



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

**held in the Boardroom, Fawcett Building,
Willesden Campus,
at 5pm on Wednesday 19 November 2014**

MEMBERS

Present [5]

| Name | Category |
|------------------------|-----------------|
| Ann John OBE [Chair] | Independent |
| Jack Gill [Vice-Chair] | Independent |

[2/5 : 40%]

Apologies [2]

| | |
|----------------|-------------|
| Tracey Connage | Independent |
| Jeff Lee | Independent |

Vacancies [1]

IN ATTENDANCE

| Name | Office |
|----------------|-------------------------------------|
| Gill Winward | Clerk to the Corporation |
| Ashok Patel | Vice Principal, Finance & Resources |
| Anthony Moore | Financial Accounting Manager |
| Graeme Clarke | Mazars |
| James Sherrett | Mazars |
| Stephen Dean | Baker Tilly |

The Chair welcomed representatives from Mazars to their first meeting of the Committee following their recent appointment as the new providers of the Internal Audit service from 2014/15. It was also Jack Gill's last Committee meeting before stepping down from the Corporation at the end of December. The Chair asked that formal thanks be recorded for all his extensive and reliable service as a Audit Member and Committee Vice Chair

Declarations of Interest – None declared

[Action]

1 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 4 June 2014 were **APPROVED** as a true and accurate record and, as such, were signed by the Chair.

2 MATTERS ARISING

[i] Item 2[i] : Internal Audit Report of Visit No 1 of 2013/14 – Insurance – The Vice Principal (Finance & Resources) reported on the details of the present arrangements on insurance, which gave many benefits, therefore the College were reluctant to seek alternatives at the present time. The issue that had arisen was over one aspect, namely two mothballed buildings. The Purchasing Manager was recommending remaining with the present approach and Members **APPROVED** the proposal to continue with the current consortium and not to act on the audit report recommendation.

[Action]

3 INTERNAL AUDIT ANNUAL REPORT 2013/14

Members' attention was drawn to the circulated report from MacIntyre Hudson. It had been agreed that there was no need for a representative to be present at the meeting, given no issues had been reported and the key elements had been headlined at the previous meeting in the summer.

The Vice Principal (Finance & Resources) reaffirmed some of the key outputs, which were that 40 days audit activity had been planned and delivered and that review findings had been good overall.

The Committee **NOTED** this Annual Report and the Auditor's overall opinion, which would be passed on to the Corporation through the Committee's own Annual Report. Members also wished to thank MacIntyre Hudson for their many years of service to the College.

4 AUDIT FINDINGS REPORT 2013/14

Mr Dean introduced Baker Tilly's Report which was the summary of another good audit and he thanked all involved for their co-operation in making the process a smooth one.

He took Members through the document page by page, highlighting key areas which included:

- Issues identified during the audit. It was confirmed these did not affect the Financial Statements nor the audit opinion and Mr Dean explained each of the 5 points in detail.
- A new section of the report which dealt with 'potential propriety issues', which had been included as a result of national changes to the way the Regularity Audit was conducted
- Matters arising from the review of internal controls. It was confirmed there was nothing of significance but the points included were explained.
- Letter of Representation. Mr Dean asked Members present to confirm that they had no concerns related to fraud or suspected fraud.

The Chair asked for examples of where the latter may arise in colleges and both audit companies in attendance gave examples. This generated some discussion on the topic and the general management of associated risks, especially in an era of diminishing staffing resources.

The Committee **NOTED** the contents and conclusion of Baker Tilly's Audit Findings Report and Mr Dean confirmed that Baker Tilly would provide a final version of the report in time for the Corporation's upcoming meeting.

Baker Tilly

As this was Baker Tilly's last meeting as the engaged external audit firm, both parties thanked each other for their co-operation over the preceding years.

5 AUDIT COMMITTEE ANNUAL REPORT 2013/14

The Clerk reminded Members of the relevance of this Report and informed that the content had been updated to reflect the requirements of the revised Audit Code of Practice (JACOP), 13/14 having been the first full year of its applicability.

Both sets of audit advisers were asked for their opinion on aspects of the draft Report, after which the Committee **APPROVED** the Report's content and submission to the Corporation and Principal as Chief Accounting Officer.

Clerk

[Action]

6 ANNUAL REPORT AND FINANCIAL STATEMENTS 2013/14

The Vice Principal (Finance & Resources) reminded Members that it was the Corporation's responsibility to approve this document and that a fuller report would be made to the December meeting of that body, but the headlines of the 2013/14 financial outcomes were reported to the Committee. This included the effect on the College of still trying to recover from the £5.5m capital loss suffered some years previously on the aborted Wembley project, as a result of a policy reversal by the SFA. The Committee noted that a large number of colleges nationally would be reporting deficits and weak financial positions this year.

Other key points of note were that the College could still be classed as a 'going concern' and was graded 'good' in financial health terms.

The Committee then **NOTED** the Report (and its various sub-sections) and Financial Statements for 2013/14 and **AGREED** to recommend to the Corporation that they approve the same.

Clerk

7 INTERNAL AUDIT PLAN 2014/15

Mr Clarke presented Mazars' first plan for the College, which included detailed proposals for the scope of work in the current year and the outline strategy for the two subsequent years.

The focus for the coming period was a programme of work that would allow an annual opinion to be provided in 12 months' time. Mr Clarke also explained the format adopted in the document and the content, the latter being mainly driven by Risk Register items but also 3 pages of suggestions relating to other areas.

The Vice Principal (Finance & Resources) explained the management input into the draft plan, which had included using the 5 new key Strategic Priorities as drivers. He added that the Risk Register was itself in the process of being substantially updated, therefore it may be necessary for the Internal Audit Plan, going forward, to be reviewed.

The Committee **AGREED** to recommend to the Corporation that they approve the Internal Audit Plan proposals for 14/15 and the outline plans for the following two years.

Clerk

8 RISK MANAGEMENT: RISK REGISTER 2014/15

The Vice Principal (Finance & Resources) informed the Committee of the intense activity that had taken place over recent months to do substantial updating and revision to the Risk Register, utilising an external resource. He then explained the format and content of the draft Register and also the process of how this had been arrived at. A new column had been added to show a 'residual risk' score, after mitigating actions had been applied.

The aim was for the 'high level' risks from the register to be presented to the Corporation, but with an indication of the volume of the other lower level risks. Mazars suggested inclusion of a 'heat map' which would help to demonstrate the balance between the low and high risk areas.

After consideration, the Committee **AGREED** that only the high level risks be presented to the Corporation but with the presentational improvements as suggested. The Vice Principal (Finance & Resources) went on to describe the additional work being carried out on Business Continuity plans and Health & Safety.

AP/Clerk

[Action]

9 ANY OTHER URGENT BUSINESS

Mr Clarke referred to the various improvement/action points that the Clerk had highlighted in the Committee's Annual Report. He offered to help with the establishment of internal 'log' and tracking system for following up on audit recommendations from all sources.

10 DATE & TIME OF NEXT MEETING

This was scheduled for **Wednesday 11 March 2015 at 5pm**

The meeting closed at 6pm

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

Date.....