

Minutes of the Audit Committee meeting held in the Executive Boardroom on 7 December 2017 at 1600 hrs.

<b>Present</b>	Rob Cottrell	Sarah Hobbs	Louise Perry
	Paul Wingfield (Acting Chair)		
<b>In Attendance</b>	Andrew Clare (VP(F&R))	Ralph Devereux (Clerk)	David Hoose (Mazars)(Items 1-4/17 only)
	Simon Stanyer (KPMG)(01-5/17e only)		
<b>Apologies</b>	Martin Ballard		

## STANDING ITEMS

### 01/17 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS

- a. The apology was accepted, the meeting was quorate, no notice had been received of any Member becoming ineligible to hold office and there had been no interests declared.
- b. The Committee Chair had not been able to attend in person and was "dialling in" and it was agreed that Paul Wingfield would act as Chair for the meeting. **(Action 1)**

### 02/17 The Minutes of the last meeting held on 5 July 2017 were confirmed for electronic signature; action delegated to the Clerk. **(Action 2)**

- a. **The information was noted.**
- b. **Action had been identified.** (Table at 11/17)

### 03/17 ACTIONS AND MATTERS ARISING FROM THE MINUTES

- a. Outstanding Actions. Outstanding actions from the previous meeting were reviewed; all had been completed excepting Action 5, the Health and Safety (H&S) Compliance Database, which would be considered at the next H&S Committee meeting to be held (tbh) on 30 January 2018. **(Action 3)**
  - b. Matters Arising from the Minutes. There were no matters arising from the minutes.
  - c. Urgent Business. There was no urgent business requested.
- a. **The information was noted.**
  - b. **Action had been identified.** (Table at 11/17)

## BUSINESS ITEMS

### 04/17 INTERNAL AUDIT SERVICE (IAS)

The IAS Reports to consider were, the annual report and 7 field reports; 3 from the 2016/17 Plan and 4 from the current year.

- a. Internal Audit Service (IAS). The IAS Annual Report for 2016/17 was a standalone document which would inform the Annual Financial Statement (AFS) "Statement of Internal Governance and Internal Control", and thus the ESFA on internal audit issues, it was a digest of previous information presented to the committee. The Report, which had been circulated for consideration in advance of the meeting was taken as read; the report had

also informed the annual committee report to the Corporation, which would be considered later in the meeting. The overall opinion (Para 3), was that “New College Stamford has in place an appropriate framework for identifying, evaluating and managing the significant Risks faced by the College”, which was noted and welcomed; the report was recommended to the Corporation to inform their consideration of the AFS. **(Action 4)** The work had been completed, as planned in 28 audit days.

- b. Compliance (June 2017). The Scope and Objectives of the Audit (Appendix A) had been scrutinised and explained by the IAS to contextualise the **“Compliant”** assurance in all 5 tested areas. The report identified 2 “Compliance Findings” (para 3.1) relating to segregation of duties and Budget control, both had been accepted with responsibilities allocated.
- c. Management Reporting Framework. (June 2017) The Scope and Objectives were scrutinised and explained by the IAS to contextualise the **“Substantial (Green)”** assurance. The report had identified 18 instances of effective control over 5 topics and one (Housekeeping) area of opportunity for improvement relating to the Key Performance Indicator (KPI) Framework and whether NCS should consider their version with examples of good practice across the sector as detailed at Annex C. After discussion it was agreed as appropriate that the Corporation should consider this at the meeting tbn on 7 February 2018, the detail would be circulated to AC members in advance to allow inclusion of advisory comments. **(Action 5)**
- d. Governance and Risk Management (RM) (June 2017). The Scope and Objectives were scrutinised and explained by the IAS to contextualise the **“Substantial (Green)”** assurance. The report had identified 30 instances of effective control over 2 topics and 2 (Housekeeping) areas of opportunity for improvement relating to:
  - (i) the Code of Good Governance had been adopted by the Corporation on 1 June 2016, however the associated self-assessment had not been completed at the time of the testing area fieldwork; it had now been fully actioned; and
  - (ii) the “one size fits all” previous RM arrangement had been improved and was now more focused with progress against controls and action clearly defined **(Action 6)**
- e. Implementation Progress Summary. (2016/2017) There had been 8 recommendations brought forward, 5 had been completed, 2 had been carried forward and one was partially implemented. Detail of each was in a RAG rated table, which clearly showed that:
  - (i) the partially implemented (Amber) item related the fixed asset register, total verification across campus excepting IT assets had been completed, all work would be completed by June 2018. In relation to the asset register, a management document was available and would be brought to the next AC Meeting. **(Action 7)**
  - (ii) the Quality Resourcing Solutions (QRS) Articles and Financial Documents were scheduled for discussion at the next QRS Board meeting tbn on 7 December 2017.
- f. H&S. (November 2017) The Scope and Objectives were scrutinised and explained by the IAS to contextualise the **“Substantial (Green)”** assurance; no recommendations had been made.
- g. Compliance (November 2017). The Scope and Objectives of the Audit (Appendix A) had been scrutinised, to contextualise the assurance in 5/15 tested areas the IAS explained that this was a draft report and the identified 2 “Significant” recommendations, had after clarification been regraded to “Housekeeping”.
- h. IAS Progress Report (November 2017) Two audits from the 2017/18 Plan had been completed (H&S and Compliance) both had been considered above. Plans were in hand and dates established for the remaining 7 elements of the Plan.
  - a. **The information was noted and received.**
  - b. **Action had been identified. (Table at 11/17)**

**The IAS representative left the meeting.**

**05/17 EXTERNAL AUDIT**

There were 3 processes to consider, the Annual Financial Statement (AFS), the QRS Financial Statements and the NCS Regularity Audit.

- a. AFS. The Committee remit was to consider the findings of the External Auditor and to scrutinize the Corporate Governance Statement with respect to the systems of financial control, RM and governance processes and to recommend the document(s) for signature. The complete set of documents had been circulated to inform the considerations. The unqualified opinion on the accounts was noted and welcomed. The narrative element was then fully and closely scrutinised page by page. After full and detailed discussion, it was unanimously agreed to recommend the narrative element of the AFS to the Corporation for acceptance, approval and signature. **(Action 8a)**
- b. QRS. The narrative element of the QRS Financial Statement was recommended for signature; it was noted that personnel changes would require incorporation for the current year. **(Action 8b)**
- c. Regularity Audit. The questionnaire Regularity Audit had been completed as a self-assessment and was confirmed as fit for signature. **(Action 8c)**
- d. Highlights and Management Letter. The external auditor's Management letter to the Committee was then considered, page by page with reference to the AFS; the 4 stages of the audit work had been completed excepting items details on Page 4. There had been no qualifications and unqualified opinions had been given to the AFS, QRS and the Regularity Report. Key Audit Risks had been identified and notified in advance of the fieldwork and the outcomes were explained and detailed. There was some discussion regarding recommendation 1.3 on p14, which referred to "Employer Grant Income" held on the Balance Sheet against possible clawback by the EFSA, which was largely historical and unlikely to occur after 6 years. It was felt that this was a matter for the Finance and Resources Committee (F&R) and it was referred for their consideration. **(Action 9)** The Management Letter was recommended to the Corporation. **(Action 10)**
- e. Additional Documents. The additional documents were:
  - (i) the Letter of Representation, which was recommended for signature **(Action 11)**;
  - (ii) the Teachers' Pensions Audit Opinions Letter which was received; and

**The KPMG representative left the meeting.**

- (iii) the External Audit Service Engagement Letter. The external audit had run according to the agreed plan and appreciation was recorded for the professional and efficient approach apparent throughout the process. It was unanimously agreed that KPMG should be re-appointed for the current year. **(Action 12)**

- a. **The information was noted and received.**
- b. **Action had been identified.** (Table at 11/17)

**06/17 COMMITTEE BUSINESS**

Committee Annual Report to the Corporation. The annual draft report to the corporation had been informed by the final external audit information and would to be presented to the Corporation to inform consideration of the AFS. The IAS annual report (04/17a) indicated a satisfactory response to implementation of previous audit recommendations. The Committee opinion had been formed after due deliberation of the IAS annual report and the External Audit information. The Committee Annual Report, was recommended to the Corporation. **(Action 13)**

**Telephone contact with Louise Perry was lost.**

- a. **The information was noted and received.**

**b. Action had been identified. (Table at 11/17)**

**07/17 RISK MANAGEMENT (RM)**

The latest marked up version of the Risk Register, was scrutinised:

- a. recently introduced risks were shown in red type;
- b. amendments were shown in blue type; and
- c. new actions were shown in green type.

**Telephone contact with Louise Perry was regained.**

Each Risk had been RAG rated in the vital columns of the Register, using the post mitigation (High) calculation and with 4 additional and valuable control information columns after the final risk column. The score numbers were discussed and it was agreed that they would be verified and those above 12 only would be referred to the Corporation for information. **(Action 14)** Some wording could benefit from clarification and it was agreed that the amended Register would be brought to the next Committee meeting. **(Action 15)**

- a. The information was received.
- b. Actions had been identified. (Para 11/17 below)

**08/17 FINANCIAL REGULATIONS**

The Financial Regulations had been updated to reflect best practice and terminology, a marked up version, with changes highlighted in red was considered and discussed; para 11.3 required reports to the F&R on items above £10k and it was agreed to clarify that this also applied to rolling cumulative payments in any 12-month period. **(Action 16)**

**09/17 URGENT BUSINESS**

There had been no urgent business agreed.

**10/17 DATES OF NEXT MEETINGS**

- a. Board meeting to receive committee recommendations (13 December 2017); and
- b. Committee meeting to conduct business (6 March 2018).

**11/17 ACTION TABLE**

Action Table		Resp	Date
<b>Action 1</b>	01/17b. PW to act as Committee Chair.	all	07.12.17
<b>Action 2</b>	02/17. Minutes to be electronically signed.	Clerk	asap
<b>Action 3</b>	03/17. H&S Compliance database to next H&S Cttee meeting.	Exec	30.01.18
<b>Action 4</b>	04/17a. IAS Annual Report recommended to Corporation.	Chair	13.12.17
<b>Action 5</b>	04/17c. KPI framework tbc by Corporation (To AC members first).		07.02.18
<b>Action 6</b>	04/17d. RM documentation to be more focused.	VP(F&R)	asap
<b>Action 7</b>	04/17e. Asset Management information to next meeting.		06.03.18
<b>Action 8</b>	05/17a/b/c. Financial Statements & Regularity recommended.	Chair	13.12.17
<b>Action 9</b>	05/17d. Treatment of Mgt Letter Rec 1.3 p14 to F&R.	VP(F&R)	13.12.17
<b>Action 10</b>	05/17d. Mgt Letter recommended to Corporation.	Chair	
<b>Action 11</b>	05/17d. Letter of Representation to be signed.	Chair	asap
<b>Action 12</b>	05/17e. KPMG re-appointed as Ext Audit for current year.	VP(F&R)	asap
<b>Action 13</b>	06/17. Cttee Annual Report recommended to Corporation.	Chair	13.12.17
<b>Action 14</b>	07/17. Only Risk scores of >12 reported to the Corporation.	VP(F&R)	
<b>Action 15</b>	07/17. Amended Risk Register to next Committee meeting.		06.03.18
<b>Action 16</b>	08/17. FR para 11.3 to be clarified re cumulative orders.		asap

*Ralph Devereux (Clerk) for Louise Perry (Chair)*

Ralph Devereux (Clerk) for Louise Perry (Chair) (Mar 23, 2018)



# Audit Minutes

## 07.12.17RDPWACL P Final

Adobe Sign Document History

23/03/2018

Created:	23/03/2018
By:	Ralph Devereux (office.mpe@btconnect.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAB32M7CPb-VTRp6uu381p9mCHJzsCAWR5

## "Audit Minutes 07.12.17RDPWACL P Final" History

-  Document uploaded by Ralph Devereux (office.mpe@btconnect.com) from Reader  
23/03/2018 - 03:35:07 PDT- IP address: 81.129.102.13
-  Document emailed to R alph Devereux (Clerk) for Louise Perry (Chair) (clerk.mpe@btconnect.com) for signature  
23/03/2018 - 03:35:26 PDT
-  Document viewed by R alph Devereux (Clerk) for Louise Perry (Chair) (clerk.mpe@btconnect.com)  
23/03/2018 - 03:40:35 PDT- IP address: 81.129.102.13
-  Document e-signed by R alph Devereux (Clerk) for Louise Perry (Chair) (clerk.mpe@btconnect.com)  
Signature Date: 23/03/2018 - 07:50:58 PDT - Time Source: server- IP address: 81.129.102.13
-  Signed document emailed to Ralph Devereux (office.mpe@btconnect.com) and R alph Devereux (Clerk) for Louise Perry (Chair) (clerk.mpe@btconnect.com)  
23/03/2018 - 07:50:58 PDT