The meeting commenced at 17.30.

29 Welcomes, Apologies for absence & Quoracy

The Chair welcomed Mr P Wilson to his first meeting. There were apologies from Abhilash Anand.

The Clerk confirmed that the meeting was quorate.

30 Declaration of Interest

There were no declared interests against agenda items.

31 Minutes of the meeting of the Audit Committee held on 11 March 2015

The minutes were approved and the Chair authorised to sign (Paper 1).

32 Summary Action List & Matters Arising

The ‘Summary Action List’ was received (Paper 2). It was confirmed all outstanding action points were dealt with through agenda items at this meeting.

There were no other matters arising from the minutes

33 Audit Register

The College report ‘Audit Register’ was received (Paper 3). The College’s internal auditors (KPMG) carried out a full and thorough follow up review last summer which reduced 79 recommendations outstanding to 14.

In the Autumn and Spring three further were undertaken (two internal and one external) and 10 recommendations arose. This left 24 recommendations on the register.

A further four reports are being presented to this meeting with 24 further recommendations, leaving 48 recommendations on the register. Of these:

- 28 are now done
- 5 others remain partially complete;
- 14 are not yet due; and
The Committee welcomed the good progress made in the implementation of previous recommendations and it was confirmed the internal audit service would do a follow-up visit to confirm the full implementation outlined in the report.

It was **RESOLVED** to note the report.

### 34 Internal Audit

Since the last meeting of the Committee four audit reports have been received from the College’s internal auditors (KPMG) on:

- Anti Fraud Controls (Paper 4)
- Business Continuity (Paper 5)
- Safeguarding (Paper 6)
- Core Financial systems (Paper 7)
- Progress Update (Paper 8)

All the reports have been assessed as “**significant assurance with minor improvements opportunities**” by the auditors and some good progress is noted in all the reports.

Across all four reports there were 4 medium risk and 20 low risk recommendations made. All the recommendations made were accepted and action is in hand as appropriate. These recommendations have been included on the register for tracking.

The Committee was somewhat surprised on the audit findings where testing that anyone with access to the General Ledger was able to amend or delete any journal entry on the system, once it had been posted. This was identified as a software issue and the Vice Principal will have further discussions with the suppliers to rectify the issue.

The Committee agreed with the suggestion proposed by the Principal that a senior post holder should verify the payroll over and above the existing arrangement for the payroll run to be verified by a senior member of the finance team.

In conclusion the internal auditors complimented the College on the positive direction of travel and the significant good progress made by the College in addressing audit issues.

Members sought assurances the issues that led to the assessment of partial assurance reported at the last meeting on Corporate Governance had been addressed. The Vice Principal confirmed this was the case with fraud now a fixed agenda item at each meeting of the Audit Committee, governor training on fraud now incorporated in governor induction training, and with the policy tracking of all corporate policies now in place which is also an agenda item at this meeting.

It was **RESOLVED** to note the audit reports.

It was noted that due to the recent Ofsted inspection, the second audit visit was deferred and will now take place at the end of June and the three audit reports arising from the audit work would be emailed to members.

In discussions, it was **AGREED** to add to the Audit Strategy & Plan 2015/16 the need to review how the College has responded to the statutory requirements of embedding the prevent agenda.

### 34 Financial Statement & Regularity Audit Plan

It is required that the College’s Audit Committee review and approve the Financial Statement and Regularity Audit Plan which is produced annually, in standard form, by the
Financial Statements Auditors (Grant Thornton). The draft plan (Paper 9) and highlighted three particular areas for focus:

**Funding income**
As with all colleges, the College is facing pressures on its funding income levels. This is one of the key areas of focus for the audit work.

**Cost restructuring**
In response to the pressures noted above, the College has been required to consider its cost base. As a result of this, there have been a wide range of cost reductions across the College. The College is also going through the process of a course rationalisation with the aim of identifying available efficiencies. As part of the audit the treatment of any resulting provisions will be considered to ensure that they are accounted for correctly at year end.

**Financial performance**
The College is working on its medium term financial forecast. As part of a detailed audit process the revised plan will be considered, particularly in relation to the going concern assumption.

It was **RESOLVED** to recommend the Board at its meeting on 06 July 2015 approves the Financial Statement and Regularity Audit Plan.

35  **Risk Management & Strategic Risk Register**

The Committee received for information purposes the minutes of the Risk Management Group meeting held 27 March 2015 (Paper 10).

The ‘**Strategic Risk Register**’ was received (Paper 11). The Register highlighted the 18 summary risks that are viewed to have a High Gross risk and reflects current thinking on the residual risk level.

- 7 Risks are viewed to have reduced since November;
- 9 Risks are viewed to be unchanged; and
- 2 Risks are viewed to have increased.

The 2 increased risks relate to:

- The national outlook for college finances; and
- The estate and, in particular, the condition of the Carlyle building;

The reduced risks result from:

- The appointment of a new permanent head of Finance and the impact she is able to have on financial processes;
- The clear view of Ofsted that teaching quality continues to improve;
- The appointment of a new Student Admissions and Customer Service Manager; and
- The near completion of the new website coupled with the identification of an interim marketing lead.

It was **RESOLVED** to note the ‘**Strategic Risk Register**’.

In discussions on risk, the Principal advised that at the autumn strategy meeting, governors would need to undertake a strategic review on estate options and to revisit corporate risks around funding and reputational risks. With the College having to face significant funding cuts, there is a need to cut provision and this has resulted in a reputational risk to the College in terms of complaints from students, staff and members of the community. These were difficult times for the College and for further education in general and governors need to be aware of the risks arising.
Policy Tracking

The College report ‘Policy Tracking’ was received for review (Paper 12).

The Internal Audit Service (KPMG) recommended in the spring that the College’s policy register should be updated, simplified, and reported annually to the Audit Committee. This is the first of those reports.

The Corporation Board agreed, in December 2014, a framework for review and approval of policies:

(i) College policies that arise from a legal requirement need to be reviewed by the appropriate Committee for recommending to the Board for approval (Examples include Health & Safety, Data Protection, Bribery and Safeguarding)
(ii) College policies that have a stated involvement of the Board need to be reviewed by the appropriate Committee for recommending to the Board for approval (An example would be the Disciplinary Policy where an appeal against dismissal is heard by governors)

All policies that fall outside the scope of (i) and (ii) above are ‘operational’ and can be approved through internal processes.

The Committee reviewed the draft register that has been compiled to be in-line with the approved framework.

The Clerk advised that further work is required as the Disciplinary Policy and Redundancy Policy as no reference is made in the Register of these policies having to be reviewed and approved by the Board as the policies have appeals that involves the Corporation. The Vice Principal agreed to undertake further work on updating the policy tracking spreadsheet.

It was RESOLVED to note the report.

Fraud Report

No instances of fraud were being reported to the Committee.

Any other Business

The Principal placed on record his thanks to the support given to KPMG during their period of being the College’s internal audit service.

As this was the last meeting of the Committee to be chaired and attended by Mr David Adams, the Principal and Committee placed on record its sincere appreciation of his leadership and steerage of the Audit Committee during what has been a challenging period for the College.

It was confirmed, subject to Board approval, for Mr P Wilson to chair the Audit Committee for 2015/16.

There was no other business.

Date of Next Meeting

Thursday 26 November 2015 @ 1800

The meeting closed at 18.30
## CURRENT SUMMARY ACTION LIST

<table>
<thead>
<tr>
<th>MIN REF</th>
<th>ACTION POINT</th>
<th>WHO</th>
<th>REVIEW DATE</th>
</tr>
</thead>
<tbody>
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<td>26/11/15</td>
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<tr>
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