



## **AUDIT COMMITTEE**

**WEDNESDAY 3 OCTOBER 2018**

**Report:** Minutes of the meeting held on Wednesday 20 June 2018  
**Author:** Clerk  
**Action:** Approve  
**Status:** Open

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

**In attendance:** John Holt (Deputy Principal: Operations / Finance Director)  
Claire Leece (RSM – External Audit)  
Lynn Chambers – (RSM – External Audit)  
Karen Finlayson (PWC – Internal Audit)  
Katy McCormack (PWC – Internal Audit)  
Sally Cooper (Clerk)

### **A/656 Welcome / Apologies / Conflicts of Interest**

The Chair welcomed all to the meeting. Apologies were received from Judith Doyle.

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/657 Minutes of the last meeting dated 21 February 2018**

The minutes of the Audit Committee meeting held on 21 February 2018 were agreed as a correct record.

### **A/658 Matters Arising**

There were no matters arising.

**A/659 Sub-contracting Controls Audit**

The report was presented by Karen Finlayson (PWC) as Internal Auditor.

**THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION.**

*The report was noted.*

**A/660 Internal Audit Progress Report to the Audit Committee**

The report was presented by Karen Finlayson (PWC) as Internal Auditor.

In response to a question from the Chair, it was confirmed that no issues with the timings of the remaining three pieces of work were currently envisaged and these three areas were still on track. The Chair commented that this was good and indicated that this is where the Committee would expect matters to be at this point in time.

**A/661 Internal Audit GDPR Report**

The report was presented by Karen Finlayson (PWC) as Internal Auditor.

The Internal Auditor noted that the two low risk areas identified in the report were quite common areas to still be outstanding. The Chair commented that the previous work done last year set the College in good stead for ensuring it was ready to comply with GDPR at the time of it coming into force. The two things identified are also works in progress at the College.

In response to a question from a member of the Committee, the Deputy Principal : Operations/Finance Director commented that as far as he was aware, the College had not received any subject access requests.

The Internal Auditor commented that ongoing training and awareness of staff was important, so that people with data sets knew and understood how they could and should use this personal data.

*The report was noted.*

**A/662 Internal Audit Key Financial Controls Report**

The report was presented by Katie McCormack (PWC) as Internal Auditor.

The Chair noted that it was positive that only one low risk finding had been identified and it was good for the College to have the opportunity to fine tune the year planner. The Deputy Principal : Operations/Finance Director commented that in reality the budget setting process is linked with the curriculum planning although this is not formally recorded so this recommendation will facilitate that.

It was confirmed that this finding would be adopted for the next financial year planning.

*The report was noted.*

#### **A/663 Internal Audit Human Resources**

The report was presented by Katie McCormack (PWC) as Internal Auditor.

The Chair commented that this was another positive report and it was good to see that matters of fine tuning were being picked up.

The Chair noted that the Chair of the People Committee was also keen to be kept up to date on these matters so this report should also be routed through the People Committee for their information.

In response to a question from a member as to why two of the recommendations were advisory rather than low, the Internal Auditor acknowledged that these ratings were subjective and that advisory was seen as a "nice to have". A member commented that the report indicates that there is a risk in the advisory recommendation not being carried out, indicating that such recommendations were more than a "nice to have" and there was therefore a risk that advisory recommendations may not always be taken on board with the same level of impetus as other ratings.

***The report was noted.***

#### **A/664 Internal Audit Quality & Performance**

The report was presented by Katie McCormack (PWC) as Internal Auditor.

It was noted that there had been no findings identified from this report and the Committee commented it was happy to receive and sign off the report in general.

The Chair commented that in all the reports it was pleasing to see a balance between picking up areas for improvement and picking up areas of good practice as this helped to create a fuller picture.

#### **A/665 External Audit Plan**

The report was presented by Claire Leece (RSM) as External Auditor.

The External Auditor asked the Committee whether there were any particular risks they would like to be examined in the audit process and the Chair commented that, as there had been no major changes in the accounting process, he was not aware of any other specific risks and was happy for the areas identified in the audit plan to be reviewed. The Chair commented that it may be useful for the External Auditors to review the College risk management plan and identify whether the mitigating factors put in place are, in their opinion suitable and sufficient, as a sense check.

In response to a question from the External Auditor, the Committee confirmed that it was happy to retain the tolerance level of £2,000. The External Auditor also noted that they would be looking at matters in the aggregate.

The External Auditor noted that, since the report had been produced, they had agreed with the College to hold the fees in aggregate at the 2017 level, the rationale being that the accounts for Amacus were more straightforward in the previous year as they had been brought in-house at the College.

In response to a question from the External Auditor, the Committee confirmed that they were not aware of any instances of fraud nor did they have any concerns regarding processes or controls that would increase the risk of fraud.

The External Auditor noted that she was approaching her 10<sup>th</sup> year of auditing the College so additional safeguards would need to be put in place for her to continue. The options therefore were to include these safeguards (which would include someone internally reviewing her file) or replacing the partner involved.

The Committee agreed to pick up this matter following sign off of the audit this year.

The Chair noted that the External Auditors could contact him at any time during the process of the audit should they need to do so.

The Committee noted the reduction in fee.

***The report was noted.***

**A/666 Update on previous recommendations**

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

The Chair commented that he was comfortable with the progress being made and he could see why the matters still in progress were still in progress, and although some dates may have moved slightly there was not significant variation.

In response to a question from the Chair, the Deputy Principal advised the Committee that the only matter of concern to him was in relation to staff leaders, as the College was trying to ensure the best information flow. As this is process driven, there is a risk if the process is not followed that the best possible outcome would not be attained. The Chair commented that this could be raised with the People Committee.

***The report was noted.***

**A/667 Risk Management Plan**

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

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

***The report was noted.***

**A668 Review of Gifts & Hospitality Register**

A verbal update was given by the Deputy Principal : Operations/Finance Director.

The Chair commented that it was appropriate for the register to be presented to the Audit Committee, to evidence that these matters are recorded and to provide a degree of assurance.

In response to a comment from a member, it was agreed that the declaration of interest noted on the register should be removed and it should be placed on an alternative appropriate register, because including it in the Gifts & Hospitality register created a potentially inaccurate impression.

In response to a question from a member about how to be assured that all relevant gifts and hospitality are included, it was noted that a lot of training had been provided to staff and a comprehensive of policies and procedures were in place, so the staff should be well informed and training could be reinforced as required .

The Committee noted the contents of the register.

**A/669 Any Other Business**

There was no other business.

**A/670 Date of the next meeting**

The date of the next meeting is to be finalised as part of the 2018/2019 corporate calendar and will be notified to the Committee in due course.