

**Minutes of the Audit Committee Meeting
of the Corporation held at the College at 4.15pm on
Tuesday 24 May 2016**

Members Present: Dr L Carter
Ms N Kanram (left at 5pm)
Mr M Lawther (Chair)
Mr M Dawe (co-optee)

In Attendance: Ms I Bond - Southern Internal Audit Partnership
Mr J Cox - Group Finance Director
Mr C Mantel - RSM Tenon
Ms P Schweitzer - Clerk to the Corporation

Apologies: Mr L Davies

Not present: Mr A Minter

M i n u t e s

Part 1 – Standing Items

809 Apologies for Absence

Mr L Davies sent his apologies. Mr A Minter was also not present.

810 Membership

The Clerk stated that the Committee was without a Chair (Mr Lawther's term as Chair had ended) but that Mr Lawther was willing to chair the meeting if the Committee agreed. The Committee agreed and thanked Mr Lawther. The Clerk stated this issue would be considered by Search Committee.

The Chair stated that this was Mr Dawe's last meeting and, on behalf of the Committee, thanked him for his two terms of office as co-opted member.

811 Declaration of Interest

There were no declarations of interest.

812 Minutes

The minutes of the meeting held on 07 March 2016 were **Agreed** as an accurate record and signed by the Chair.

813 Matters Arising

There were no matters arising.

Part 2 - Matters for Decision

There were no matters for decision.

Part 3 - Matters for Discussion

814 Internal Audit Report – Visit 1 2015/2016

Ms Bond presented Paper 2165/16/A setting out Southern Internal Audit Partnership's (SIAP) Internal Audit report for the spring term and explained that this year's audits were taking place over two, rather than three, visits due to a clash with the area review in November 2015. SIAP audited four areas on this visit and the results were outlined to the Committee:

The scope of **financial planning** was to ensure that accurate and up to date financial information was available to assist in an effective decision making process. The review found that substantial assurance could be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives. No management action plans were drawn up following this review.

The scope of the **learner numbers system** audit was to ensure that student information was accurately recorded to fully support the funding claim. The review found that adequate assurance could be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives. As a result two management action plans had been drawn up with actions to hold student paperwork centrally and under the student's name (as opposed to academic year) as well as holding training for course administrators to ensure that Learning Agreements were fully completed. Ms Bond reminded Governors that this was an annual review, due to the importance of the system to the College and that given the current climate, this was a good outcome. The issue was essentially due to the sheer number of learners. There was a brief discussion about scanning documentation with Ms Bond confirming that some colleges were going down that route but it was an issue of resources. The Group Finance Director confirmed that the College was looking into making the admissions process more electronic but it was a big task due to the volume of documents.

The scope of **work placements** was to ensure that appropriate checks had been undertaken to ensure that risks had been considered and managed prior to the activity taking place. The review found that limited assurance could be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives. The significant issue identified concerned a residential care home placement that had been undertaken before a DBS check had been seen by the College. As a result four management action plans had been drawn up with actions including training and revising the Work Related Learning Policy. Ms Bond explained that limited assurance in this area was not uncommon in colleges this year as it was an area requiring a lot of documentation and checks. Governors asked whether it was necessary to acquire a copy of the Employer's Liability Insurance and the Group Finance Director confirmed that this was a requirement under SFA

funding rules (there was a check list which included a valid date and cover up to £5m). He explained that the number of placements had increased significantly in recent years and that Reid Employment used to be responsible for work placements for the College, however the structure was now fully in place in house. In response to a question, the Group Finance Director confirmed that the Managing Director Student Central was writing the Work Related Learning Policy and was responsible for ensuring that Health and Safety officers knew assessments had to be done.

The scope of **additional learner support** was to ensure that student information was accurately recorded to fully support the funding claim. The review found that substantial assurance could be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives. No management action plans had been drawn up.

The Group Finance Director reminded Governors that they would receive an update on the actions identified through the 'Outstanding Audit Recommendations' Standing Agenda Item (this was not on the current Agenda as there were no actions to report on!) and that SIAP would return to each area in 12 months' time to check the College had carried out the actions.

The Internal Audit Report – Visit 1 2015/16 was **Noted**.

815 Risk Management Monitoring

The Group Finance Director presented Paper 2166/16/A, stating that at the last Corporation meeting it was agreed that the Leadership team should review the approach to the Risk Assessment and the format of the Risk Register. This review was currently taking place and the new format would be presented to the next Corporation and Audit Committee meetings.

816 2014/15 Financial Statements & Regularity Audit

Mr Mantel from RSM UK Audit LLP presented Paper 2167/16/A setting out the 2014/15 Financial Statements and Regularity Audit, explaining that RSM was required to present the findings of their audit including a summary statement of the final accounts for the financial year to the Committee.

Mr Mantel stated that pulling the accounts together had been a challenging task this year, due to the increased complexity of the College's structure and external interests and the early November 2015 meeting date. However the financial statements had been completed and a clean audit opinion given. Mr Mantel stated that the list of adjustments reflected the challenging year and that there were a number of upcoming issues.

Mr Mantel stated that the format of the report was the same as previous years and he briefly went through the final audit findings report stating that RSM were comfortable with the College's international programmes and the New Horizons investment and anticipated that the College would start seeing a pay back in the next couple of years. These areas would be followed through this year. A couple of potential adjustments had been raised for Firebrand Communications Limited and these had been updated. Mr Mantel stated that

the accounting standards were changing, meaning that there would potentially be a lot of extra work this year, not least of all to include subsidiaries and joint ventures, and he asked the Committee to bear with their accounting team!

There was a discussion about the potential for colleges to be degrouped from the Local Government Pension Scheme and the impact that could have. The Group Finance Director stated that the College's share of the scheme was about £12/14m deficit but it was unlikely to ever be in a position where it would have to pay. He explained that the risk profile for those who were degrouped would go up and therefore its employer contributions to the scheme would increase.

One Governor asked about the significant difficulties identified during the audit *'that some [...] delays were as a result of non-financial information not being provided from relevant departments. This may indicate that other departments do not understand their role in the statutory audit.'* And what was being done to ensure this didn't happen again. It was unclear exactly which departments were referred to and this information will be relayed to the Committee.

The 2014/2015 Financial Statements and Regularity Audit were **Noted**.

817 Financial Statements Audit Service Performance Indicators

The Group Finance Director presented Paper 2168/16/A setting out the Financial Statements Audit Service performance indicators. Governors noted that the main area scored down concerned staff continuity. Mr Mantel explained that there had been a number of staff changes but there would be more continuity in the current year as the partner and managers were back in post and would be carrying out the audit.

Ms Bond stated that the Committee would receive the internal audit plan at the November meeting and that Chair's approval might be needed if the first visit were to take place before then.

Self-Assessment of Meeting

Four evaluation forms were returned to the Clerk. Members agreed that papers arrived in time and were clear and concise, and all but one member felt that the Committee received sufficient information upon which to make decisions. Members felt able to contribute to the debate and decision-making process and all members felt that the Committee challenged and questioned reports sufficiently. Members were satisfied that the decisions arrived at were sound and that the impact of decisions on students and the College was clear. Members felt that the Chair provided effective leadership and ensured that there was enough time for debate and that all Governors were able and encouraged to participate in discussions. Members agreed that the meeting was clerked effectively.

Date of Next Meeting

Tuesday 22 November 2016 @ 4:15 pm

The meeting ended at 5.15 pm