

AUDIT COMMITTEE MEETING

Date:	Wednesday 5 July 2017	Time: 4.30pm	UNRESTRICTED: FINAL
Venue:	Executive Boardroom		
Chair:	Paul Wingfield		
Members present:	Martin Ballard (via telephone), Rob Cottrell and Louise Perry (from 5.30pm)		
In attendance:	Andrew Clare (Vice Principal, Finance & Resources), Simon Stanyer, KPMG (External Auditor), David Hoose, Mazars (Internal Auditor) and Denise Pitt (Acting Clerk to the Corporation)		
Apologies:	Rachael Wright (Mazars) and Roma Taylor (Student Governor)		
Disclosure of Members Interests:	None beyond those already declared in the Register of Interests.		

	Item	Actions
1.	<p>Minutes of the Meeting held on 22 March 2017 The minutes of the meeting held on 22 March 2017 were agreed as a true record and signed by the Chair.</p> <p>Due to commitments on a number of other Corporation Committees, Allison Sunley had resigned her membership of the Audit Committee with immediate effect.</p>	
2.	<p>Actions Table and Matters arising from the Minutes of the Meeting held on 22 March 2016 Updates were provided on actions other than those where the due date is in the future.</p> <p>Meeting held on 22 March 2017 (i) <u>Action 2(i), Minute 3(3), Page 3 – Follow-up on Previous Audit Recommendations – Fixed Assets Register</u> – The Fixed Assets Register will be completed over the summer.</p> <p>(ii) <u>Action 3(iii), Minute 4, Page 3 – Risk Management Report - Consider using a PESTLE analysis (Political, Economic, Social, Technological, Legal and Environmental) for the Risk Register</u> – This item will be discussed at the next Risk Management Group meeting in September 2017.</p>	<p>VPFR</p> <p>VPFR</p>

	<p>Meeting held on 23 March 2016</p> <p>(i) <u>Action No. 1, Minute 4(i), Page 1/2 – Internal Audit Report – Subcontracting</u> – The Committee requested that the revised Financial Regulations are brought to the Corporation, including clarification of the procedure for the authorisation of subcontracts. Action: Proposed amendments to be presented to the Finance and Resources Committee in December 2017.</p>	VPFR
3.	<p>Internal Audit Report</p> <p>(i) <u>Subcontracting</u></p> <p>The background for the Subcontracting audit is set out on page 5 of the Internal Audit Report. This audit is outside of the usual scope for internal auditors, however, it is a SFA requirement. Subcontracting received a completely clean audit; this is the first clean audit on subcontracting in terms of internal recommendations. This provides a very positive outcome for the College and a good benchmark against the sector, given concerns raised nationally regarding some subcontracting arrangements.</p> <p>The Executive Team have been very particular in choosing which subcontractors the College works with and has robust quality systems in place. Subcontractors are scrutinised against an adapted version of the College Performance Review (CPR) process to check quality and contract compliance. Action: The Chair asked for a report on subcontractor CPRs to be presented to the Corporation on 12 July 2017. The College maintains high focus on subcontracting and continues to review and implement controls; this item remains high on the risk register.</p>	VPFR
4.	<p>Progress Report on Previous Recommendations</p> <p><u>Progress on Internal Audit</u></p> <p>The Compliance, Governance and Risk Management audits were undertaken last week and the draft reports are being prepared to present at the next Audit Committee meeting in the Autumn term.</p> <p>Three out of the six recommendations from the last audit have been addressed.</p>	VPFR
5.	<p>Summary of Internal Audit Findings</p> <p><u>Gap Analysis for Health & Safety</u> – The population of the database is nearly complete (a 300+ page document) resulting from a review of health and safety legislation, from which an action plan is being devised. A summary, to end June 2017, will be presented to the Corporation on 12 July 2017.</p> <p>A gap analysis will be reviewed during the audit of health and safety in 2017/18. Governors will be updated at an appropriate meeting.</p> <p>Following a brief discussion, the word ‘conclusion’ will be changed by the Auditor to revise the recommendation.</p>	<p>VPFR/Dir of IT & Resources</p> <p>Internal Auditors</p>
6.	<p>Internal Audit Strategy and Plan 2017/2020</p> <p>The plan of work for the next three years has been reviewed, and following some adjustments, agreed by the Executive Team. Areas of focus in</p>	

	<p>2017/18 will include Health and Safety, Subcontracting/Partnership Delivery and the IT Network.</p> <p>The Committee requested further information on the scope for the IT Controls and Strategy and IT Network audits. Action: Auditors will provide further information on the scope, to be signed off by the Audit Committee in November 2017. As recent Cyber attacks have raised the profile of IT Security, the plan will be adjusted to bring this audit forward to December 2017, to be reported to the Audit Committee on 7 December 2017.</p> <p>The Income Collection audit reflects diversifying income streams including the MOT Centre, Advanced Learner loans and moving away from cash.</p>	Internal Auditors
7.	<p>Any items that the Internal Auditors wish to raise with the Committee without Management staff present</p> <p>There was nothing to report from the Internal and External Auditors.</p>	
8.	<p>External Audit Plan</p> <p>The External Auditor presented the KPMG 2017/18 Audit Plan and Strategy. The audit risks, which are inherent across the FE sector, are revenue recognition (including fraud risk), risk of management override of controls and going concern. He gave a brief overview of the audit approach for each of these areas.</p> <p>The auditor commented that bank covenants are becoming harsher.</p> <p>Materiality has been set at £200k, which is consistent with the previous year. KPMG will report all individual errors in excess of £7.5k.</p> <p>KPMG will also report on the College's subsidiary company, Quality Resourcing Solutions (QRS) [formerly Stamford Plus Limited] and perform a review of the College's contributions to the Teachers' Pension Scheme at the same time.</p> <p>The interim audit will take place in July 2017, with the final audit in early October 2017.</p> <p>The Management letter will be presented for signature in December 2017.</p> <p>Following a query about how subcontracting will be measured going forward following its clean audit, the auditor confirmed the clean audit should be regarded as a very positive outcome for the College. The College has stringent procedures and systems in place to ensure subcontracting is robustly reviewed and monitored.</p> <p>The auditor commented that there is a different level of assurance and burden of proof on auditors as to what is reported in the text of the management accounts in terms of accuracy. The data in colleges is far safer than it ever was.</p>	

	<p>The College has another subsidiary company, Trio Training Limited, which is currently dormant and, therefore, will not be audited. The company is now held solely by New College Stamford and discussions about the company's future direction will take place at a later date.</p> <p>The Committee agreed the External Audit Plan.</p>	
9.	<p>Risk Management The external and internal auditors had reviewed the Risk Register and both agreed that it covers all relevant risks.</p> <p><i>The auditors left at 5.20pm.</i></p> <p>The Risk Management Group (RMG) meets monthly. Risk owners provide updates against their risks which are discussed at the meetings. Scoring is adjusted as necessary. Blue arrows indicate where a risk has gone up or down. Blue text specifies updates to risks/mitigating actions and red text denotes a new risk; a key will be included with the register at the next meeting.</p> <p>Competition and Markets Authority: Pre-information for HE Students - A query was raised about the potential of losing HE students to competition. Currently there is no data to materially measure against. This will become more apparent during the August 2017 enrolment period.</p> <p>Actions:</p> <ul style="list-style-type: none"> • A new heading "Competition from Universities" will be inserted under the current section. • The Executive Team will revisit this new risk and add material numbers of HE applicants who decide not to come to college due to competition from universities. <p>The Committee agreed that risks are being well-managed and followed through, and RMG members were thanked for their work.</p> <p>High risks will be reported to the Corporation meeting on 12 July 2017.</p>	<p>VPFR</p> <p>VPFR</p> <p>Executive</p>
10.	<p>Any Other Business There was no other business.</p>	
11.	<p>Date and Time of the Next Meeting The next meeting of the Committee will take place on either Thursday 7 December 2017 at 4.30pm.</p>	

The meeting ended at 5.40pm.

Ralph Devereux (Clerk) for Paul Wingfield (Chair)
Ralph Devereux (Clerk) for Paul Wingfield (Chair) (Jan 3, 2018)

Date

CONFIDENTIAL AUDIT COMMITTEE MEETING

Date:	Wednesday 5 July 2017	Time: 5.40pm	RESTRICTED: DRAFT v1
Venue:	Executive Boardroom		
Chair:	Paul Wingfield		
Members present:	Martin Ballard (via telephone), Rob Cottrell and Louise Perry (from 5.30pm)		
In attendance:	Andrew Clare (Vice Principal, Finance & Resources) and Denise Pitt (Acting Clerk to the Corporation)		
Apologies: Allison Sunley, Rachael Wright (Mazars) and Roma Taylor (Student Governor)			
Disclosure of Members Interests: None beyond those already declared in the Register of Interests.			

1.	<p>Internal Audit – Confidential Review of Performance 2016/17 and Qualitative Performance Indicators</p> <p>There has been a good working relationship between the College and the Internal Auditors, with appropriate challenges in place. However, the internal audit manager has been unable to attend several meetings, therefore, the College would like to discuss with the internal auditors the appointment of someone who can regularly attend Audit Committee meetings.</p> <p>The Committee concluded that the second tier of internal audit management has not satisfied the Committee’s needs, therefore, the Committee would like to request a change. Also, the stand-in auditor needs to be sufficiently briefed to be able to inform and answer questions at meetings. The VPFR to feedback to the internal auditors.</p>	VPFR
2.	<p>Re-appointment of Internal Auditors</p> <p>The reappointment of internal auditors will be agreed once the VPFR has been able to discuss the above items with the internal auditors. The Chair and VPFR were delegated responsibility to make this decision on behalf of the Committee.</p>	Chair/VPFR

3.	Any Other Business. There was no other business.	
4.	Date and Time of the Next Meeting The next meeting of the Committee will take place on either Thursday 7 December 2017 at 4.30pm.	

The meeting ended at 6.00pm.

Signed

Ralph Devereux (Clerk) for Paul Wingfield (Chair)

Ralph Devereux (Clerk) for Paul Wingfield (Chair) (Jan 3, 2018)

Date

