



MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON WEDNESDAY 18 JUNE 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), Mike Rowley - KPMG, Phil Keown - Grant Thornton, Will Simpson - Grant Thornton

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

Table with 3 columns: Description, Action, Date. Rows include: Chair welcomed attendees, Apologies for absence, Declaration of Interests and Eligibility and Quorum, Minutes of the last meeting, Matters arising (Purchase Ledger, Space Utilisation, Follow-Up, Additional Services), External Audit.

and a firm had been identified to carry out this work. Mike Rowley said this was a useful exercise in light of new accounting standards moving forward. Fraud, risk and management of controls would be looked at.

Rossllyn asked about controls testing and Mike summarised what would be reviewed.

The Chair confirmed he had attended the planning meeting with KPMG. The CFO reported on a property issue that may affect the year-end that had emerged since the planning meeting. The CFO provided an update on budget planning and HR matters, and informed members that there were no new fraud risks.

29/13-14 Internal Audit

29/13-14.1 Internal Audit: Student Experience Apprenticeships: Will Simpson of GT provided a summary of the scope of the review; two medium priority recommendations were identified: service level agreements and the need to implement and monitor; and audit of tracking spreadsheets. The CFO responded and informed members of a new post in the College which would oversee all aspects of apprenticeships. Members acknowledged the importance of this provision and were aware of the bureaucracy attached to it. The Chair asked for assurance regarding robustness of systems to ensure funding claims were accurate and the CFO responded with an outline of the process, and provided comfort that systems were robust.

Rossllyn queried why good practice wasn't rolled out across all areas. The CFO highlighted the difference between areas and the requirements, for example relating to health and safety. However, the College was reviewing the template for this, with a view to improving efficiency.

29/13-14.2 Internal Audit Draft Annual Report 2013-14

Will reported that the IT Strategy review was planned towards the end of this academic year.

In terms of the annual report, section one summarised the background to GT's work, approach and overall assessment. Each review had received a green rating. Will highlighted the bottom of page 2 which may change following the end of this academic year. GT provided a clean opinion.

In response to insistence from the Chair, with particular reference made to the planning meeting of last year, Phil of GT confirmed that, subject to the IT review, there would be an opinion given as per the agreement of June 2013.

29/13-14.3 Draft Assurance Plan for 2014-15

The CFO reminded members of changes brought about by the JACP and the need for audit committees to seek assurances in order to be able to provide an opinion to the Corporation. The CFO recommended a one-year plan, rather than three-year strategy in light of the ever-changing environment. The CFO outlined a comprehensive proposal, which included:

- submission of monthly management accounts to the audit committee to assure solvency;
- SAR review;
- independent checking of the validity of lesson observations;
- review of curriculum planning and quality aligned to key priorities;
- Assurance over steps being taken to improve outcomes at the Merrill Academy.

In addition, key financials assurance was needed, and members received a proposal from GT. Phil of GT suggested members should consider an 'assurance mapping' review which would aid members to decide on what reviews were needed. In addition, a 'follow-up' review would enable the checks necessary to ensure actions are taken.

The Chair of the Committee confirmed the Committee did not want to do the same thing and wanted the flexibility to look at poor areas of the business that did not fit into a financial control. The Chair acknowledged the value of a mapping review and follow-up review.

Mike of KPMG confirmed external audit would look at the financial controls and the change would not impact on that.

Phil presented a proposal for 20 days for core financial reviews, and the rationale for these. Discussion took place around the number of days for each specific line. The CFO requested a reduction on two lines, and the inclusion of follow-up for the 20 days proposed. This was agreed and GT would refine this aspect with the CFO.

CFO

July '14

Phil went on to propose additional items which came from the cycles of work already undertaken by GT.

In relation to the discussion on the Merrill Academy, the Clerk declared an interest as a Director of DCET and Chair of Merrill Governing Body.

Members noted the appointment by DCET of Mazaars who had been tasked with carrying out a governance and compliance review of DCET.

Members noted the proposal as a whole from the CFO, which they agreed in principle, and asked the CFO and Clerk to procure reviews from appropriate providers. It was noted there may be the need for inclusion of IT reviews, which the CFO and Clerk would be asked to procure as required.

**CFO/
CLERK**

July '14

Members approved, subject to minor amends requested by the CFO, for GT to undertake the core financial reviews

At this stage, an assurance mapping review would not be undertaken, and this could be reviewed later in the year if felt appropriate.

The Clerk would review, in conjunction with the Chair and CFO the business cycle for the committee in 2014-15.

CLERK

July '14

30/13-14 Review of Internal and External Audit Recommendations

The CFO referred members to section 3, and reported that four of the seven recommendations had been implemented. He went onto to report against those not yet implemented. The CFO reported on the SU position. The Clerk informed members she had been approached to join the working party to reconstitute the SU, with support from NUS who had agreed with views that changes had to be made. The CFO informed members of a wider review of procedures following the recommendation in connection with Roundhouse Events.

31/13-14 Risk Management:

The CFO referred members to risk 11, where additional actions had been added, risk 9 where the risk had been reduced as a result of an improved H&S audit and change to risk 19 following cancellation the DSC project.

Members from the audit firms left the meeting. The remaining discussions are recorded under confidential matters.

Signed: _____ Date: _____

The meeting closed at 11.40 am.