



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON  
WEDNESDAY 13 MARCH 2013 AT 9.30 AM IN THE BOARD ROOM  
AT NO 2 ROUNDHOUSE ROAD**

Present: Kevin Slack (*Chair*), Sunny Chandhoke, Nick Freeman, Lin Hinson, Jonathan McCluskey

In attendance: Andrew Hartley (*Finance Director*)  
Heather Simcox (*Clerk*)  
Mandie Stravino (*Chief Executive*)

*Ian Falconer, Grant Thornton*

*Prior to commencing formal business, Governors met in private with the representatives from Grant Thornton. This arrangement will continue for future meetings.*

	Action	Date
<b>11/13 Apologies for absence</b>  Apologies for absence were received from Jon Mold and Will Simpson,		
<b>12/13 Declaration of Interests and Eligibility and Quorum</b>  No declarations of interest had been received and the meeting was confirmed quorate.		
<b>13/13 Minutes of the last meeting</b>  The minutes of the meeting held on 19 November 2012 were approved and signed as a true record.		
<b>14/13 Matters arising</b>		
<b>05/12.2</b> Annual Report for Commercial Activities, The Finance Director confirmed this was in hand and a report would be presented to the Corporation.		
<b>09/12.1</b> Audit Committee Annual Report: The Clerk confirmed the report had been amended to include comments as agreed and had been presented to the Corporation on 20 December 2012.		
<b>09/12.2</b> Terms of Reference 2012-13: The Clerk confirmed the Corporation, on 20 December 2012, had approved the revised terms of reference for the Committee.		

## **15/13 Internal Audit**

### **15/13.1 Internal Audit Reports 2012-13**

Ian Falconer of Grant Thornton began by confirming some of the Governance changes the College had undergone during the last year were well embedded and positive assurances were offered.

#### Capital Projects

Ian Falconer said the aim of this review was to give assurance in connection with the three major capital projects outlined in the report and the College's arrangements for managing the risks associated with these capital programmes. The report confirmed projects were well managed, and confirmed positive assurance. The management response to the Medium priority recommendation was accepted.

The Chair queried exposure in terms of contract signing dates. The Finance Director acknowledged some delays were too long and attention would be given in order to improve this.

#### Clarity of Decision Making

This was a clean report with no recommendations and identified good and robust reporting to the Corporation, and offered positive confirmation to the Corporation. The report did refer to good practice elsewhere in the sector which the Clerk would consider.

#### Follow Up Review

Ian Falconer reported the College's follow up reporting process was working well, following the sampling undertaken and identified in the report.

#### Self-Assessment Review Process

Ian Falconer reported the College's self-assessment review process was good and outlined the processes in place and which were in line with others in the sector. The report offered a clean opinion that the self-assessment process was suitably designed and operating.

#### Review of Derby College Students' Union

Ian Falconer informed the Committee that the request to review the SU had come from the Finance Director. The SU was put into context of the College's operations, and the College should consider value for money and reputational risk. The report contained a number of recommendations

which Ian summarised for the members. All recommendations had been accepted and agreed and would be followed through with the SU. The Finance Director confirmed the report was useful and as a result processes would be introduced that would support the SU to manage their affairs better, while at the same time, supporting their independence.

The Chair agreed guidance to the SU was needed and at the same time the College needed assurance value for money was being achieved. Members noted the potential reputational risk to the College and agreed management support could help prevent this. The Chair felt the response times were too far down the line and suggested these be reviewed. The Finance Director confirmed discussions with the SU had already begun and the timescales included in the report were in line with the start of the new academic year.

Lin Hinson suggested 'Conditions of Grant' were drawn up between the College and the SU. The Chief Executive advised the SU also had a service requirement in connection with some of the College's Learner Voice functions. The Chief Executive acknowledged the review undertaken by Grant Thornton included recommendations that would help management of the SU.

## **15/13.2 Progress Report**

Ian Falconer brought members' attention to table 2.1 and 3 and confirmed Grant Thornton were on course to complete the plan on time and in budget. Ian Falconer referred to the second piece of governance review *Effectiveness of the Corporation and Committees* and proposed this review was deferred or cancelled as much of the work had already been undertaken in the *Clarity of Decision Making* review.

The Finance Director confirmed he had discussed this with Ian Falconer and both agreed nothing particular was emerging as a requirement. The Finance Director confirmed he was happy to defer this to the new year. Ian Falconer confirmed that if this review was cancelled, Grant Thornton were still in a position to give an opinion at the end of the year based on all other reviews undertaken. It was noted the fee would be reduced accordingly to take this into account.

Members agreed to defer this review. If the Finance Director felt the days allocated for this review could be used elsewhere he should approach the Chair for approval.

## **16/13 Monitoring Activity**

### **16/13.1 Review of Internal and External Audit Recommendations**

The Finance Director confirmed eleven recommendations were recorded as outstanding, seven of which were Medium Priority and four Low Priority. Five of these had now been implemented, with the remaining six in progress. The Finance Director offered assurances that these would be brought to conclusion.

The Chair referred to the capital management section and the revised implementation date. The Finance Director confirmed this was currently underway and informed members that this would be completed by July 2013. Members considered the Environmental aspects included in the report and the Finance Director confirmed the objectives included in these recommendations were long-term because of the difficulties in implementing the recommendations. Ian Falconer suggested this part of the report was, in his view, overly cautious and the College could set targets and monitor separately. The Finance Director confirmed targets would be set using benchmarking data and the revised implementation date would be achieved.

#### **16/13.2 Risk Management – Updated Risk Register**

The Finance Director reminded members that the risk register was reviewed on a monthly basis and informed members of a new risk added in connection to funding cuts. Members received the Risk Register.

#### **17/13 Audit Committee Business**

##### **17/13.1 Audit Committee Self-Assessment**

The Clerk thanked members for completing the self-assessment and advised Search Committee would consider these.

##### **17/13.2 Additional Services undertaken by Internal and External Auditors**

The Finance Director reported that no additional services had been undertaken by internal and external auditors.

#### **18/13 Date of Next Meeting**

To be confirmed.

*The Chief Executive and Ian Falconer left the meeting.*  
Normal business concluded at 10.30 am.

