



**Minutes of a Audit Committee held on**

**4<sup>th</sup> June 2019 at 4.30pm**

**Held at City Campus Board Room**

**Present:**

Peter Matthews - Independent Governor  
Tony Minhas - Independent Governor  
John Barrett - Co-Opted Governor

**In Attendance:**

Faye Grundy - Head of Governance  
Gill Banks - Interim CEO  
Mark Payne - Vice-Principal Finance and Resources  
Paul Oxtoby - RSM  
Robin Pritchard - Gateway Assure

**A42/19                      Apologies for Absence**

Apologies for absence were received from David Busst.

It was acknowledged that the Committee was not quorate in accordance with the terms of reference and that therefore any decisions made would need electronic resolution separately or a further Audit Committee Meeting.

**A43/19                      Declarations of Interest**

The internal and external auditors declared their interests in item 7 of the agenda.

**A44/19                      Minutes of the last meeting held on 27<sup>th</sup> November 2018**

The minutes of the last meeting held on 27<sup>th</sup> November 2018 were noted as having been previously approved by the Chair.

**A45/19                      Matters arising**

None.

**A46/19                      Audit Update**

1. Governors were presented with an update in relation to progress against internal audit in the current year.

2. Governors noted the outcomes of block one and that block two had commenced that week, block three was scheduled to commence on the 15<sup>th</sup> July. It was advised that in future audits should be spaced more equally.
3. It was reported that a mock ESFA audit would be undertaken in the Autumn term and that planning for this had commenced. KPMG had been contracted to undertake the audit as a firm who are contracted to undertake ESFA funding audits on behalf of the funder. They will be using the scope of the ESFA funding audit but the College would be able to alter the sample size. Governors advised that sample size was a part of risk valuation of a project. The Executive advised that they were not expecting to find anything in the audit of concern but that they wanted to preempt any issues and that all prior learning had been taken into account in the College funding claims.
4. Governors asked whether the ESFA would be able to use the findings of the mock audit. It was noted that any ESFA audit would be independent of the College's own audit and its findings. Governors asked for assurance that the College had sufficient resources to be able to undertake this audit and ensure business as usual.
5. ***Governors resolved:-***
  - i) to receive, note and accept the Audit Update;
  - ii) to request that internal audits be circulated as they are completed. **Action:**  
**VP Finance and Resources**

**A47/19**

### **Internal Audit Report**

1. the Committee received the internal audit report in relation to management accounts and safeguarding both of which provided substantial assurance.  
Governors note the delay identified in closing the accounts which delayed completion of management accounts.
2. Governors noted the substantial assurance provided in relation to safeguarding and the comprehensive set of policies and procedures and the level of staff understanding. However, Governors raised concern as to the process for DBS checking and the reliance on checks undertaken by third party employers. Governors asked why DBS checks were not routinely updated. Governors asked that this be urgently reviewed by the Executive and the policy in relation to DBS checks to be emailed  
**Action : Assistant Principal ( People Services )**
3. Governors noted that there was money to be closed out of the suspense accounts. It was agreed that this money needed to come of the balance sheet and deployed for appropriate purpose.
4. ***Governors resolved:***
  - i.) to receive, note and accept the Internal Audit Report.

#### **A48/19          Review of Auditors Performance and Re-Appointment**

1. The external and internal auditors were advised that they were ineligible to comment on this section and Governors were asked if they would prefer for auditors to leave the room.
2. The Vice Principal Finance and Resources presented his report outlining the performance of the internal and external auditors, it was noted that the performance had been good as verified in accordance with the contractual key performance indicators.
3. It was noted by Governors that the external auditors did not require reappointment at this stage and would be reviewed next academic year.
4. It was agreed by Governors that given the performance of the internal auditors and the need for continuity that the internal auditors be reappointed for 12 months. It was noted that this would need to electronically be circulated or confirmed at a further meeting of the Audit Committee.
5. ***Governors Resolved;***
  - i) To receive, note and accept the review of auditors' performance.
  - ii) to request that internal auditors be reappointed for a period of 12 months. **Action:**  
**Vice-Principal Finance and Resources**

#### **A49/19          Risk Register**

1. Governors received the up to date risk register for their review and scrutiny. Governors scrutinized whether the process for producing the risk register was effective for reviewing and documenting risk.
2. Governors were advised that the risk register had evolved. The objectives on the strategic plan are too great and there are therefore too many risks.
3. It was reported that the situation was improving but needs further embedding. It was noted that there was more work being undertaken than was recorded in the risk register. The process would be tightened and streamlined through the refresh of the strategic plan. The Resources Committee had been meeting monthly and there was more confidence in the risk register in this Committee. Governors asked if Standards Committee also had a greater level of assurance through use of the risk register and were advised that they did.
4. ***Governors resolved:-***
  - i) to receive, note and accept the Risk Register

#### **A50/19          External Audit Plan**

1. Governors were presented with an overview of the external audit plan. It was noted that there were three key roles; what are the key risks, secondly overview of process and lastly emerging issues.

2. Governors noted that tests would be designed to find material fraud and that the sector had seen an upturn in fraud. The auditors were independent and remote to the organization, if they were not independent they would not be in a position to sign the required statements.
3. Governors asked how the bank covenants would interact with the external audit. It was confirmed that the auditors would engage with the College and the bank to understand what the likely end position would be as this would affect the disclosure statements in July.
4. **Governors Resolved** to receive, note and accept the external audit plan but noted that this would need a quorate Committee.

#### **A51/19          Internal Audit Plan**

1. Governors were presented with the College's current plan and were advised that an updated plan would be circulated.
2. The Chair explained that the FE Commissioner review had recommended that the College progress at pace, had been critical of the SLT/Governor development plan and advised that Governors needed to provide more scrutiny which could be evidenced in minutes. Governors explored how Audit could validate, challenge and evidence progress.
3. Governors acknowledged that the link governor programme had not been successful and emphasised that this programme was going to be relaunched in the summer through the Head of Governance to involve each faculty, learning walks, involvement at Board Meetings, safeguarding, learning and development, finance, health and safety and equality and diversity. Governors would be an integral part of the College success.
4. Governors suggested a process of assurance mapping would be helpful. This would enable controls to be put in place for the risks the College is exposed to. The following suggested areas were identified:
  - i. Development of strategic plan
  - ii. Governance Audit
  - iii. Maintenance contracting
  - iv. Marketing
  - v. Fraud
  - vi. Apprenticeships
  - vii. Performance Management
3. ***Governors resolved :***
  - i) to note and accept the draft internal audit plan. Governors agreed to endorse the next steps as outlined in the plan.

#### **A52/19          Date of the next meeting**

The date of the next meeting was to be agreed.

**A53/19          Publication of Documents**

The publication of papers was approved.

**Meeting opened 2.00pm**

**Meeting closed 4.20pm**

**FG**