



**Minutes of the Meeting of the  
AUDIT COMMITTEE**

**held in WF122, Fawcett Building, Willesden Centre,  
at 5pm on Wednesday 24 June 2015**

**MEMBERS**

**Present [4]**

**[4/5 : 80%]**

**Vacancies [1]**

**Name**

**Category**

Ann John OBE (Chair)  
Tracey Connage  
Jeff Lee  
Vineeta Manchanda

Independent  
Independent  
Independent  
Independent

**IN ATTENDANCE**

**Name**

**Office**

Fiona Chalk  
Stephen Holley  
Anthony Moore  
James Sherrett  
Graeme Clarke  
James Aston  
Luke Holt  
Andy Cole  
Vineeta Manchanda

Clerk to the Corporation  
Vice-Principal Finance  
Financial Accounting Manager  
Mazars  
Mazars  
BDO  
BDO  
Principal  
Governor

**[Action]**

**1 APOLOGIES FOR ABSENCE**

There were no apologies.

**2 DECLARATIONS FOR INTEREST**

No declarations were made.

**3 MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 17<sup>th</sup> November 2014 and 13<sup>th</sup> May 2015 were **Clerk**  
APPROVED as a true and accurate record and, as such, were signed by the Chair.

**4 MATTERS ARISING**

Items 6b-d from the previous minute will be carried forward to the next meeting. **Clerk**  
Items 6e&f were discussed at the Summer Conference

**5 INTERNAL AUDIT REPORT – VISIT NO. 2**

The progress report which showed 2 draft reports have been submitted since the last

**[Action]**

Audit Committee and 1 on Quality Management Systems is outstanding but will be issued shortly. In total so far, there have been 7 priority 2 (significant) recommendations and 6 (Housekeeping) recommendations. All have been agreed with Management. Fieldwork is still taking place on 3 items (IT Disaster Recovery/Learner Number Systems/Income Diversification Strategy)

#### *Risk Management/Assurance Mapping*

It was noted that the new JACOP has brought more emphasis on the role of the Corporation and Audit Committee to determine and obtain assurance and Assurance Mapping is becoming more commonly used in the sector. The structured mapping of assurances enables the College to identify and record the key sources of assurance that will inform management and the Board on the effectiveness of its key controls for managing risk and achieving the College's objectives.

It was noted that the College does not at present have an Assurance Map in place. 4 observations were given (1 significant and 3 housekeeping) to assist the college in its managing of its risk framework. Also detailed where the top 10 risks of other colleges in the sector. These were compared to the CNWL's top risks. As a result, the College has:

- agreed to review the Risk Management Policy and incorporate Risk Assurance Mapping
- agreed to better evidence the discussions it has regarding risk management, both at EMT and Business Continuity Planning Group
- agreed that the Business Continuity Planning Groups will consider the 4 risks not currently on the risk register but identified by the IAs as common industry risks

**EMT**

A template of an Assurance Map was provided by Mazars.

#### *Estates Strategy Implementation*

This was identified in the Risk Register and has significant impact on the financial wellbeing of the College. The College is currently undertaking a major estates project with demolition and rebuilding on the Willesden site at an expected cost of £18m. It was noted that there were 4 recommendations (3 significant and 1 housekeeping). As a result of these recommendations, the college has agreed to:

- implement a Service Level Agreement and associated policies
- further develop the Report a Job system in line with a Service Level Agreement
- develop robust action plans against the Accommodation Strategy that works can be measured against
- Ensure the Accommodation Strategy links to the Strategic Plan, Curriculum Plan, HR Strategy and Financial Plan.

**EMT**

## **6 FINANCIAL POLICIES**

The Internal Auditors had previously recommended that the Financial Policies and Framework be updated. These documents were duly presented by Stephen Holley and were noted as follows:

1. Part A – policy framework. This includes recommendations on Governance, including Nolan and the Combined Code, Public Interest Disclosure and the Bribery Act.
2. Part B - Financial Regulations. Part 1 incorporates the Introduction and general background. Part 2 incorporates roles and responsibilities.

Governors noted the following particular points:

- Sect 2 – Management Accounts will be reviewed each month by EMT
- Sect 3 – Audit requirements and responsibilities of the Audit Committee

[Action]

- Sect 4 – Departmental budgets will be agreed at meetings of SMT, the totals of which will conform to the targets set by Governors.
- Sect 5 – HR/Payroll arrangements are being enhanced, with discussions on recruitment forming part of the dialogue on financial implications
- Sect 6 – public tendering/compulsory competitive tendering exercise to be undertaken for spend over £150,001 and electronic tendering to be made publicly available i.e. INTEND facility.
- Sect 11 – details on research projects and external contacts have been added to the Financial Regulations, previously not mentioned
- Sect 13 – details on small works projects and major capital projects have been given
- Sect 14 – The Board's responsibility in regards to Risk Management
- Sect 15 – Conflicts of Interest, Bribery, Gifts and Hospitality
- Sect 16 – definitions on arrangements and reporting of partnership and sub-contracted work

Members agreed with the Vice-Principal of Finance and Resources that the college is in a more comfortable position now these procedures are in place. The Internal Auditors complemented the Vice-Principal on the document and stated it was key that it be embedded and monitored going forwards.

Section 3 4.2 was amended to state that Internal Auditors be appointed tri-annually, not annually.

**It was resolved that the Audit Committee recommend to the Board, the adoption of the Financial Policy Framework and Regulations.**

Clerk

## **7 APPOINTMENT OF FINANCIAL STATEMENTS AND REGULARITY AUDITORS FOR 2014/15 WORK AND ASSOCIATED AUDIT PLAN**

BDO presented their first planning report as External Auditors, explaining the scope and objectives which the committee noted.

It was noted that the scope and objectives cover:

- An opinion on whether the financial statements give a true and fair view of the College's affairs at year end and that they have been prepared in accordance with UK GAAP and other appropriate legislation
- Whether payments have been made in line with contractual terms and in line with the Regularity Audit Framework
- That management are ready for the implementation of FRS 102 and SORP 2014 for the 2016 year end
- Planning meetings have already begun and a full report will be presented to the Audit Committee on 4<sup>th</sup> November 2015
- Materiality between £11,000 and £550,000 (figures being benchmarked with the industry)
- Risk areas of Revenue recognition, Management override, Going concern, Opening balances, Fraud and error and Related party transactions.

BDO declared and confirmed their independence and their fee of £20,000 was considered.

**It was resolved to recommend to the Board the appointment of BDO to deliver the external audit service for 2014/15 at a total fee of £20,000.**

Clerk

## **8 EXTERNAL AUDIT – TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

The Committee noted that the previous Internal Auditors had recommended the updating of the Terms of Reference of this committee following the publication of the

[Action]

new JACOP in 2013. The key element of the new JACOP was noted as the extended scope the committee has as key advisor to the Corporation in ensuring it fulfils its statutory and legal duties in respect of risk, governance, control, value for money and safeguarding of assets.

Key changes to the Terms of Reference were noted, including more detail on reporting procedures in regard to fraud and irregularity and the need to report these to the appropriate funding body and its role in considering and advising the Corporation in regard to assurance.

**It was resolved to approve the updated Terms of Reference**

Clerk

**9 SCHEDULE OF AUDIT COMMITTEE BUSINESS**

The Clerk produced a plan detailing the committee's work for the forthcoming year, incorporating an extra meeting at the start of the academic year to ensure the work is undertaken in a timely fashion to meet the SFA's statutory requirements.

**It was resolved to approve the Audit Committee Business Plan for 2015/16**

Clerk

**10 ANY OTHER URGENT BUSINESS**

The Principal thanked Ann John for her chairing of the Audit Committee as this will be her last committee meeting before the end of her Term of Office in September.

**DATE & TIME OF FUTURE MEETINGS**

**11**

Monday 28<sup>th</sup> September 2015 at 4.00 p.m.

*The meeting closed at 6.20p.m.*

**Signed**.....  
(Chair of the Committee)

**Date**.....