Grant Thornton*

Prior to commencing formal business, Governors met in private with the representatives of Grant Thornton and KPMG.

The Chair welcomed Ross Green who had been co-opted to the Audit Committee, introductions of those present were made.

Action

Date

13/13-14 Apologies for absence

There were no apologies for absence.

14/13-14 Declaration of Interests and Eligibility and Quorum

No new declarations had been received, all members were eligible and the meeting was confirmed to be quorate.

15/13-14 Minutes of the last meeting

The minutes of the meeting held on 22 November 2013 were approved and signed as a true record,

04/13-14 Matters arising

25/12.4 Internal Audit Draft Plan - Review of Governance: Members agreed to incorporate this item into discussions around the Committee's remit moving forward.

08/13-14.1 Risk Management: The CFO confirmed the whole quality performance process was considered by the Board at each meeting which was aimed at mitigating the risks associated with poor Ofsted gradings.

08/13-14.2 Public Interest Disclosure (Whistleblowing) Policy: Actioned.

09/13-14.1 Audit Committee Annual Report 2012-13 to the Corporation: Actioned;

09/13-14.2 Terms of Reference 2013-14: Actioned.

17/13-14 2013-14 Internal Audit Reports

17/13-14.1 Purchase Ledger: Will of GT presented the report which focussed on the purchase ledger process from ordering point to payment point and the controls around these processes, including budget management and registering of receipt. An aspect included controls around records to mitigate against fraud. Overall assessment was green, with no major weaknesses identified. Two medium and one low priority recommendations were made and Will outlined what these were and the risks associated with these. The management understood the risk but given the size of the team, only partially agreed with the recommendation. However, it had been agreed a monthly report from BACS would enable reconciliation and the appropriate check. Will confirmed GT accepted the retrospective control put forward and they had not identified any incidences of this occurrence, just the risk. Zubair of KPMG asked if there was segregation of duties in terms of the matching process between goods received and payment being processed. The CFO believed such segregation of duties was built into the system and would confirm at the next meeting.

CFO

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17/13-14.2 Space Utilisation: Hazel of GT presented the report which focussed on utilisation of the College's current capital assets to support future capital plans. The audit looked at links between the different systems, timetabling, curriculum planning and the estates systems. The audit reviewed how utilisation was set, the management information that was available and how this was used. A green assessment overall was given, two medium priority recommendations and one low recommendation were made and Hazel outlined these.

The Chair questioned the response time offered by the management. The CFO acknowledged the importance of space utilisation and the availability and use of the management information. The capacity of rooms, class size, was an important metric that would help assess staff utilisation and viability of classes. The CFO confirmed work was on-going on joining up the different systems to enable meaningful information. The Chair challenged the deadline set suggesting it was too slow, and should be progressed quickly. The CFO advised a test report carried out, in terms of registers, was positive and this could be rolled out across the College. The next stage was to merge this with the room utilisation report, which currently contained some inaccurate data which required a review of the timetabling system. The CFO said the target was to ensure the reporting tool was working, before Easter, and then check the information, and then ensure data being inputted was robust and accurate with a view to rolling out into the dashboard after Easter.

Jonathan agreed that room utilisation was key in future decision-making around capital projects and the report suggested room utilisation was low. The CFO explained how utilisation varied across the College's sites, and said improving class sizes would help compensate for the funding reductions that were anticipated.

The Chair asked if more resource was needed to speed up the process and Jonathan suggested there might be an opportunity for a student project. The Chair said the Committee would like more urgency on this work and requested a report at the next meeting.

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17/13-14.3 Follow-Up: Hazel confirmed 10 of the 15 recommendations made have been followed up and of these 9 have been implemented or ongoing. One medium recommendation had been raised as it had not been closed relating to students' ID at enrolment time. A current report showed a number of students enrolled without ID. The CFO responded and accepted the recommendation and confirmed controls were in place to ensure student ID was received. The risk associated with lack of ID was noted but the CFO assured members numbers would be insignificant. The CFO confirmed his own involvement on a weekly basis to ensure funding compliance was adhered to.

17/13-14.4 Internal Audit: Progress Report

Will confirmed the plan was on track to deliver on time and to budget. Two reviews were still to be delivered and would be presented to the June meeting. The Chair queried the scope of the next two reports, and in particular the 'apprenticeship tracking' review. The CFO outlined the process of enrolling an apprentice and flagged issues that arise during this process. The CEO added that the review should be end-to-end to ensure outcomes were recorded as they came about and were not lagged.

18/13-14 External Audit Update

Zubair updated members of team changes in KPMG, reporting that Mike Rowley would now work with the College following Stephen Clark's departure from KPMG. Zubair assured members of consistency and continuity moving forward. An audit plan would be presented to the Committee in June. The College's estate, in particular the valuation of the estate, had already been raised and the CFO had confirmed a formal valuation would be carried out and KPMG had offered to be involved in this. The Chair queried how the College would move to valuation of the College's estate. The CFO confirmed the College did have a retained property advisor and he also proposed to involve KPMG in this. However, other options would be considered.

19/13-14 Monitoring Activity

19/13-14.1 Review of Internal and External Audit Recommendations

The CFO reported the two recommendations that were due at the end of February had both been implemented. The check on learner IDs would be added into the next report.

19/13-14.2 Risk Management: Update and Risk Register

The CFO highlighted two risks, risk 9 and risk 19, and explained why regrading had taken place. Members noted the Corporation had scheduled a special meeting to consider risk 19 on 4 April. The CFO further highlighted two long-standing risks relating to learner outcomes.

20/13-14 Audit Committee Business

20/13-14.1 Additional services undertaken by internal and external auditors

No additional services had been undertaken by the audit firms.

The Chair queried the process of audit for the multi-academy trust and the CFO outlined the position to date. Potential conflicts were noted.

21/13-14 Date of the next meeting

The next meeting would take place on 18 June 2014.

Representatives from the audit firms left the meeting and the Committee continued with Confidential items.

Signed: _____ Date: _____