

## **Minutes of the Meeting of the Audit Committee**

held

**on Monday 25 June 2018 at 3.00pm at Somer Valley Campus, in the Wellow Meeting room**

### **Present :**

Julian Young (Chair)	Governor
Andy Furse	Governor
Teixeira Baber	Governor

### **In Attendance:**

Heather Cross	Clerk to the Corporation
Rachel Hepworth	Director of Finance and Corporate Services
Laurel Penrose	Principal
Richard Bott	Mazars
Adam George	RSM

### **Action**

#### **1 Apologies and welcome**

There were no apologies. It was noted that the committee required some additional members to be appointed as soon as possible as there were currently only two regular members. The Chair thanked Tesh Baber for joining the committee for this meeting.

#### **2 Declarations of Interest and confidentiality of items.**

The Chair reminded members to declare interests as and when necessary on the agenda. A confidential item to be taken at the end of the agenda without auditors present was noted.

#### **3 Minutes of the last meeting and any matters arising**

The minutes of the last meeting held on 5 March 2018 which had been circulated previously were agreed as a true record.

#### **4 Internal Audit Reports**

##### Learner Journey

Disappointment was expressed that this report was not complete and thereby not available to the committee. It was not satisfactory for the committee to wait until its next meeting in November to see

this report when it related to an audit scheduled in the programme this year and may include observations on matters which could affect the college's funding.

The Internal Auditor commented that there were no 'showstoppers' in the report.

The Chair requested that the report be circulated to the committee as soon as it was available. He advised the Internal Auditor that in future he expected improved scheduling of audits and the subsequent preparation of the reports such that they would always be guaranteed to meet the committee deadline.

#### Funding Assurance

The Internal Auditor commented that he had only very recently issued this report to the college for management comment and apologised that as a result the report was not available [*but he commented verbally that there were some funding treatment issues which had been identified and in respect of apprenticeships some examples of fees recorded to be charged being fundamentally different to those recorded as negotiated. This was a common issue being found in a number of college audits.*] The Chair reiterated his comments made earlier concerning the learner journey audit. It was agreed that the committee would hold a telephone meeting once the report was completed and formally received.

#### Income and Debtors

A report had been circulated previously. Ongoing assurance of processes was given – reasonable assurance. There were two medium issues concerning checking the cash at the Somer Valley Café.

The Chair asked in future that some quantification in order to judge 'reasonable' be offered in each report, wherever possible to be set against available benchmarks.

It was agreed that the aged debt report be added to the minutes.

#### Audit Follow up

*Little progress in following up actions. The Chair queried why the auditors had not started their work from the tracking document.*

*It was agreed that a month before each Audit meeting the Director of Finance and Corporate Services would meet with the Audit Committee Chair to check progress.*

#### Progress report

The progress report which had been circulated previously was noted.

#### Assurance stock-take

This was an advisory audit to assist towards assurance mapping. It was noted that the college did not currently have an assurance 'map'. The process should be as simple as possible, but it was

agreed that it should be a separate document from the risk register. The Principal and Director of Finance and Corporate Services agreed to work together on some recommendations, giving the advantages and disadvantages of different models. The item would be discussed at the November meeting.

**5 Risk Management Report - Risk Register**

The latest risk register report which had been circulated was discussed. The areas where the assessment of risk had increased or reduced were noted.

**6 External Audit – Audit Strategy Memorandum**

The proposal for the conduct of the external audit of the accounts for 2017/18 year prepared by Mazars had been circulated previously. Richard Bott commented on the key issues of focus including the standard tests of going concern and review of fraud. There was intended a revenue recognition exercise and an examination of loan covenants. It was understood that the college would be securing a waiver from its bank and this needed to be in place by 31 July 2018. Other issues to be examined in particular would be the defined pension scheme position and the valuation of the college's land. Materiality of any issues identified in the audit was agreed to be £190,000. Any item with an impact of more than £10,000 would be brought to management's attention.

There was a discussion about the nature of assurance on apprenticeship income and it was agreed that this should be another area of scrutiny.