



**Central College
Nottingham**

AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON 18 SEPTEMBER 2014

Present: Stephen Russell (Chair))
Bill Colley) External
Clive Rix)

In attendance: John Snow Vice Principal (Corporate Services)
Amjad Ali Baker Tilly (internal auditor)
Mike Redfern Grant Thornton (external auditor)
Thomas Horton " "
Ian James Clerk to the Corporation

APOLOGIES FOR ABSENCE

1 Apologies were received from Richard Cox and Roger Fletcher (staff governor).

DECLARATION OF INTERESTS

2 The governors were reminded to declare any interests they may have in items to be discussed at the meeting. No declarations were made.

CHAIR

3 Stephen Russell had now been appointed as Chair of the Committee and he expressed the Committee's thanks to Bill Colley for his excellent chairing of the Committee over many years.

MINUTES

4 **Resolved** that the minutes of the meeting held on 10 July 2014 be approved as a correct record and signed by the Chair

IT Disaster Recovery Planning (ref: minute 75/6)

5 The Vice-Principal was asked about progress with implementing recommendations from this audit, especially one which was graded as 'high' priority concerning back-up systems. The Vice Principal commented that the IT staff had been under considerable pressure during the summer due to the large number of relocations and would progress the recommendations during the autumn term.

6 The Committee had also queried the back-up systems used by the College's payroll provider and the Vice Principal undertook to follow this up and email the outcome to the governors.

Internal Audit Strategy 2014-17 (ref: minute 80)

7 The Committee had discussed at the previous meeting whether it was possible to audit the College's ability to undertake the forthcoming property developments including the construction of the 'hub'. The internal auditor commented that he could undertake a review of project management although this may not add much to the College's existing knowledge. However, it was suggested that this suggestion arose more from a concern about the strain on management and that it might not be possible to carry out a review until later. The Committee asked for this to be an item on their next agenda.

RE-AUDIT OF KEY FINANCIAL CONTROLS - PAYROLL

8 The Committee were pleased to note the report of the Internal Auditor that all recommendations made in the original audit of this area had now been implemented.

9 The Chair asked about the implementation of a 'self-service' module which was referred to in one of the management responses. This was in connection with the introduction of an electronic system for processing staff expenses claims. The Vice Principal explained that there would be a delay in implementation due to the recent resignation of the Financial Accounts Manager.

EFA FUNDING REVIEW

10 This additional audit had been undertaken under the direction of the EFA to examine the College's claim that the 2013/14 year end learner numbers calculated by the EFA should be considerably higher. Clawback of £870k was a possibility and therefore it was an important outcome that the audit had found that a significant number of learners disallowed for funding by the EFA were eligible. There would now be no clawback of funding.

11 As this issue was related to the recording of short courses and LLDD learners in the College's ILR, the Chair asked whether steps were being taken to ensure that the same problem could be avoided in future. The Vice-Principal assured the Committee that close attention was being paid to short course recording and that there was now better guidance available as to which funding body was responsible for LLDD learners.

12 The Vice Principal commended the auditors for their speed of response in dealing with this important issue.

INTERNAL AUDIT ANNUAL REPORT

13 The Internal Auditor submitted his Annual Report for 2013/14 which gave 'green' opinions for 'governance' and 'risk management' and an 'amber' opinion for 'control'. These were the same ratings as for last year and represented a positive overall opinion.

ANNUAL FINANCIAL STATEMENTS STRATEGY

14 The external auditor submitted the plan for the external audit of the College's 2013/14 accounts highlighting the areas of risk to which they would pay particular attention. The auditor asked whether there were any issues that the Committee would want them to consider and the valuation of the fixed assets on the balance sheet was mentioned as an area requiring review. The auditor commented that he would address this in his report but that a new SORP was to be introduced for 2016 which would clarify this area.

15 As in previous years, the Committee discussed the level of materiality that the auditor would use in reporting bearing in mind the impact that fairly small numbers could have on the surplus/deficit of the College. The auditor undertook to bear this in mind in his reporting.

16 Asked whether there were any bank covenants to be reviewed that might delay that accounts, the Vice Principal commented that this should not be a problem this year as the College had a two year reprieve from banking covenants from Barclays. The revolving facility would not need review as this expired beyond the scope of the audit.

17 There was an issue with many colleges this year concerning the establishment of 'going concern' and the Vice-Principal undertook to prepare a specific report on this topic for the Committee and the Board.

18 Asked whether there were any problems foreseen at this stage with the audit, the auditor commented that the College was a complex institution and that the resignation of the Financial Accounts Manager was unfortunate at this particular time.

REGULARITY AUDIT SELF-ASSESSMENT

19 The Committee received the Regularity Audit Self-Assessment questionnaire completed by the College in preparation for the regularity audit which would be undertaken as part of the external audit. A few small amendments were noted.

20 **Resolved** that the Regularity Audit Self-Assessment questionnaire be approved

BUSINESS CONTINUITY PLAN

21 The Vice-Principal advised that he had not yet completed the Business Continuity Plan but that he would email this out to the Committee members by the end of September. Testing processes would be completed and submitted to the Committee's next meeting.

DATE OF NEXT MEETING

22 24 November 2014

Chair

Date