



AUDIT COMMITTEE

THURSDAY 31 OCTOBER 2019

Report: Minutes of the meeting held on Wednesday 19 June 2019
Author: Clerk
Action: Approve
Status: Open

Present: Chris Macklin (Chair)
Judith Doyle (Principal)
Darren Heathcote

In attendance: John Holt (Deputy Principal: Operations / Finance Director)
Lucy Robson (RSM – External Audit)
Lynn Chambers (RSM – External Audit)
Claire McHaffie (PWC – Internal Audit)
Sally Cooper (Clerk)
Suzanne Clark (Minutes)

A/693 Welcome / Apologies / Conflicts of Interest

Apologies were received from Neil Weddle and Karen Finlayson. The Chair welcomed all to the meeting.

Members were invited to declare any interests on any item on the Agenda. No interests were declared at this stage in the meeting; however, members noted that should the direction of debate on any item result in a potential conflict of interest, this should be indicated in the meeting.

A/694 Minutes of the last meeting dated Wednesday 27 March 2019

The minutes of the Audit Committee meeting held on 27 March 2019 were agreed as a correct record.

A/695 Matters Arising

The Principal confirmed that she had reported that the College had moved to outstanding financial health to the Board of Governors at their strategic planning session in May.

A/696 Subcontracting Controls Audit

A verbal update was given by Claire McHaffie (PWC) as Internal Auditor.

It was reported that the necessary field work had commenced during the previous week and was due to finish by the end of this week. The audit team were currently going through follow up queries and were confident that the report will be complete by the end of July. The Deputy Principal: Operations / Finance Director asked that this be completed as soon as possible as it has been requested from devolved authorities when allocating funding, who would like the report before the end of July. The Internal Auditor confirmed that they could review the timetable for completion accordingly.

The verbal update was noted.

A/697 Internal Audit Progress Report to the Audit Committee

The report was presented by Claire McHaffie (PWC) as Internal Auditor.

In response to a question from the Internal Auditor the Principal confirmed that the review of Contracts and Partnerships / Business Development should instead focus on apprenticeships. This would be particularly relevant in light of the introduction of the apprenticeship levy and the continually evolving regulations, as well as cash flow implications. It was agreed that PWC will scope this area of work.

The report was noted.

A/698 Internal Audit Report – Key Financial Controls

The report was presented by Claire McHaffie (PWC) as Internal Auditor.

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The report was noted.

A/699 Internal Audit Report – Facilities

The report was presented by Claire McHaffie (PWC) as Internal Auditor.

The Deputy Principal: Operations / Finance Director clarified that tenders had been completed in line with procedure guidance but the electronic documentation needed to evidence this was lost during an IT issue a few years ago where a significant amount of data had been affected. This meant that the tendering process could not be evidenced. The reasons tenders from that period had been reviewed as part of the audit was because of the small population of tenders to include in the audit. The Chair felt that the report contained qualitative judgements which added value to the audit process and that the review of the tendering process was a welcome addition to the report.

In response to a question from the Chair the Support Staff Governor explained how health and safety related incidents are reported against the curriculum department of individual learners and confirmed that, as a College manager, he would be aware of any incidents in his own area. The Principal confirmed that reports are regularly submitted to the College's Health and Safety Committee giving details of any incidents and follow up actions taken. The reports are comprehensive and any trends would be easily identifiable. The Chair was assured by this response that all necessary processes are in place.

The report was noted.

A/700 Internal Audit – Prior Recommendations Update

The report was presented by the Deputy Principal: Operations / Finance Director.

The Chair felt that the report showed excellent progress with no immediate areas of concern. The Chair thanked the Deputy Principal: Operations / Finance Director and the audit team for ensuring that high standards are maintained.

The report was noted.

A/701 External Audit Plan

The report was presented by Lynn Chambers (RSM) as External Auditor.

In response to a question from the Chair the external auditor confirmed the accuracy of the statement setting out the audit plan engagement objectives and explained that governors should be assured that directors are fulfilling their responsibilities in relation to the preparation of financial statements.

In response to a question from the Chair the Deputy Principal: Operations / Finance Director indicated that he was not aware of any differential in pension contributions between support and teaching staff so he thought the recent McCloud judgement would not have any impact in the education sector. The Committee discussed other specific pension related issues and felt that there may be a need for some further dialogue in the future to give clarity around pension liabilities.

Responding to a question from the external auditor the Chair confirmed that there were no risks that needed to be brought to their attention. The Chair had no concerns in relation to the work of the College and was certain that there were no issues to be found around going concern. The Principal commented that this was extremely important given the new insolvency regime.

The external auditor confirmed that Gateshead Sport Management (Malaysia) was outside of scope of RSM UK. The Deputy Principal: Operations / Finance Director reported that this company is in the process of being wound up, working with RSM in Malaysia.

In response to a question from the external auditor, the Committee discussed the current tolerance level of £2,000. The Chair suggested that this is lower than in other colleges. It was agreed that this be increased to £3,500. The external auditor gave assurance that if there was a recurrence of low level errors, or a matter which was material in other ways, this threshold would be overridden.

The Committee confirmed that there were no issues in relation to fraud to be reported.

The Chair felt that the inclusion of emerging issues was very helpful and it was very useful to have an overview of issues affecting the sector, including the new insolvency regime. The Chair will continue to raise awareness with other governors of their responsibilities. The Chair concluded that he was very much looking forward to seeing progress and confirmed that he was happy for the external auditor to contact him should the need arise.

The report was noted.

A/702 Risk Management Plan

The report was presented by the Deputy Principal: Operations / Finance Director.

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The report was noted.

A/703 Review of Gifts and Hospitality Register

The report was presented by the Deputy Principal: Operations / Finance Director.

The Chair commented that as he has an awareness of the roles of some individuals within the College there was nothing on the register that would be of concern. The register shows a broad spread of individuals and gifts tend to be of very small financial value. The Chair is comfortable that the Principal would raise any issues should they arise. The Principal added that the PA support dedicated to the Executive Team are very aware of the need to ensure the register is updated.

The report was noted.

A/704 Any Other Business

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A/705 Date of the next meeting

The date of the next Audit Committee meeting is to be confirmed.