

Minutes of a meeting of the Audit Committee held on Monday, 16 September 2013 at 5.00 pm in Room FO30 of the College.

Present: Andrew Oldham (Chair); Norma Boyes; Sarah Farquhar; Sarah Graham; Phil Jardine

Also present: Martin Ward, Dodd & Co (External Auditor); Lindsay-Anne Straughton, RSM Tenon (Internal Auditor); Karen Wilson, Deputy Principal, Finance & Corporate Services; Jane Murray, Clerk to the Corporation.

21/13 **Minutes**

Agreed – that the minutes of the meeting held on 20th May, 2013 be signed as a correct record.

The Deputy Principal reiterated her apology that the information requested with respect to implementing recommendations on the IT Security Network had been circulated later than had been originally intended.

22/13 **Declarations of Interest**

None received.

23/13 **Chairmanship**

Agreed – that Andrew Oldham be re-elected Chairman until the end of the academic year in 2015.

24/13 **Audit Framework Developments**

The Committee were asked to note that there had been two mandatory changes to the framework:

The first, the Financial Memorandum, brought together the Governance obligations with the operational conditions attached to the Skills Funding Agency contract. Under the Financial Memorandum, there continued to be a requirement to have an audit committee.

Under the Joint Audit Code of Practice, it was no longer a requirement to have an internal auditor and many of the requirements for an audit plan had been relaxed. The JACOP was also mandatory.

However it was also noted that the Committee had agreed the re-appointment of the internal auditor at their last meeting for a further year and it was confirmed that the Committee would be recommending to the Corporation that the internal auditor function be retained.

A third, voluntary document had also emerged from the AOC: the Audit and Accountability Annex. This was a voluntary annex to the Foundation Code of Governance. The Corporation had signed up to the Foundation Code of Governance, however it was not obligatory to sign up to the Annex. Some Colleges had, some hadn't.

The suggestion was that either a College reported to the Financial Reporting Council's Code of Governance as was currently the practice, or that having signed up to both the Code and the Annex, that a college could report compliance against both these documents.

However, as this would mean that the College would then not be following the wording in the prescribed Accounts Direction for the Statement of Governance, it was recommended that the Audit Committee delay further consideration until after the 2012-13 financial statements. This was agreed, providing that further consideration was given within this year's work plan.

Agreed –

- 1) That changes to the Financial Memorandum and Audit Code of practice be noted.
- 2) That the retention of the internal audit service be recommended.
- 3) That the Committee revisit the Audit and Accountability Annex in either February or May 2014.

25/13

Lean Process Review – Student Enrolment

The exercise was about staff taking ownership of a process and challenging whether the process was efficient and effective. Staff engaged well with the initiative and came up with their own action plan.

Asked whether students had been involved in the exercise, it was confirmed that that they hadn't but that students who did not enrol in the College were followed up on more than one occasion.

The Committee asked for an update on progress against the action plan.

26/13 **Audit Recommendations Tracking Report**

It was noted that, in spite of best efforts, that the Student Loan Company, had still not reclaimed grant money which had been overpaid. There was no easy solution to this.

However, as the money was allocated against a student's name, the Committee did continue to feel that every opportunity should be made to repay the money and asked that enquiries should be made to establish what other Colleges were doing.

With respect to the IT Security Network Audit, those recommendations not dependent on the virtualisation project were completed and the Committee would receive further confidence of this through the internal audit that had started that day.

Noting the delay of the virtualisation project, it was asked how other such delays, which impacted on the College business, would be notified. It was suggested that any such issues would be brought to the Board's attention through the management accounts and through the Principal's report (as the Principal had a delegation to bring significant issues to the Board).

It was noted that progress had been made on all other actions and they were closed off.

27/13 **RSM Tenon**

A change of circumstance for RSM Tenon was received and noted.

28/13 **Internal Audit Annual Report**

As the Deputy Principal, Finance and Corporate Services, had provided evidence to show that sufficient progress had been made on completing recommendations of the IT Network Security Audit, the Internal Auditor's Annual Report showed that substantial assurance could be placed on the three key aspects of governance, risk management and control.

There had been one high, three medium and seven low recommendations in 2012-13.
Governors agreed to recommend the Annual Report to the Governing Body.

29/13 **Internal Audit Strategy**

The strategy had been put together following discussion with the Audit Committee itself in May, with the Principal and with the Deputy Principal Finance and Corporate Services.

Priorities identified were reflected in the plan including sub-contracting and how observations from the teaching and learning process were fed into performance management in the College.

The Committee made some minor amendments to the timing of some of the work in the strategy around cores areas for assurance, before agreeing o recommend the strategy to the Corporation.

30/13 **Early Draft of the Audit Committee's Annual Report**

The Committee received and made some suggestions for changes to an early draft of the report, which would be finalised at the November meeting following the external auditors' consideration of the 2012-13 financial statements.

31/13 **Financial Regulations Review**

A good many of the proposed changes were attributable to changes to the framework previously discussed. The Committee rejected a proposed change to increase the limit at which Corporation approval was required for capital bids on the grounds that there were few such instances in any one year.

A further proposal to increase the limit at which a full-scale tender was initiated for services from £25,000 to £50,000 (capital was already at £50,000) was agreed for recommendation to the Board (it being also noted that three quotes would still be required under that amount).

Assurance was sought by the Committee that there were sufficient safeguards in place against the abuse of procurement under £1,000 and it was explained that separate signatures were required to ensure appropriate control.

The Committee agreed to recommend the financial regulations to the Board subject to the above comments.

32/13

Risk Policy Review

The annual review of the risk policy had taken note of previous comments by the Committee. The Committee concurred, that with the exception of a few formatting errors, that the Risk Policy should be recommended to the Corporation for approval.

The meeting closed at 1840h