



## **AUDIT COMMITTEE**

**WEDNESDAY 15 FEBRUARY 2017**

**Report: Minutes of the meeting held on Wednesday 5 October 2016**  
**Author: Clerk**  
**Action: Approve**  
**Status: Open**

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

**In attendance:** Emma Moody (Clerk)  
John Holt (Deputy Principal: Operations / Finance Director)  
Claire Leece (RSM – External Audit)  
Emily Hudson (PWC – Internal Audit)  
Karen Finlayson (PWC – Internal Audit)  
Helen Richardson (Learning Innovation Manager)  
Suzanne Clark (Minutes)

### **A/596 Welcome / Apologies / Conflicts of Interest**

The Chair welcomed all to the meeting. Apologies were received from Robert Auty and Chris Barrett.

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/597 Minutes of the last meeting dated 22 June 2016**

The minutes of the meeting held on 22 June 2016 were agreed as a correct record.

### **A/598 Matters arising**

**THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION.**

### **A/599 Internal Audit Report – Business Development – Apprenticeships**

The report was presented by PWC as Internal Auditor.

The Committee were advised that the report was focused on provision delivered by Sora Services. An overview was given of the 5 low risk findings.

The Chair commented that it was good to see that only 'fine tuning' is needed to enable the partner to achieve the gold standard expected by the College. Auditors have reflected that the documentation was very good and shows that the College's due diligence process works very well. The Principal commented that she was very encouraged to hear this as there has been significant work undertaken to strengthen relationships and reinforce the College's rigorous approach. The Finance Director advised that the College is in the process of rolling out Smart Assessor software to track all apprentice provision, including that delivered by partners, which will allow for regular checking of progress. This will be a contractual requirement with all partners moving forward. The Principal added that the report is welcomed as there will only be more of this type of work in the future and the findings show that the College is well positioned to undertake this.

***The report was noted***

**A/600 Internal Audit Report – IT Security**

The report was presented by PWC as Internal Auditor.

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***The report was noted***

**A/601 Internal Audit Report – Student Records – Condition of Funding**

The report was presented by PWC as Internal Auditor.

The Committee members were advised that the report focus was on key controls in place for student records, with a specific focus on the Conditions of Funding requirements. Only 1 low risk finding has been reported. The report suggests that formalisation around processes is needed to ensure continuity.

The Principal was pleased to note only one action and felt that this shows investment in this area in recent years was the right thing to do. The Finance Director added that due to penalties in place for students not meeting conditions of funding it is vital that effective processes are in place. The Principal commented that College IT systems are comprehensive and the data held can support early intervention where needed.

***The report was noted***

**A/602 Internal Audit Annual Report 2015/16**

The report was presented by PWC as Internal Auditor.

The report confirms that the College has effective and adequate controls in place. The Internal Auditor commented that during the audit process it was clear that the College strives for continuous improvement, staff are very supportive of the process and the challenges presented by the audit team. Relationships between the audit team and College staff are good and the positive attitude around audit is exemplary.

The Chair commented that high standards are in place across all areas of the College, including the Board and Committees. The Principal added that striving for improvement can be difficult given the College is already in a very strong position but there is a need to always look for areas of improvement.

An overview of the recommendation was given by the Internal Auditor and the Committee were advised that follow up is completed by PWC in relation to any risks rated medium or above. The Chair stressed that follow up is extremely important and challenge needs to be made where review dates are passed. The Chair commented that it was very pleasing to note the opinion of the Internal Auditors.

***The report was noted***

**A/603 Internal Audit Plan 2016/17**

The report was presented by PWC as Internal Auditor.

The Internal Auditor shared with the Committee the areas identified for audit during 2016/17.

The Chair commented that he was pleased to see Safeguarding included in the plan and felt this was very timely. It was felt that other areas identified seem to fit in well and given changes in legislation recently it appears to be a good time to review them. The Finance Director added that he felt that it is a comprehensive plan with substantial items which the College has been working on recently so it will be good to see progress made. The Chair agreed that the plan is well balanced and thought it was good to see that the College is looking at specific/niche areas that others may not. The Principal's view was that the plan was reassuring as it will look at areas where work is taking place and testing aspects of these areas. The Chair asked whether Corporate Governance could be included as part of the audit of Information Governance and Data Quality, using 1 or 2 of the 8 days allocated. He felt it would be good to check the current position around declaration of interests and completion of governor appraisals. The Clerk advised that there will an item on the Board agenda for 13 October 2016 to look at governance including Governor self-assessment and objective setting.

***The report was noted and approved for recommendation by the Board.***

**A/604 Teachers' Pension Audit**

The report was presented by RSM as External Auditor.

It was highlighted that the report shows a clean opinion. The College self-certifies and this is then assessed by RSM. The Chair asked if the clean opinion is a shared opinion and this was confirmed by the External Auditor. The Chair added that this was testament to the work completed by the Finance team. This was the second year in a row that the report showed a nil balance, which was relatively unusual in the sector, and to be commended.

***The report was noted***

**A/605 Financial Statements Audit year ended 31 July 2016**

A verbal update was given by the External Auditor.

It was reported that the initial plan was presented in June 2016. Detailed planning has taken place and no amendments have been made to the original plan. The audit is currently taking place and is also looking at all subsidiary companies. No concerns have been found to date. Reconciliation from the SFA is outstanding but this is always the case as this is not made available until later in the year so is not a concern. The Chair thanked the External Auditor for her update and advised that he can be contacted if required at any point during the audit. It was highlighted that the format of the balance sheet has been amended and an explanation for this was given to the Committee. This is consistent for all FE Colleges. The Chair asked whether there a danger that this may mask financial problems. The view of the External Auditor is that this will improve transparency and is consistent with the way in which information is presented in the corporate sector. It presents the same information in a different way and can appear to have an adverse impact on the bottom line. The Finance Director took the opportunity to advise the Committee that pension costs are stripped out when making financial health assessments.

#### **A/606 Follow up on Audit Recommendations**

The report was presented by the Finance Director.

It was highlighted that previous recommendations have been removed where they are complete. Attention was brought to the strategic planning item and the Committee were advised that this is being built into the curriculum planning process for 2016/17.

The Chair commented that it was pleasing to see that items are either complete or in progress (with other items removed once fully completed). The document is much more manageable and the Committee noted the progress made.

***The report was noted***

#### **A/607 Risk Management Plan**

The report was presented by the Finance Director.

The Committee were advised that the plan has been updated for 2016/17 and updates were given where action is required.

The Chair suggested that it will be interesting to see the plans for the public sector in the Autumn Statement. The Finance Director confirmed that the Autumn Statement is normally announced in the second week of November.

The Principal assured the Committee that those with responsibility for the actions in the plan are regularly challenged and asked for updates on progress. The Chair asked the auditors whether this was something that is regularly seen in other organisations. The Internal Auditor responded that most organisations have a risk register and report on the risk register to their Audit Committees and suggested that there are common themes but was keen to stress that the College's register is given a high level of rigour, not always seen by others in the sector.

***The report was noted***

#### **A/608 Any other business**

There was none.

#### **A/609 Date of next meeting**

The date of the next meeting was confirmed as Wednesday 1 February 2017 at 4.30pm. (Joint Corporate Services and Audit Committees meeting on Wednesday 30 November at 4.30pm)