



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
18 JUNE 2019 AT 10.45 AM IN
THE BOARD ROOM, THE ROUNDHOUSE**

Present: Kevin Slack (*Chair*), Hazel Clint and Rosslyn Green

In attendance: Richard Eaton (*Incoming CFO*)
Jon Fearon (*Outgoing CFO*)
Michael Ford (*DPO*)
Kate Martin (*Vice Principal*)
Heather Simcox (*Deputy CEO*)
Jonathan Creed (*ICCA – Internal Auditors*)
Sam Lifford (*BDO – External Auditors*)
Rose Matthews (*Clerk*)

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

	Action	Date
42/18-19 APOLOGIES FOR ABSENCE Apologies for absence were received from Mike Kapur.		
43/18-19 DECLARATION OF INTERESTS AND ELIGIBILITY AND QUORUM All members were eligible and the meeting was confirmed to be quorate. Rosslyn Green was an employee of Smith Cooper Accountancy. There were no new declarations of interest.		
44/18-19 MINUTES OF THE LAST MEETING The minutes of the meeting held on 12 March 2019 were approved and signed as a true record.		
45/18-19 MATTERS ARISING 39/18-19.1 The Terms of Reference for the Student Progression and Intervention Audit had been circulated to Committee members. 41/18-19 The Tuition Fees Policy including the HE Supplement had been recommended to the Corporation for approval.		
46/18-19 T LEVELS PRESENTATION The Vice Principal joined the meeting to provide an overview of T Levels. With the final specifications anticipated to be released in February 2020 and delivery in September 2020, the risks relating to the introduction of T Levels was discussed.		

Members were informed the Director of Marketing had attended a number of workshops delivered by the DFE. It was also noted a significant push was required with schools to raise awareness – the Vice Principal and her team were working with and going into local schools to highlight.

A capital bid submission had been made with a response expected in early July to fund the introduction of the T Levels.

The Committee Chair questioned if colleges were the best place for T Levels. The design of the qualification fits into FE and it is intended they will replace traditional courses.

Hazel Clint asked about minimum numbers to deliver viable courses. The CFO explained the College had a choice in some areas whether to deliver two routes, for example care, and as such would need to ensure sufficient volume.

The Vice Principal left the meeting.

47/18-19 INTERNAL ASSURANCE

Michael Ford provided an overview of the internal assurance to date for 2018-19.

47/18-19.1 ESFA MOCK FUNDING AUDIT – ADULT EDUCATION BUDGET (AEB) AND APPRENTICESHIPS

Jonathan Creed, Head of Internal Audit at the Group's Internal Auditors, ICCA, presented the ESFA Mock Funding Audit for AEB and Apprenticeships.

The scope was to provide an independent assurance opinion that the control framework in operation in respect of the ESFA funding supported compliance with the relevant agencies requirements as defined within the ESFA funding rules for 2018-19.

The report provided reasonable assurance with a number of recommendations.

Members were informed the requirements relating to funding guidance changed quite frequently, with retrospective impact. Jonathan pointed out this was an area a number of colleges had struggled with and some comments had been highlighted from the sample this year.

The recommendations were medium priority. They related to:

- Enrolment and eligibility
- One co-funded student's employer financial contribution
- One apprentice had been screened at Level 1 and enrolled on a level 1 programme.
- Programme eligibility
- Attendance evidence

This was discussed at length and it was explained a robust action plan had been implemented relating to compliance monitoring and any mechanism were now in place for any funding changes to be communicated to staff.

47/18-19.2 ESFA MOCK FUNDING AUDIT – 16-19 STUDY PROGRAMMES

Jonathan Creed of ICCA continued, presenting the ESFA Mock Funding Audit – 16-19 Study Programmes.

The audit objective was to provide an independent assurance opinion that the control framework in operation in respect of the ESFA 16-19 funding supported compliance with the relevant agencies requirements as defined within the ESFA funding rules for 2018-19.

A reasonable assurance opinion was provided by the audit with one low and one medium recommendation. Both actions had received a management response with action taken to address.

47/18-19.3 HEALTH AND SAFETY MANAGEMENT

ICCA shared the Health and Safety Management Report which provided overall substantial assurance with no recommendations. Members noted this was covered as part of the Health and Safety agenda item at the last Corporation meeting.

The objective was to provide an independent opinion that effective controls were in place to support compliance with the current Health and Safety regulations/ legislation placed upon the College.

48/18-19.4 KEY FINANCIAL CONTROLS

The internal audit report on Key Financial Controls was presented to the Committee.

The scope was to ensure the College had effective and efficient controls governing its fundamental financial systems for the areas under review. The report on this occasion covered general ledger and cash and banking.

The report provided a reasonable audit opinion and Jonathan Creed explained the context around the report which could explain some of the areas for improvement and which were identified in the report.

Seven items were recommended for action in the report. These related to:

- Management accounts and compliance with month end timetable
- Financial accounting system journals
- Timely reconciliations within feeder systems (bank account reconciliations and purchase ledger closedown)
- Security of monies held until deposit or collection
- Cash receipting, recording and banking processes
- Petty cash and imprest float administration.

The Committee Chair raised concern and questioned if it was a resource or process issue. He said it was an area the new CFO needed to review and reinforce peoples' objectives.

The Chair asked the incoming CFO to look at resources and whether extra funding was required and present at the next meeting.

CFO **Sept 19**

49/18-19.5 PROCUREMENT

The Procurement Report was presented by Jonathan Creed.

This report had a scope to ensure appropriately documented policies, regulations and procedural guidance had been developed to govern the College's procurement practices.

This report provided substantial assurance the effective controls were in place with two recommendations highlighted, relating to the approval and payment of invoices and procurement cards.

49/18-19.6 DEBT MANAGEMENT

The Debt Management report looked to ensure the College had developed an effective approach to procurement which supported the College in achieving value for money.

ICCA shared their internal audit report, which provided a substantial audit opinion with no items for recommendation.

49/18-19.7 FOLLOW UP OF PREVIOUS RECOMMENDATIONS

The follow up report provided assurance on the progress of previously agreed recommendations was satisfactory and to ensure there was no significant risk to the College in meeting its strategic aims.

The audit opinion provided substantial assurance all recommendations had/were being actioned with only one item carried over.

50/18-19 DRAFT 2019-20 INTERNAL AUDIT PLAN

Jonathan Creed of ICCA, presented the proposed internal audit approach for 2019-20. The plan was split into risk based and non-risk based. An organisational assessment had been carried out and discussed with the Executive Team.

The Committee Chair asked if the number of days remained the same as the previous year and it was confirmed it was a couple less than 2018-19, but it was reiterated the internal audit schedule was to review the areas and not about the number of days.

The Committee Chair asked the Deputy Chief Executive's view and questioned if there were any emerging risks. The Deputy Chief Executive said the plan had broad coverage and there may be a possibility following some of the reports presented at this meeting that some additional days would be required to support some additional reviews.

The Committee Chair noted space utilisation was not planned until 2020-21 and asked why it was not carried out sooner. It was noted this had been carried out as part of the Area Based Review and there had been some improvement with the new CFO returning to the College.

Jonathan Creed would revise the document to reflect the change in CFO role and then circulate a final version.

RECOMMENDATION: Subject to final amendments the Committee recommended the 2019-20 Internal Audit Plan and Update Strategy to Corporation.

51/18-19 EXTERNAL ASSURANCE

EXTERNAL AUDIT PLAN AND STRATEGY FOR 2018-19 FINANCIAL STATEMENTS

Sam Lifford of External Auditors, BDO shared the Audit Planning Report for the year ending 31 July 2019.

The scope and objectives, overview of materiality, which was based on 2% of income, and audit risks were outlined in the report.

The Committee Chair asked if all the deadlines were achievable and noted the Committee was due to meet a week earlier than last year. It was confirmed there was no change in the key people as the Financial Accountant was heavily involved in the process last year.

The Deputy Chief Executive explained a formal handover meeting had been scheduled with the outgoing CFO with the incoming CFO and Deputy Chief Executive to ensure a smooth transition, and discussions had been had with members of the Finance Team. As the incoming CFO was already the Executive Director for MIS at the College he was already familiar with some of the ongoing items.

Hazel Clint questioned the capacity of the incoming CFO to carryout both roles. The Deputy Chief Executive explained the outgoing and incoming CFOs already worked closely and had regular meeting as there has been some overlap of current roles.

Sam Lifford left the meeting at 12.05 pm.

52/18-19 MONITORING ACTIVITY

52/18-19.1 REVIEW OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS

Michael Ford provided an overview of the internal assurance to date for 2018-19.

52/18-19.2 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. Members discussed the risks in particular around Devolution and Adult Education Budget funding.

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.

The Internal and External Auditors left the meeting.

Signed: _____ Date: _____