

Minutes of the Meeting of the Audit Committee

31 March 2014, 4.45pm in H102a

Present :

Graham Briscoe (Chair)	External Governor
Julian Young	External Governor
Mark Ricketts	Co-opted Member
Paul Davis	Co-opted Member

In Attendance:

Heather Cross	Clerk to the Corporation
Matt Atkinson	Principal
Julian Tucker	Director of Finance
Alastair Campbell	RSM Tenon

Action

1 Apologies and Welcome

Apologies were received from Andy Furse and Richard Bott of Mazars also submitted his apologies.

The Chair welcomed Julian Young as a new committee member.

2 Declarations of Interest

The Chair reminded members to declare interests as and when necessary on the agenda.

3 Confidentiality of Items

The item concerning auditor performance was confidential to the committee.

4 Minutes of the Audit Committee 25 November 2013 and any matters arising

The minutes were confirmed as a true record and signed by the Chair.

Matters Arising

Risk register – It was decided that the system of determining which risks would have a more detailed discussion at each meeting would be implemented from the summer term meeting.

New Financial Reporting Standard – the Committee was due to receive a report on how the changes would operate in more detail at the summer term meeting.

Prior Review of Report and Financial Statements – It was reported that this task had been added to the financial

Clerk

Baker Tilley

stewardship governor role which was to be considered by the Corporation shortly.

Receipt of monthly management accounts by external members of the committee

These were now regularly received.

Testing of business recovery

This was carried forward.

5 Internal Audit Service Reports

Follow up of Adult and Community Learning report

Alistair Campbell, Baker Tilley, reported that most of the recommended actions had been quickly dealt with by the college and the few items not yet completed were being addressed and mitigated. There was no separate audit proposed to follow up. Where implementation dates were not until June 2014, this reflected the introduction of a new manager. The system of exception reporting, and therefore not reporting on completed actions, was noted and was not proposed for change.

The Committee noted the report.

Estates Management, including planned maintenance

The report had been circulated and it was noted that the audit had a green status which reflected that everything was working as intended and there were no issues.

The Committee welcomed that there were no concerns raised with this report.

In response to a question concerning the overall estate budget in comparison to the identified planned maintenance budget, it was decided that the figure would be placed in the minutes, as confirmation.

Risk Maturity – Risk Assessment, Risk Mitigation, Assurance, Monitoring and Reporting

This was an advisory report, giving comparisons of approaches across the sector. Alistair Campbell referred to the later agenda item of the risk assurance toolkit which was designed to assist colleges in determining how they obtained risk assurance.

There was discussion about the auditor providing some indications of direction of travel following previous work undertaken. In addition there was questioning about how the college compared to others on the risk maturity framework. The Auditor reported that more colleges were in the 'developing' phase and therefore City of Bath, with some of its activities in the 'maturing' phase, was showing better progress than that. Where the college made more assurances explicit would show an even greater direction of

travel.

In addition it was considered that more exception reporting would show greater maturity. The Principal commented that when urgent events took place, such as the recent announcement of severe budget cuts for the coming year, the college management did not make specific reference to the risk register but simply addressed the problem. **The Committee agreed that a practical rather than a bureaucratic approach should be taken towards risk.**

Internal Audit Progress report July 2013

The circulated report showed the progress against the Internal Audit Plan for the year with the three audits carried out having been reported at this meeting. Three more due were being planned for June and the timing of the final one, the funding audit, would depend on the conclusion of the SFA Funding audit pilots.

The Committee noted the progress report.

Board Assurance Toolkit for FE Colleges

The toolkit was received. It was decided to take note of the document in considering future planning of audit and assurance.

7 Risk Management – Risk Register

The risk register was reviewed, noting that this had most recently been considered by the Corporation at the meeting held in the previous week. 4 existing risks had been removed and 4 new risks had been added. The Director of Finance reported on the four new risks and the actions being taken to address them. The risks in question were ACL under-delivery; 16 to 18 apprenticeships under-delivery; financial health assessment and the possible loss of income from the CSkills contract. It was noted that another risk had now been re-assigned with a high probability, which was loss of highly trusted status as the number of visa refusals experienced by the college was approaching the threshold. The Director of Teaching and Learning was carrying out a good job in addressing the problem and a recent spot check had gone well.

The committee noted the risk report.

8 Audit Monitoring Report

The report was reviewed. There was discussion about business continuity planning which was one of the outstanding items. The Principal spoke about the plans to use an SMT meeting in a few weeks' time to practice a scenario and the Committee Chair agreed to be an observer. It was noted that a key area of testing would be communications as these were very important in any

SMT

scenario.

Procedures for examinations were required but the date for these to be completed was dependent on the manager to propose a date and this would be advised by the Director of Finance.

DoF

9 Audit Committee Self-Assessment

The self-assessment report had been circulated. The Clerk reported that the format for the assessment replicated that used previously. The Chair had provided another example of assessment from the Audit Commission for future comparison. There were no issues from the self assessment.

The Committee approved the self-assessment.

10 Foundation Code of Governance – Audit and Accountability Annexe

A report had been circulated which recommended adoption of the Audit and Accountability Annex which was recommended by the Association of Colleges for those colleges which had adopted the Foundation Code of Governance. This provided an alternative means to comply with the Financial Reporting Councils' UK Corporate Governance Code.

It was agreed to recommend the Annex to the Corporation for adoption.

Clerk

Alistair Campbell left the meeting at this point.

12 Internal Audit Planning for 2014/15 and risk assurance

The Committee discussed the best ways to source assurance and determined that some conclusions should be reached in order to discuss a specific plan at the next committee meeting. It was agreed that a list of critical financial aspects be drawn up along with the gaps in other areas against other sources of assurance from internal audit providers.

The Chair of the Committee, the Principal and the Director of Finance would meet to consider alternatives and to make proposals to the committee.

Principal, Director of Finance

Other members of the committee agreed to consider proposals prior to the next meeting.

13 Date of Next Meeting

This had been previously agreed as Monday 30 June 2104.