

AUDIT COMMITTEE MEETING

Date	Wednesday 23 rd March 2016	Time 4.00pm	UNRESTRICTED: FINAL
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Venue	The Clerk's Room, New College Stamford
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Chair	Rachel Ward
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Members present: Rob Cottrell, Andrew Moore and Rachel Ward and
In attendance: Sally Brook Shanahan (Clerk to the Corporation), Andrew Clare (Interim Vice-Principal, Finance & Resources) and Narinder Sandher, Mazars, Internal Auditors.

Apologies: Zoe Nash and Paul Wingfield.

Disclosure of Members Interests: None beyond those already declared in the Register of Interests.

Item	Actions
<p>1. Committee Chair and Membership Rachel Ward succeeded Andrew Moore as Committee Chair with effect from 1st January 2016. Following his retirement from full Corporation membership on 31st December 2015, Andrew Moore has become a co-opted Member of the Committee.</p>	
<p>2. Minutes of the Meeting held on 8th December 2015 The minutes of the Meeting held on 8th December 2015 were agreed as a true record and signed by the Chair.</p>	
<p>3. Actions Table and Matters arising from the Minutes</p> <p>Meeting held on 8th December 2015 Updates were provided on actions other than those where the due date is in the future.</p> <p>(i) <u>Action No. 3, Minute 5, Page 4 – Audit Highlights Memorandum and Management Letter for the year ended 31st July 2015</u> – The requirement to circulate details of the presentational issues identified during the audit the audit to the membership was noted for the future and the action was closed.</p> <p>(ii) <u>Action No. 10 Minute 10, Page 5/6 – Update on previous Audit (about Curriculum Planning)</u> – It was agreed that updates on progress with Recommendations 3 (curriculum planning rationale) and 4 (new course forms) are, in future, to be presented to the Curriculum, Quality & Standards Committee commencing with that Committee's meeting on 18th May 2016. The action for the Audit Committee was closed as a consequence of its transfer.</p>	IVPF&R
<p>4. Internal Audit Reports</p> <p>(i) <u>Subcontracting</u> - Mr Sandher introduced the report and explained that its purpose was to provide assurance that the College has effective controls in place around its subcontracted partnership management arrangements and support the signing off of the certificate that is now required by the Skills Funding Agency. Members noted the sixteen areas of strength in respect of which no recommendations</p>	

	<p>were made. With regard to the two areas where improvements could be made it was noted that both related to housekeeping issues. Attention focussed on the one related to contract authorisation where it had been correctly observed that subcontracts had been signed by the Vice Principal, Finance & Resources whereas under the Financial Regulations the Principal is the authorised signatory. Accordingly, the control process will be reviewed in accordance with the recommendation which will result in a proposal to revise the Financial Regulations being presented to the Corporation for approval. The opportunity will also be taken to review the Regulations to ensure that the processes they set meet the practical requirements.</p> <p>(ii) <u>Follow up</u> – Members scrutinised the Summary of Progress on Implementation and remarked favourably on the level of implementation of Recommendations and the fact that many of the remainder had been substantially progressed with none significantly behind. Mr Sandher confirmed that the next assessment of the progress of implementation will take place when members of his firm return to the College in the week commencing 18th April 2016 following which he will work with the Vice-Principal, Finance & Resources to ensure a consolidated report is available. In response to a request it was confirmed that when the Summary is presented next it will be amended to include a narrative update on progress made and a time line including any revisions that were necessary for example, in relation to the curriculum planning review.</p> <p>(iii) <u>FE Loans and Income Diversification</u> – From the work undertaken Mr Sandher confirmed that the conclusion had been reached that the controls in place to mitigate risks associated with FE Loans are adequate subject to implementation of the two recommendations in the Report. The first, which was agreed, related to the need to update the Student Loans Company about changes in student circumstances in a timely manner. The second recommendation related to two instances where students had transferred their learning aims and moved to another course on the same level without it being identified they were not in receipt of a loan or them being invoiced appropriately. It was agreed that the method of payment will be agreed before the enrolment is processed. As the potential exposure will be much higher from September 2016 when all 19+ learners will be required to take out loans it was emphasised that the process needs to be robust owing to the potential for the issue to happen again.</p> <p>(iv) <u>Business Efficiency</u> – Mr Sandher explained that the objective of the review was to provide assurance that the College has adequate controls in place to deliver value for money, maximise staff and property utilisation and achieve efficiency targets within different departments. He confirmed that evidence of appropriate monitoring of staff utilisation had been seen and that performance is currently moving towards its target for the year. In particular the Curriculum Performance Reviews are enabling continuous improvement and on that basis it had been possible to give substantial assurance. Discussion followed about the availability and usefulness of benchmarking information and that its usefulness is limited due to recording and remission issues not being recorded consistently.</p>	<p>IVP,F&R</p> <p>IVP,F&R</p>
5.	<p>Internal Audit Progress Report The Report confirmed that planned activity is up to date and that the April 2016 audits have been scheduled leaving the date of just one review to be agreed.</p>	
6.	<p>Any items that the Internal Auditors wish to raise with the Committee without Management staff present No items were raised under this item.</p>	

7.	<p>Risk Management Report</p> <p>Members received confirmation that following the discussion and scrutiny of the Register at the Corporation Meeting held on 16th March 2016 two new risks relating to Borderville and the Stamford Sixth Form Alliance have been added. A discussion followed about the investigations being made into the first of these that includes a reference back to the lawyer who had drawn up the tripartite agreement.</p> <p>Attention then turned to Risk No. 7 about the risk of the apprenticeship target not being met and it was reported that control/action has moved on since the paper was prepared following the appointment of a new Executive Director, Partnerships, Skills & Commercial Development who is due to start on 9th May 2016. In addition to this update, next year's introduction of the levy and the opening up of apprenticeship provision to more private providers will also be recorded.</p> <p>Following the completion of the Construction Centre on time and under budget it was noted that Risk 10 will be removed from the Register.</p>	<p>IVPF&R</p> <p>IVPF&R</p>
8.	<p>Qualitative Performance Indicators for External Audit for 2014/15 and Re-appointment of External Auditors</p> <p>The Vice Principal, Finance & Resources said he felt the College had suffered as a result of staff changes at both the Internal and External Audit firms. In particular there had been an issue about tendering for consultants resulting in a late change to the Letter of Representation and Audit Opinion that KPMG had failed to communicate to him. Fortunately as it was not material a way round had been found that meant the matter was now resolved. The responses to item numbers 14 and 24 on the Performance Indicators questionnaire completed by the Vice Principal, Finance & Resources and incorporating views from the Finance Manager and SLT reflected the low satisfaction with the firm in respect of that issue.</p> <p>However, the Committee recognised the added value that KPMG bring in view of the firm's sector experience and knowledge and discussed the appointment of the senior lead for the College following Bill Lumsden's departure. The Committee was informed that Mike Rowley had offered to attend the meeting and that he had been advised this was unnecessary as any matters arising will be put to him at the next meeting of the Committee on 5th July 2016 when the Audit Approach will be an item on the agenda.</p> <p>With the benefit of further discussion Members agreed unanimously to the re-appointment of KPMG as External Auditors.</p>	<p>Clerk</p>
9.	<p>Any Other Business.</p> <p>(i) <u>Dissemination of information</u> – With the Committee Chair and Mr Moore both co-opted Members it was agreed that the papers for Corporation and Finance & Resources Committee meetings will be copied to the Committee Chair for reference and that both will remain on the circulation list to receive of the monthly Management Accounts.</p> <p>(ii) <u>Start time for future meetings</u> – Members confirmed their preference for meetings of the Committee to start at 4.00pm.</p> <p>(iii) <u>Chair's pre-meetings</u> – The Vice Principal, Finance & Resources already holds a meeting with the Chair of the Finance & Resources Committee prior to every meeting of that Committee and he extended an invitation to the Chair of the Audit Committee to join those meetings whenever she is available. It was agreed that similar pre-meetings will also be arranged in conjunction with meetings of the Audit Committee.</p>	<p>Clerk</p> <p>IVP, F&R</p> <p>IVP, F&R</p>

10.	Date and time of the next meeting It was agreed that the next meeting of the Committee will take place on Wednesday 5th July 2016 at 4.00pm.	
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The meeting ended at 5.10pm.

Signed

Date