

COLLEGE BOARD OF GOVERNORS

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON Thursday 27 March 2014

PRESENT:

M Taylor	Governor
S Pickering	Governor
P Helm	Governor
P Bird	Governor (staff)

IN ATTENDANCE:

- A J Oaks (Clerk to the Governors)
- M Wesson (Staff Governor observing)
- V Dalton (VP Funding, Data & Compliance)
- T Johnson (VP Corporate Services)
- L Miah (Director of Finance)
- J Creed (ICCA Education Training & Skills)

The Chair welcomed M Wesson to the meeting as observer, with a view to joining the Committee formally.

APOLOGIES

14.01 Apologies were received from G Vaughton.

DECLARATION OF INTERESTS IN ANY AGENDA ITEM

14.02 There were no declarations of interest.

MINUTES

14.03 The Minutes of the meeting held on 3 December 2013 were agreed as a true and accurate record subject to an amendment to Minute 13.94, apologies, inserting ...'and P Bird'. The Minutes were signed by the Chair.

MATTERS ARISING

14.04 A list of actions arising from previous meetings was considered and updates provided by management and the Clerk. The Director of Finance confirmed that there was nothing to report regarding departures from standard procurement procedures. Other items formed part of the agenda or were future action points.

MID YEAR REVIEW OF THE RISK REGISTER

14.05 The Committee received an update on the risk register following completion of the performance review process which included discussion of departmental risk registers. Risks were identified and aligned to the college's strategic priorities and Development Plan. The VP CS explained where updates had been made to the existing controls and actions required within the top level risks. Risk scores had not been changed as a result of the update.

14.06 Governors reviewed each of the risks in considerable detail, noting the updates and asked several questions for clarification. Members agreed that the process

demonstrated a great degree of rigour and provided much assurance to the Committee of the level of internal controls in place. The Chair reported that he had recently attended a performance review meeting and that the scrutiny, rigour and professional management of the process had been most impressive, giving him a high level of assurance regarding risk management.

The Report was noted and received.

INTERNAL AUDIT REPORTS

14.07 The Committee received six internal audit reports following reviews undertaken between November and February 2014 as part of the agreed Internal audit strategy.

Student Loans Company – 24+ Advanced Learning loans

14.08 The review was the first undertaken in this area of funding and administration. The Report provided a Substantial assurance opinion and resulted in one medium and one low priority recommendation made. The first related to audit trails of MIS data and the second regarding reporting of 24+ ALL take up. Detailed findings and action plan were considered. Management had agreed the recommendations which had been successfully implemented in February 2014. J Creed commented on the recommendations and concluded that the Committee could take assurance from the Report, which was very good from a controls perspective.

The Report was noted and received.

Skills Support for the Unemployed

14.09 The Report provided a Substantial assurance opinion. One low priority recommendation which had been agreed and implemented, and one advisory point which had been noted by management. J Creed confirmed that the report provided substantial assurance in relation to a significant funding stream for the College, and was another high quality assurance opinion noted by members.

The Report was noted and received.

Learner Records and Funding 16-19 EFA

14.10 The Report provided a Substantial assurance opinion. One medium priority recommendation made, which had been agreed by management for implementation in August 2014. Two further advisory points had been made. J Creed informed members that the review was substantive, and provided further assurance of good controls in place. The management responses and the advisory points had been taken on board. Following a question from the Chair, J Creed advised that this was a key area of funding that would be reviewed on an annual basis.

The Report was noted and received.

Learner Records 16-18 Adult Skills Budget SFA

14.11 The Report provided a Substantial assurance opinion. One medium and one low priority recommendation. The latter related to the recording of start dates on the ILR and would be implemented by January 2015. The medium priority recommendation related to completion of documentation in relation to SFA

funding rules. This had been agreed by management for implementation in June 2014. J Creed remarked that the methodology used for the review was that used by SFA. Governors were asked to note that the latter two reports provided substantial assurance over 65% of the College's core funding which was significant.

The Report was noted and received.

Estates Management

14.12 The Report provided a Substantial assurance opinion. Two low priority recommendations had been made, the first of which related to the Service Level Agreement and the procedure for reporting and noting the completed status of tasks. This had been accepted and changes made to address the recommendation. The second recommendation related to the controls required in respect of external contractor risk assessment and due diligence information.

The Report was noted and received.

IT Procurement and Asset Management

14.13 The Report provided a Substantial assurance opinion. Two low priority recommendations had been made, for implementation by the end of summer term. The first related to the current IT Strategy document suggesting links to the College's Development Plan in respect of IT Operations. The second recommendation suggested the College consider developing an ICT asset disposal policy and procedure, together with amendment to Financial Regulations. Management had agreed the points for implementation by the end of the summer. J Creed summarised the findings and noted the quality of the report.

The Report was noted and received.

The Chair thanked the Internal Auditors for presenting the reports, stating that he was extremely pleased with the high levels of assurance.

EXTERNAL AUDIT REPORT – ESF CO FINANCING SSU AND SSR

14.14 The Committee received a report from the SFA on ESF Co-financing, showing final assurance on the review undertaken in December 2013. The VP FDC confirmed that no weaknesses had been identified. Referring to the funding errors identified, the value was insignificant and well below the threshold. J Creed commented that the Committee should take great comfort from the result of this report together with the SFA review both of which demonstrated a very high level of assurance over controls.

The Report was noted and received.

MONITORING OF AUDIT RECOMMENDATIONS

14.15 The Committee received a report highlighting progress against the implementation of audit recommendations. 14 recommendations made in 2012/13 had been fully implemented. The Clerk advised that internal auditors would conduct a Follow Up in May, and that the report would be presented to the Committee in June. Of the reviews undertaken to date in 2013/14, 12 recommendations had been made in total, four of which had been fully implemented, 8 had future deadlines. Three advisory points had been made. The Report was received.

AUDIT FRAMEWORK AND TERMS OF REFERENCE

- 14.16 The Clerk presented a report informing members that the revised JACOP included some subtle but significant changes to the assurance framework that should be noted. Members of the Committee had met with the Clerk and members of the senior management team to review and propose changes to the Committee's Terms of Reference to ensure they reflected the new regulatory requirements. J Creed commented that whilst the Committee was able to place reliance on assurance given through the internal audit process, it was for the Committee and the Corporation to provide an opinion to the SFA on the adequacy and effectiveness of the College's risk management controls and assurance framework.
- 14.17 The Clerk commented that the changes to the assurance framework provided an opportunity for the Committee to drive the internal assurance process and that further discussion regarding the proposed Internal Audit Strategy for 2014/15 would take place separately.

The Report was noted and received.

DATE AND TIME OF NEXT MEETING

- 14.18 The next meeting of the Committee would be held on Wednesday 25 June 2014 at 4.00 pm.

Members of staff left the meeting. In accordance with the Terms of Reference, the Committee proceeded with its annual confidential session with the internal auditors, which was recorded in separate confidential Minutes (Part II).

Signed _____ Chair

Date _____