



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
12 MARCH 2019 AT 10.00 AM IN
THE BOARD ROOM, THE ROUNDHOUSE**

Present: Kevin Slack (*Chair*), Hazel Clint, Rosslyn Green, Mike Kapur, Martyn Marples

In attendance: Jon Fearon (*CFO*)
Michael Ford (*DPO*)
Heather Simcox (*Deputy CEO*)
Bernadette Doyle (*Executive HR Director*) – Minute No's 36/18-19 & 37/18-19
Jonathan Creed (*ICCA – Internal Auditors*)
Kyla Bellingall (*BDO – External Auditors*)
Rose Matthews (*Clerk*)

A training session commenced prior to the meeting which re-confirmed the roles and responsibilities of the Committee, a summary of the updated Post-16 Audit Code of Practice – focussing on fraud, the Insolvency Regime and information on failings in governance across the sector.

Prior to commencing formal business, Governors met in private with the representatives from ICCA and BDO

		Action	Date
32/18-19	APOLOGIES FOR ABSENCE		
	Apologies for absence were received from Peter Lewis.		
33/18-19	DECLARATION OF INTERESTS AND ELIGIBILITY AND QUORUM		
	All members were eligible and the meeting was confirmed to be quorate.		
	There were no new declarations of interest.		
34/18-19	MINUTES OF THE LAST MEETING		
	The minutes of the meeting held on 27 November 2018 were approved and signed as a true record.		
35/18-19	MATTERS ARISING		
21/18-19.2	The Clerk confirmed the final quality data was sent onto the Internal Auditors to include in their final Annual Internal Audit Report.		
22/18-19	The CFO confirmed the covenant detail had been sent onto BDO.		
	The CFO confirmed he had updated the VAT liability figure was updated in the Financial Statements.		
	The DPO had sent the Data Protection Reports to the Auditors.		

Sam Lifford revised the report and sent onto the Clerk.

The CFO updated the note relating to tax liability in the MBS accounts.

Rosslyn Green and Martyn Marples both reviewed the financial statements and provided feedback.

The financial statements were circulated to all Audit Committee members following sign-off by the external auditors.

24/18-19 The Risk Management Report was updated following discussion relating to the ceiling and the area had been cordoned off.

26/18-19 The Annual Report to the Audit Committee was updated and presented to the Corporation at its meeting on 17 December 2018.

27/18-19 The Risk Management Policy was presented to Corporation and approved at its meeting on 17 December 2018.

The CFO said HMRC had telephoned the College to inform they were reduce the liability by £535K, which related to the utilisation on buildings and a mix of interest. However, the College were still awaiting written confirmation.

36/18-19 GENDER PAY REPORTING

The Executive HR Director joined the meeting to present the Gender Pay Report for 2018 and seek approval for the supporting statement, which will need to be published by the Group.

Highlighting changes within the report, the mean hourly rate of pay figure had reduced from the previous year, but not by a significant difference.

Comparison by quartile showed changes in the upper and lower middle quartiles reducing.

The Committee noted DCG's results were better than the national and sector results when compared, however there still remained a gender pay gap affecting women in the organisation and that gap had increased albeit not significantly. This was in the main explained by women predominating in lower paid roles.

The Committee were informed the Group had a range of policies in place to support women at work, particularly those with caring responsibilities at home and its recruitment processes were designed to be as fair as possible.

Mike Kapur said it would be useful in the future if a statement could be provided at the top of the report indicating whether the Group were narrowing the gap or not.

APPROVED: The Committee approved the Gender Pay Gap Statement which had a requirement to be published before the 31 March 2019.

37/18-19 REVIEW OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS

A review of the internal and external audit recommendations during 2017-18 were shared with the Committee.

Members were informed that 11 of the recommendations had been completed, with three yet to be completed and five ongoing. It was proposed the deadline for those ongoing audit recommendations relating to the Mock Funding Audit be extended to allow additional work to be completed and the reasons explained to the Committee.

38/18-19 RISK MANAGEMENT AND RISK REGISTER REVIEW

The Risk Management Report was shared with Committee Members and 'high' priority risks identified as detailed in the report.

The Committee were updated on two ongoing litigation cases.

There were no significant health and safety cases or safeguarding referrals to escalate to the Committee.

**39/18-19 INTERNAL ASSURANCE
2018-19**

Michael Ford provided an overview of the internal assurance to date for 2018-19 with two reports presented to the Committee.

Verbal responses were provided on the 16-19 Curriculum Efficiency – Response to September 2018 recruitment with outcomes still being reviewed by Management.

The ESFA Mock Funding Audit had been discussed earlier in the meeting under with deadlines extended to ensure the actions required were fully embedded.

39/18-19.1 STUDENT PROGRESSION AND INTERVENTION REPORT

Jonathan Creed, Head of Internal Audit at the College's internal auditors, ICCA, presented the Student Progression and Intervention Report.

The scope was to provide the College with independent assurance that the Group has adequate and effective systems, processes and controls in respect of student retention, progression and intervention mechanisms.

The overall assurance opinion was substantial with two recommendation relating to retention and intervention strategies deployed and monitoring and reporting. Both had received positive management responses.

It was agreed to share the terms of reference for the visit with the Committee.

MF

31/03/19

39/18-19.2 SUB-CONTRACTING

As a requirement of the ESFA, Internal Auditors ICCA were requested by the College to undertake an audit of the Group's controls established to manage its sub-contracted activity.

ICCA do not offer an assurance opinion and the report contained the action plan.

All follow up actions from the prior year recommendations had been fully implemented.

Five actions were identified. These related in the main to the approval by Corporation of the updated Policy and publication of fees and charges alongside the Policy on the College's website. One contract was awaiting signature but had since been finalised and one sub-contractor had changed entity and as such a revision to their new name was required on the sub-contract declaration.

Positive management responses were provided for all recommendations.

40/18-19 EXTERNAL ASSURANCE

PROGRESS REPORT

Kyla Bellingall of External Auditors BDO explained the Group were between audits at this stage. Last year's audit had been signed off and the planning process for 2018-19 would commence in the next couple of months. Nothing had been flagged by the CFO.

This will be the first year to report under the international accounting standard.

A discussion was held in relation to the introduction of the proposed Finance Committee and ensuring the financial statements were available for the Finance Committee which would take place prior to Audit Committee.

The CFO and External Auditors explained the financial statements could not be finalised until the final ILR which was the end of November. However, they did not see the deadlines as a problem.

41/18-19 POLICY REVIEWS

A review of the Tuition Fees including the HE Supplement had been carried out. Minor changes had been made to the Policy with the HE supplement updated for 2018-19. The Policy had been circulated electronically to the Committee. A further review for 2019-20 would be undertaken later in the year when the updated funding allocation was available.

RECOMMENDED: The Tuition Fees Policy including HE Supplement was recommended to Corporation for approval.

Chair 18/03/19

The Internal and External Auditors and Mike Kapur left the meeting.

Signed: _____ Date: _____