

Minutes of a meeting of the Audit Committee

Held at the College at 4pm on 03 March 2020

Present: Stephen Burke, Katie Danvers Hewitt, Mark Pembleton (Chair) and John Royston-Ford.

Apologies: None

In Attendance:

Richard Bott	Mazars (external auditors)
John Owen	Interim Chief Finance Officer
Paola Schweitzer	Clerk to the Corporation
Karen Shaw	Southern Internal Audit Partnership
Penny Wycherley	Interim Principal

Minutes

1 – Standing Items

921 Apologies for Absence

There were no apologies for absence.

922 Membership

There was one vacancy and members agreed it would be advantageous to strengthen the Committee's financial expertise. The Chair invited the Principal to attend the meeting in view of her role as risk management champion.

923 Declarations of Interest

There were no declarations of interest.

924 Minutes

The minutes of the meeting held on 21 May 2019 were **Agreed** as a correct record and signed by the Chair.

Matters Arising

There were no matters arising.

Minutes 926 & 927 were confidential.

928 Annual Internal Audit Plan 2019/20

Paper 2600/20/A set out the refocused annual internal audit plan 2019/20 following a meeting with Karen. The plan addressed key issues at this stage, namely HR processes, estates, cash collection and purchase order processes, and was a work in progress, with contingency days to respond emerging needs (proposals would be brought back to the Committee as necessary). Karen believed that the plan was appropriate to the College's present needs and scoping meetings would now identify the audit objectives. She noted that audits would be more granular than previously. In response to a question, she stated that the purpose of the internal audit was to test the internal control processes and mechanisms in place and that this could be applied to any area within the College. Karen drew governors' attention to the fact that the plan as it currently stood would provide insufficient information on which to provide an audit opinion and the internal auditors would therefore would need to be kept abreast of the reviews and reports of external agencies with regard to governance, risk management and control processes generally as well as other developments within the College.

The Chair raised the issue of the Governors' Action Plan (GAP) agreed in response to the external whistleblowing investigation and noted that Corporation had agreed it should be internally audited. Penny stated that it was a complex action plan and had been overtaken by the FE Commissioner's November 2019 recommendations. The College needed to focus on its biggest risks: its finances and an imminent Ofsted inspection, and there simply wasn't the capacity to audit the GAP at the current time. Instead, she suggested it be reviewed at the end of the year. The Chair believed it was important not to omit any of the GAP's recommendations and stressed the importance of completing the circle. It was **Agreed** that the internal auditor would annotate the GAP against the audit plan and review it at the end of the year.

It was **Agreed** to recommend the Annual Internal Audit Plan 2019/20 to Corporation for approval.

929 Internal Audit Annual Report 2018/19

The internal audit annual report 2018/19 (paper 2554/19/A) was **Noted**.

930 Review of Outstanding Audit Recommendations

It was **Agreed** that the Clerk would circulate the outcome of the cyber security JISC audit. The review of outstanding audit recommendations was **Noted**.

931 Risk Management Monitoring

Penny presented paper 2601/20/A providing an update of the proposed changes to the College's risk management process.

The risk management process had been reviewed and a new impact analysis created to ensure the risk register was sufficiently granular to clearly prioritise risks. A Risk Management Board had been created to oversee the risk management process and would report to Audit Committee via the Executive Team. The first draft of the new risk register outlining the 12 key risks was appended to the report (Penny stressed it was a live document and so constantly being updated). Each risk was scored against the likelihood of the risk arising and its financial and reputational impact and was assessed pre and post controls, with clearly identified review dates. Audit Committee was responsible for overseeing the risk management process and the risk register would be a standing agenda item at every meeting. Individual risks would be considered by the appropriate Committee. An annual review would be carried out by Audit Committee to delete, replace or review risks. There was a brief discussion about additional columns to capture the direction of travel and recording assurance under each risk. It was agreed that the new process would be internally audited once it was fully operational.

Members **Agreed** to recommend the following to Corporation for approval:

- The proposed new risk management process for the College;
- The College's risk register in the light of first consideration by the College's new risk management board;
- The approval of the risks to be deleted, replaced or reviewed annually.

932 Review of Register of Interests

Paola presented paper 2602/20/a concerning the review of the Register of Interests arising from one of the Governors' Action Plan recommendations. Members reviewed the summary of governors' interests and the Chair made one amendment to his Declaration of Interest. Members **Noted** the Register of Interests for 2019/20.

Minute 933 was confidential (without staff members present).

The meeting ended at 6.50pm.