

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. [The reports under items 4-7 were confidential.] 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

Audit Follow up

Progress report

Assurance stock-take

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.

7 Update on outstanding Audit recommendation actions

The Director of Finance and Corporate Services spoke about the position concerning outstanding Audit recommendations. Of the issue presented at the last meeting all apart from one were complete.

The internal auditor advised that all the previous recommendations concerning funding could be removed in his view as either completed or superseded. With these removed the college was at a level of completion which would equate to 'reasonable progress'.

The Committee Chair commented that the work to identify and then address all outstanding recommendations was a comprehensive piece of work and the assessment of reasonable progress was endorsed. It was suggested that the 'low' ranking recommendations from the past should be left and the focus would be on the new recommendations. He thanked Rachel Hepworth and her team for the work and encouraged them to complete the task.

8 Date of Next meeting

The date of 19 November 2018 which had already been agreed was noted.

The Internal and External Audit representatives left the meeting.

9 Confidential - Internal Audit Procurement

