



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
THURSDAY 26 NOVEMBER 2015 AT 1.00 PM IN THE BOARD ROOM, THE
ROUNDHOUSE**

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

In attendance: Mike Rowley (*KPMG – External Auditors*) – agenda item 6
Paul Steeples (*Chief Finance Officer*)
Heather Simcox (*Clerk*)
Rose Matthews (*Assistant Clerk*)

Remote Attendance: Hazel Doherty Grant Thornton – (*Internal Auditors*) – agenda item 5

Prior to commencing formal business, Governors met in private with the representatives from KPMG.

	Action	Date
1/15-16 Apologies for absence		
Apologies for absence were received from Richard Brewell and Michael Ford.		
2/15-16 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.		
3/15-16 Minutes of the last meeting		
The minutes of the meeting held on 23 June 2015 were approved and signed as a true record.		
4/15-16 Matters arising		
25/14-15 The CFO reported the College's insurance was due for renewal and the new Procurement Manager was reviewing to ensure appropriate cover was in place. The Chair asked that should anything arise from the review, Governors be notified prior to the next meeting.		
40/14-15 The CFO informed the Committee the College finished the year in line with target surplus exceeding overall operating surplus marginally.		
41/14-15 The Risk Management update was incorporated into the Annual Report.		

5/15-16 2014-15 External Audit:

- **Management Letter**
- **Representation Letter and College Accounts (Draft)**
- **Representation Letter and MBS Accounts (Draft)**

Mike Rowley presented the External Audit Management Letter. In summary, the Audit had gone well, with no control observations.

One adjustment had been made with regard to dilapidation costs for the JB. Heather Simcox advised Armson had provided an indicative view of the level of dilapidations that the College was likely to incur and a discussion followed in relation to the College's estate.

Members' attention was drawn to page 12, and 16-18 LR performance.

Discussions followed and included pension costs/obligations, FRS102 and gift aid.

No issues were raised in connection with MBS Limited.

Subject to final figure of gift aid being included, the financial statements were recommended to the Corporation meeting on 14 December 2015.

[Mike Rowley left at 1.30 pm.]

6/15-16 2014-15 Internal Audit Report: Payroll

Hazel Doherty presented Payroll Review from the 2014-15 audit plan and explained background to the review.

The overall assessment was an amber rating and the report highlighted matters that required the attention of the management to resolve and report on progress.

The high risk item on the report highlighted three members of the HR and Payroll team had access rights for HR and Payroll modules on I-Trent. The recommendation was that system enforced segregations should be enforced by access rights.

The Chair asked what action had been taken to address this and the CFO said he would follow up with the Assistant Director of HR and report back.

The medium risk identified was insufficient segregation of duties between those entering and validating data. The recommendation was staff should be formally segregated such that the individual reviewing and validating the payroll exception data is not involved in entering it.

The CFO informed the Committee payroll was reviewed and validated by the Assistant Director of HR to ensure segregation of duties were in place.

Rosslyn said the low priority action, relating to documented procedures could be an issue with a high turnover of staff who were not familiar with the existing procedures and noted the effective date as July 2016. She suggested this could have been a higher risk had someone left. The Chair requested this action be addressed in a shorter timeframe, which the CFO would action.

PS

22/03/16

CFO

Dec '15

7/15-16 2014-15 Internal Audit Report: Follow-up

Hazel Doherty presented the 2014-15 Internal Audit Follow-up report which reviewed if the College robustly monitored the status of all audit recommendations and if the Audit Committee obtained specific assurances that recommendations were implemented in a timely manner.

Three actions had not been completed and a recommendation made that these be reinstated.

To ensure the Committee received specific assurance that audit recommendations were implemented timely, Michael Ford had implemented the risk tracker and would be reporting and monitoring open recommendations.

8/15-16 2014-15 Internal Audit Annual Report

Hazel presented the 2014-15 Internal Audit Annual Report and confirmed the overall assessment for reviews completed in the year were two green and two amber ratings.

The explanation of the key issues behind the amber ratings had already been highlighted in the previous two internal audit reports.

There had been no changes to the plan agreed at the start of the year, and nothing abnormal to report for a College of this size.

9/15-16 Review of Internal and External Audit Recommendations

The Internal and External Audit recommendation monitoring is to provide members with an update on the enactment of the recommendations from internal and external audit reports.

The CFO requested a table summary at the front which was RAG rated, would be helpful.

Rosslyn questioned several actions on the report which had an ongoing status but had passed their completion date. Heather Simcox advised that Michael Ford would actively pursue these individuals and this report will be monitored at the College's internal risk meetings.

10/15-16 Risk Management Annual Report

The Committee received the Risk Management Annual Report and the latest Corporate Risk Register.

The report highlighted some of the risk management activity undertaken through the year 2014-15.

The Chair, reviewing the Risk Register, drew attention to Risk 40, the trend from the previous month had shown an increase. The CFO explained 14-15 had now closed and 15-16 would be a challenging year, and a target had been set of a historical cost surplus and the Finance Team were currently identifying savings. He also provided an update following a meeting with Barclays Bank with regard to existing borrowing.

Rosslyn Green, referring to preventative controls, asked what the provision for monitoring was in place. Heather Simcox said monthly

special measures boards took place for areas which showed a decline or concerning drop in performance. Intervention measures taken are dependent on the issue.

Rosslyn asked what actions had been taken to reduce the risks identified as reduced in the covering report:

- a. Risk 38: Initially there had been some conflict between curriculum operations and commercial events. The issue had been resolved and the relationship more harmonious.
- b. Risk 39: Mundy Street offers had now been received and negotiations taking place.
- c. Risk 34: ICCA had carried out a formal review on the IS function. This had not been resolved, but was well underway with positive outcomes being seen.
- d. Risk 35: The CFO referred to the Management Letter and said there was no risk to the overall 14-15 or 15-16 numbers in relation to clawback.

11/15-16 Assurance Plan

The Committee received the Assurance Plan for approval which had been reviewed by the Chair.

Rosslyn made reference to Risk No 7, which related to Business Development KPIs with a date for completion as November 2015. Michael Ford would provide further detail on this.

The Committee approved the plan for 2015-16, believing it was broad ranging and risk based; the Chair would present to the Corporation on 14 December 2015.

12/15-16 Prevention, Detection, Reporting of Fraud, Irregularity, and Corruption Policy and Procedure

The CFO presented the updated Fraud, Irregularity, Corruption and Bribery Policy and highlighted the changes made, which were focussed on external IT fraud attempts.

Rosslyn drew attention to point 17 which made reference to the Vice Chair of Audit Committee. The CFO agreed to amend.

CFO 22/03/15

The Committee approved the Fraud, Irregularity, Corruption and Bribery Policy.

13/15-16 Public Interest Disclosure Policy, Procedure and Guidelines (Whistleblowing)

The Public Interest Disclosure Policy, Procedure and Guidelines was presented to the Committee.

This had been produced in consultation with Browne Jacobson Solicitors.

The Committee approved the Public Interest Disclosure Policy, Procedure and Guidelines.

14/15-16 Fraud Report

The CFO informed the Committee of attempted fraudulent activity against the College.

The College suffered no financial loss as a result of the attempts and currently procedures regarding the authorisation of payments were adhered to and prevented loss.

15/15-16 Audit Committee Annual Report

The Clerk provided a verbal update on the Annual Report, which would be finalised following today's meeting and the Chair would present to the Corporation on 14 December 2015.

16/15-16 Self-Assessment for 2014-15 and Terms of Reference Review

The Clerk shared the Audit Committee Self-Assessment Report and highlighted pertinent points.

It was noted membership issues had been resolved with the appointment of Richard Brewell to Committee. Further training had been arranged with ICCA on the Joint Audit Code of Practice. The self-assessment responses had been shared with the Audit Committee Chair.

The Audit Committee Terms of Reference were presented for review. The Clerk did not propose any changes and recommended the Committee retained these.

The Committee approved to retain the existing Audit Committee Terms of Reference.

17/15-16 Additional Services undertaken by Internal and External Auditors

ICCA are the only additional firm the College are engaged with for Interim IS management and the IS review.

The CFO said the College would propose using ICCA to carry out several more reviews as part of the Assurance Plan to provide a balanced approach.