



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

held in WF123, Fawcett Building, Willesden Centre,
at 4pm on Wednesday 20th April 2016

MEMBERS

**Present [1]
[3/4 : 75%]**

Vacancies [1]

Name**Category**

Vineeta Manchanda	Independent
Jan Knight	Independent
Peter Child	Independent

IN ATTENDANCE**Name****Office**

Fiona Chalk	Clerk to the Corporation
Eamonn McCarroll	Vice-Principal Finance & Resources
Robert Deed	Interim Vice-Principal Finance & Resources
Anthony Moore	Financial Accounting Manager
Jerry Barton	Mazars

[Action]

1 APOLOGIES FOR ABSENCE

None.

2 DECLARATIONS FOR INTEREST

No declarations were made.

3 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 19 November 2015 were unanimously approved. **Clerk**

4 MATTERS ARISING

New Build & Procurement

1. Eamonn McCarroll will now oversee the Capital Project and ensure robust plans are linked to the over-arching property/estates strategy **EM**
2. The Financial Regulations were reviewed last year but need to be reviewed and revised again and will be recommended to the Corporation in July for approval. **EM**
3. Credit Cards – there has been a delay in issuing procurement cards and an update on their implementation will be reported to the next audit committee **EM**

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|--|-----------------|
| | [Action] |
| 4. The recommendations in relation to fixed assets have been implemented or are in progress | AM |
| 5. Risk Management/Disaster recovery plan – this is being implemented and an update will be given to the next audit committee. | EM |

5 INTERNAL AUDIT REPORT 2015-16

1. Progress Report

The committee noted this report giving an update on the work undertaken by the Internal Auditors since the last committee. The annual Audit Plan was approved at the November audit committee and refined further in year on Robert Deed's arrival. Four reports have been finalised – subcontracting, health and safety, corporate governance (incorporating strategic planning) and a follow up report. The report for budget setting has been postponed at the college's request due to the college currently implementing its own improvements to the budget setting and monitoring process and this will now take place in 2016/17. Governors questioned if this was acceptable practice. Mazars advised that they were satisfied with the reasons given for the postponement, had they thought it necessary to take place in order for them to state a positive opinion on the college's internal controls in their annual report, they would have requested it be carried out this year. 1 report was given satisfactory assurance and 2 substantial assurance.

2. Follow Up Report

It is a key part of the internal auditors work to see if management recommendations have been carried out. All work has been followed up apart from Quality Management Systems and Procurement and Review contract due to Mazar's visit clashing with Area Review visit. Procurement will become part of the 2016/17 plan. The committee noted that of the 36 initial recommendations, 26 have been implemented, 3 are in progress, 4 are not implemented, 2 superseded and 1 target date has not been reached. It was noted that:

- IT Disaster Recovery – this was a priority 1 and is not yet implemented. This will form part of the work that the RMG are undertaking.
- The Finance department will introduce their own Action Plan tracking audit recommendations. **EM**

3. Subcontracted work

The committee noted that the SFA requested this area of work have an independent audit. Satisfactory assurance has been given. There was 1 significant recommendation relating to the ongoing management of subcontracted work. The certificate signed by Mazars and sent to the SFA was noted.

4. Health & Safety Management

The report giving substantial assurance was noted. The committee agreed that more detail on Health & Safety including reporting of near misses, will be submitted to the Finance & Resources committee on a termly basis in the next academic year. Governors asked if the number of reported incidents is in line with other colleges. Mazars advised it is at an acceptable level.

5. Strategic Planning & Corporate Governance

The report gives substantial assurance and Mazars agreed with Ofsted stating, 'Leaders and Managers at all levels have successfully raised standards leading to improvements across the college'.

The top 10 college KPIs reported by Mazars for Quality & Learners and Finance & Resources were noted by the committee. It was agreed that Finance KPIs will be discussed further at the Corporation meeting in May. **EM**

[Action]

Governors asked for a clarification of the wording on crystalised risks. It was advised that this means a risk previously noted, has occurred.

6 RISK MANAGEMENT

The committee noted that due to a change of Vice-Principal of Finance & Resources, the Risk Management Group did not meet last term. A meeting will take place this term and the Risk Register will be refreshed and the register will be presented to the June Audit Committee.

EM

7 EXTERNAL AUDIT

The Committee noted the resignation letter from BDO, the External Auditors. Governors discussed the issues around appointing new External Auditors and agreed that Buzzacott were the preferred company. Buzzacott were the runners-up when the college undertook a competitive tendering process in the Autumn of 2014. They quoted the same fee as BDO and have agreed to hold that fee for the coming year's work. It was acknowledged that they have a wealth of experience in auditing colleges. They have confirmed the basis for their fixed fee of £20,000 and have agreed to include this in their letter of engagement. References have been taken up from other colleges and these have all been complimentary. Governors asked for clarification on Buzzacott's Terms of Engagement in relation to their 'disclaim against any duty of care to the SFA'. It was noted that there is a duty of care by the External Auditors to the SFA, however Buzzacott are simply trying to minimise this risk.

It was resolved that the Letter of Engagement be passed by legal advisors.

Clerk/EM

The Committee resolved to recommend to the Corporation the appointment of Buzzacott as the financial statement and regularity auditors at a fee of £20,000 + vat for the year ended 31 July 2016.

Clerk

It was noted that BDO should issue a letter giving their reason for the termination of the contract which when received, the college will send to the SFA, as required.

EM

8 ANY OTHER URGENT BUSINESS

Thanks was given to Robert Deed for his time and efforts for the college during his tenure of Interim Vice-Principal, Finance & Resources and for facilitating a handover with the incoming Vice-Principal.

14 DATE & TIME OF FUTURE MEETINGS

Wednesday 8th June 2016 at 4.00 p.m.

The meeting closed at 5.05p.m.

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

Date.....