



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

**held in WF123, Fawcett Building, Willesden Centre,  
at 4pm on Wednesday 23<sup>rd</sup> June 2016**

**MEMBERS**

**Present [1]  
[4/4 : 100%]**

<b>Name</b>	<b>Category</b>
Vineeta Manchanda	Independent
Jan Knight	Independent
Peter Child	Independent
Martina Porter	Independent

**IN ATTENDANCE**

<b>Name</b>	<b>Office</b>
Fiona Chalk	Clerk to the Corporation
Eamonn McCarroll	Vice-Principal Finance & Resources
Anthony Moore	Financial Accounting Manager
Jerry Barton	Mazars
Shachi Blakemore	Buzzacotts

**[Action]**

**1 APOLOGIES FOR ABSENCE**

None.

**2 DECLARATIONS FOR INTEREST**

None.

**3 MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 20 April 2016 were unanimously approved. **Clerk**

**4 MATTERS ARISING**

4.1 New Build & Procurement

1. A report went to Corporation in May and the Summer Conference in June. Also, a property working group has met, membership is PC,EM,VM and JK. **Clerk**
2. Terms of Reference for the property working group will be approved at Corporation. Discussions on what if any, delegated authority it will have can take place at Corporation **EM**  
**EM**
3. EM is monitoring finances weekly.
4. The multi-disciplinary team is working with the college on design
5. Monthly management accounts will now include property spend, and this also be included on the budgeting reports to the Corporation.

**[Action]****4.2 Purchasing Cards**

1. 14 Barclay Cards have been issued to the College. 2 are being returned for staff who are leaving the College. This works like a credit card but no interest is charged. There is a £1500 per month limit and £500 per purchase limit. A declaration is signed by all staff who take a card which includes a statement regarding the disciplinary procedures that will take place should they misuse the card. A purchase order has to be approved before the card can be used and spend is monitored monthly. **EM**
2. Members requested a list of names of cardholders be made available to the committee and asked if the staff were DBS checked. It was advised that DBS checks are specifically carried out for this purpose but due to the working environment, staff are already DBS checked.

**4.3 Disaster Recovery Plan**

1. This has been updated and been through the Risk Management group.
2. The document is now live.

**5 INTERNAL AUDIT REPORT 2015-16****1. Learner Number Systems**

The report gave adequate assurance with 1 significant and 1 housekeeping recommendation. These were for some incomplete recording of hours on ESOL and a difference in some start dates between the ILR, registers and enrolment forms. Mazars advised that they are being more prudent as the SFA are taking a stricter view on around learner numbers. CNWL is one of the stronger colleges in this area that the IA work with.

Members asked:

- Why is there such a small test group? Mazars advised that sampling is based on a system of statistical sampling based on technical data. Members asked for more information on how the sampling is done to show the sample group was big enough. **EM/JB**
- What percentage of income are 24+ loans? AM advised about £500k of £21m.
- What needs to improve to get a higher grade? If there are no significant issues, there would be higher assurance given.
- That next year's IA focus on Learner numbers be more on the systems in place. **EM/JB**

**2. Progress Report**

Members noted that over the year, audited areas have been subcontracting controls, health and safety, corporate governance, learner number systems. Field work has also taken place for IT security and network security and will be reported next year. The next Audit committee is scheduled for November so members agreed that if there are any significant issues arising from these reports, the committee will meet earlier. **EM**

The staffing area has been removed as the college is doing its own work in this area. This has been replaced with assets and inventories.

It was noted that the work plan has slipped again this year. This is partially due to a high turnover of Finance Directors and changes to the plan during the year.

[Action]

**6 INTERNAL AUDIT PLAN 2016/17**

Members noted that next year will be year 3 of a three year plan. This plan has been discussed by Mazars with EM, CET taking into account the risk register and previous work undertaken. The operational plan for 2016/17 and its link to the risk register was noted and areas of audit will include; business continuity planning, learner number systems, corporate governance and risk management, partnerships/sub-contracting, IT audit, HR, and Marketing. Other areas proposed to include are; core financial systems, procurement, audit management. This gives a total of 50 days work.

Members requested that:

- PR should be included as part of marketing audit, particularly around significant risks
- Core Financial systems be brought forward to the Autumn
- Prevent Duty be included
- Learner number audit to include more work on systems
- Adequacy of controls around MIS to be included under IT audit
- The decision to purchase new MIS system be brought to Corporation in July as the Audit Committee is not sure a £100,000 spend is appropriate at this time
- The Audit Plan and dates for visits be in place by the start of the Autumn term

**The Audit Plan for 2016/17 was approved, subject to the above amendments** **EM**

**7 EXTERNAL AUDIT PLAN 2016**

The Plan for the external audit work for the financial year ended 2016 was noted by the committee.

Key issues are noted as Income recognition, subcontractor provision, capital projects, bank loan covenants.

It was noted that accounting standards have changed to FRS 102 which impact on statements within the college accounts. One such change requires the college to deem key personnel and calculate their salaries as a group, also holiday pay as a liability needs to be incorporated in the accounts. **EM**

The committee discussed the property development spend and where it will fall in the accounts, either in the revenue account or as a costs against the future redevelopment. Members noted the college financial forecast for the year end is more positive than expected so there will be less impact on the budget if necessary. Next year, the multi disciplinary team costs will be capitalised if the corporation approve a scheme to proceed. The impact of the new build will have to be considered carefully in view of the bank covenant and the college's cash position. Therefore there must be robust plans underpinning expected outcome for next year.

Members asked that the work the multi disciplinary team are doing around staffing be shared with the committee/corporation **EM**

**8 RISK MANAGEMENT**

Members noted that the policy was last updated in November 2015. This has now been updated and risks increased from 104 to 115 with the 11 high level risks being noted.

New risks included those related to Area Review and Property development. Members asked for the Area Review risk to be split in 2, engagement in the process and outcome of the process. **[Action] EM**

9 **AUDIT COMMITTEE SELF ASSESSMENT** Members asked for it to be printed in bigger text for Corporation. **Clerk**

Members asked for the self-assessment to be amended to include a meeting with Auditors without management at the Autumn meeting. **Clerk**

**The annual self-assessment was approved.**

**10 ANY OTHER URGENT BUSINESS**

- Induction Training for the Committee was requested. The Clerk advised she would circulate the link for AOC training on audit and Buzzacotts agreed to circulate their training event schedule to the Clerk. **Clerk**
- Members asked for information to be submitted to the next committee on what actions are being taken to close the gap between learner numbers and SFA/EFA funding. **EM**

**11 DATE & TIME OF FUTURE MEETINGS**

Wednesday 16 November 2016 at 5p.m.

*The meeting closed at 5.15p.m.*

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

**Date**.....