



AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON 3 MARCH 2016

Present: Stephen Russell (Chair)) External
Clive Rix)
Brendan Coulson staff governor

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

MEETING WITH AUDITORS

46 The governors met briefly with the auditors in the absence of College managers. There were no issues that the auditors or governors wished to raise in the absence of management. Both auditors commented favourably on the quality and effectiveness of their relationships and working arrangements with the College

APOLOGIES FOR ABSENCE

47 Apologies were received Richard Cox.

DECLARATION OF INTERESTS

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

MINUTES

49 **Resolved** that the minutes of the meeting held on 26 November 2015 be approved as a correct record and signed by the Chair

Insurance Review (ref: minute 26)

50 The Vice Principal would email to governors more information on individual insurance premiums.

Financial Statements 2014/15 (ref: minute 36/7)

51 The Vice Principal confirmed that the College's Financial Statements had been signed and submitted to the Skills Funding Agency following the Board meeting in January.

Merger Planning (ref: minute 40)

52 The Committee revisited their earlier discussion as to whether there was any action they could take to assist the Audit Committee of the merged College with its work. They concluded that the best they could do was to ensure that all audit work was completed this year and the outcomes made available to the new Committee together with the Internal Auditor's Annual Report. The audit planning undertaken in preparation for 2016/17 (see minutes 57-61) could also usefully be shared.

INTERNAL AUDIT REPORTS

53 At this stage, there were no internal audit reports to receive as the intended review of partnerships had been replaced by an SFA audit undertaken by RSM but by a different team to the College's audit team. The outcome of this important audit had been positive showing that good controls were in place and with only two recommendations made.

54 The Chair queried whether the coverage of the SFA audit adequately replaced what would have been done by the internal audit team and he received reassurance on this point from the internal auditor.

55 One of the audit recommendations related to the absence of credit checks on potential or current subcontractors and the Committee queried whether the College undertook credit checks in any other circumstances. The Vice Principal advised that no checks were made as any exposure was limited. However, this may change when planned new arrangements for funding to come via employers were implemented.

56 The remainder of the internal audit reports scheduled for this year would be presented at the July meeting.

INTERNAL AUDIT NEEDS ANALYSIS FOR 2016/17

57 The Committee received a report setting out the initial thinking on areas for internal audit in 2016/17 albeit that a Plan would not be required assuming that the merger with New College Nottingham (NCN) proceeded on 1 August 2016. Nevertheless, the Committee felt that the preparation of a Plan may assist the Audit Committee of the merged College.

58 The planned number of days had been reduced from 60 to 55 on the basis that the SFA review of partnerships would be repeated next year. If not, the additional days for this review would be added back into the Plan.

59 The Chair questioned whether the key area of quality was adequately covered during internal audit and was reassured that, for the key areas of teaching, learning and assessment, the College was inspected by Ofsted and that the College used Ofsted inspectors outside inspections to validate the College's lesson observation process and outcomes.

60 The Committee asked whether the area of Additional Learning Support was audited as part of the audit of Learner Numbers and the Vice Principal would check this and, if not undertaken this year, he would include it in next year. A further suggestion was that a specific audit of governance was unnecessary and could be replaced by an audit of estate maintenance which had shown areas of weakness in an earlier review.

61 The Committee asked for their comments to be borne in mind for the final version of the Plan which would be submitted to the Committee at the July meeting.

BUSINESS CONTINUITY POLICY

62 The Committee received the Business Continuity Policy which had been subject to minor amendments. The associated Plan would be submitted to the Committee in July.

63 **Resolved** that the Board be **RECOMMENDED** to approve the Business Continuity Policy

INTERIM REGULARITY AUDIT SELF ASSESSMENT 2015/16

64 The Vice Principal presented this interim self-assessment which the College had continued to carry out annually although the requirement had been dropped by the former funding body (the LSC) some years ago. The Committee found that the report provided a useful summary of regularity matters.

RISK MANAGEMENT UPDATE

65 The Vice Principal submitted the risk management update intended to enable the Committee to monitor progress with the College's risk management processes. He drew attention to a number of changes to risk assessments that had been made by the Risk Management Group.

66 The Committee noted the addition of two new risks relating to the introduction of the Employer Levy for apprenticeship training and to the acquisition of Confetti by NTU posing a potential risk of an emerging competitor. Regarding the first of these risks, the Committee discussed the introduction of the Employer Levy by way of a voucher system and the possible risk that employers could contract directly with training providers instead of doing so via the College as a subcontractor.

RECOMMENDATION TRACKING

67 The Committee received the routine tracking report enabling the governors to monitor the implementation of audit recommendations. The internal auditor had recently conducted a follow-up audit and the outcome was awaited but it was understood that, out of a total of 13 recommendations made during 2013/14 and 2014/15 relating to IT systems, three had been implemented, seven were on-going and three had not yet been implemented. The Committee asked for the follow-up report to be emailed to them as soon as it was available.

68 The Committee had received direct progress reports from the IT management staff at earlier meetings and they were disappointed with the current progress with implementation. Consequently, they requested that the appropriate staff should attend the July meeting if there were any recommendations outstanding at 30 June 2016.

COMMITTEE SELF ASSESSMENT

69 Members of the Committee had participated in the regular self-assessment and the Clerk now presented a summary of the responses received which were very positive about the Committee's performance.

70 The Chair invited the auditors to comment on this matter and both auditors felt that, in comparison with Committee's elsewhere, this Committee's performance was above average

with governors offering plenty of challenge to the senior management to bring about improvements.

APPOINTMENT OF INTERNAL AND EXTERNAL AUDITORS

71 The Vice Principal submitted an assessment of the performance of the internal and external auditors with a view to the Committee considering re-appointment for another year. He commented favourably on both audit firms and it was -

72 **Resolved** that the Board be **RECOMMENDED** to reappoint Grant Thornton as external auditors for 2015/16 and to reappoint RSM as internal auditors for 2016/17 should the merger with NCN not proceed as planned

SCHEDULE OF BUSINESS FOR 2016/17

73 The Committee received and noted the proposed schedule of business for 2016/17.

DATE OF NEXT MEETING

74 7 July 2016

Chair

Date