

	ii) the Committee will look at the list of risks at its November 2015 meeting, focusing on the top 5.	Tracker
20/15	<p>INTERNAL AUDIT REPORTS: May 2015 Review (Block 3)</p> <p>The TIAA representative reported that nothing of significance had come out of the review, mainly compliance issues, and a high level of assurance had been confirmed. It was pleasing to note that actions have received a rapid response.</p> <p>Trading Activities (Cafeterias) – Issues are being addressed in a timely manner. Whilst it was acknowledged that out of date products in the store could constitute a health and safety risk, the Vice Principal advised that products are checked before use and this was more of a stock control issue which the Cafeteria Manager is addressing.</p> <p>Key Financial Controls – More work is being done by the Vice Principal and Finance Manager on control account reconciliations. The Vice Principal felt that minor control accounts had been unnecessarily given Priority 1 status. Going forward it is important that priorities have been agreed. The Vice Principal meets with the Finance team on a monthly basis and Key Control Accounts will now be a standing item on the agenda.</p> <p>RESOLVED: To note the recommendations.</p>	
21/15	<p>INTERNAL AUDIT PLAN 2015-16</p> <p>The TIAA representative confirmed that this rolling strategic plan had been mapped against Board assurance references. Members noted that it did not map back exactly to the previous year's plan due to risks having changed but were concerned that Key Financial Controls were not included. This work previously gave assurance that nothing was being missed. The TIAA representative explained that key financial controls have been broken down into more in-depth work. Due to the dire financial position that some colleges are finding themselves in, budgetary control is absolutely crucial and is almost driving everything else. The Baker Tilly representative agreed and advised that other colleges are now looking at key financial controls on a 3-year cycle. This means that the college can be more reactive rather than committing resources to something that might not be needed. Internal assurance is already given in the Board assurance report and no major issues have emerged from previous audits. It has to be underpinned by rigorous self-assessment, incorporating financial elements.</p> <p>Members asked if there was sufficient assurance that WESS are rigorously undertaking the controls. The Vice Principal confirmed that KPIs have now been introduced to give this assurance. A rigorous review of payroll procedures is needed – ie not of WESS operations but rather how managers are controlling their payrolls. This could be done by increasing the TIAA programme or by bringing routine control checks to the Audit Committee and Board. Members felt a new FD also created some risk, but were happy for Key Financial Controls to be excluded from the plan as long as assurance is provided from other sources and it is clear that this is a change of approach. The Vice Principal to look into and advise how such assurance can be presented to the Committee.</p> <p>The Director of HR joined the meeting at this point to advise on which HR issues were high risk and should be considered in the plan:</p> <ul style="list-style-type: none"> • Bearing in mind the possibility of an Ofsted inspection next year, the Single Central Record is crucial and key issues requiring assurance, relating to safer recruitment, are risk assessments, DBS checks and references having been acquired, ie that evidence is present in personal files. Ofsted will randomly select and scrutinise a number of files for this evidence. The DHR advised that his PA does audit new employee files but it would become a significant piece of work to scrutinise all personal files. It was suggested that this work could be woven into the Safeguarding review and scheduled into the first audit visit in 	VP

	<p>November 2015, in terms of assurance that the process is in place, and supplemented by regular checks by the College. WESS should also undertake internal checks and this should be a KPI. These things should be in place anyway from an HR integrity perspective not just to satisfy Ofsted.</p> <ul style="list-style-type: none"> From the previous review, auditors felt that there was a lack of clarity around understanding “cases” and the tracker was “confused”. What should sit behind it are case files. This would also provide evidence in employment tribunal claims. It was suggested that the work relating to the tracker could be woven into Governance – HR management responsibilities. <p>TIAA to reflect on the above and discuss / agree with the Vice Principal when doing advanced planning for 2015/16.</p> <p>RESOLVED: To recommend that the Board approves the Internal Audit Plan for 2015/16.</p>	<p>DHR</p> <p>TIAA / VP</p>
22/15	<p>FINANCIAL STATEMENTS AUDIT: AUDIT APPROACH MEMORANDUM</p> <p>The Baker Tilly representative advised that a meeting is being arranged with the outgoing and new Vice Principals in early August. This is an opportunity for the Audit Committee to flag up any specific concerns about the External Audit Plan or equally any regularity concerns. It was noted that the ILR is not audited. The College gets certificates from the funding bodies and these are checked to ensure they match up with the ILR. Going concern is an area of greater focus because income levels are going down with further cuts expected.</p> <p>Implementation of the FRS102 and new SORP means that as of 2015/16 the accounts will be prepared on a totally different basis, the transition date is 1 August 2014. Valuation of land only can be added to the balance sheet to bring it into line with market values; the look and feel of the accounts will be better but it should be remembers that this does not represent cash. It is felt that most colleges will go down this road. The College will also need to make a decision on how it treats capital grants – whether to show them at the top of the balance sheet as liabilities, or put them into reserves with no amortisation. This will be a prior year adjustment. Only certain elements of the new standards will affect the sector: holiday pay accrual, treatment of grants, land valuation, treatment of leases. The 2014/15 accounts will need to be re-stated. Members suggested that these changes should be discussed in more detail at the next meeting. The Vice Principal advised that a project group was already in place and had been looking at the new requirements throughout the year; a sample check of outstanding holidays is being done and the group has already looked at leases and capital grants, but the re-stated accounts will also need to be audited at the right moment. There has been no change on the proposed joint venture with WESS but this will be re-assessed as part of the audit.</p> <p>Baker Tilly’s fees were discussed. The College had requested no increase over last year or that any increase should at least be linked to inflation. The Baker Tilly representative regretted that a zero increase was not possible, due to increased salaries and lack of qualified staff in the sector, but had agreed to reduce the proposed increase from 4% down to 3%. It was pointed out that now is a good time to encourage students to enter the accountancy profession. Members considered that a high level of support is included in Baker Tilly’s service to the College and agreed that the fee is reasonable.</p> <p>RESOLVED:</p> <ol style="list-style-type: none"> To add the FRS102 changes to the agenda for the Committee’s November 2015 meeting. To recommend that the Board agrees Baker Tilly’s External Audit Plan for the year ending 31 July 2015. 	
23/15	<p>COLLEGE FOLLOW-UP</p> <p>The Vice Principal confirmed that the schedule had been ‘cleansed’. However,</p>	

	<p>Members felt that some items had been there too long and many have target dates of May or June that should now be completed. The Vice Principal assured the Committee that these actions would be referred to the appropriate group or committee in order to close them down. It was suggested that an additional column be added to the schedule and, where appropriate, revised target completion dates set. The Vice Principal recommended that the Value for Money item be taken out because it entailed so much work and was not a good use of time. The steps already taken on Value for Money is supported by the balanced budget. There is also a need to look more deeply at staff training which needs 12 months to play out a rolling programme to deliver and embed. The Vice Principal was confident that progress will be apparent on the follow-up schedule presented to the next meeting and noted that many items are now 'green' and will disappear.</p> <p>RESOLVED: To note the report and follow up at the next meeting.</p>	Tracker
24/15	<p>RISK MANAGEMENT</p> <p>The Vice Principal advised that nothing had significantly moved or suddenly become 'red'. With the on-going funding issues, the highest risks remain financial and rising on-costs mean that cost bases must be controlled. Members felt the Risk Register was a good document but there was a need to drill down and tease-out real risk.</p> <p>RESOLVED: To note the report. Other actions relating to risk management are noted in minute 19/15 above.</p>	
25/15	<p>AoC CODE OF GOOD GOVERNANCE FOR ENGLISH COLLEGES</p> <p>The Clerk presented the new Code and asked for Members' comments, particularly on Section 6: Financial Strategy and Audit. The Baker Tilly representative noted that a number of colleges were currently going through the process of mapping current practice with the new model. Members concluded that the Board and its Committees were already compliant with most of the new Code's requirements and saw no issues in the Corporation formally adopting it. The Clerk advised that the Board would be assessing itself against the Code at its Strategic Planning Day on 1 October 2015 and agreeing whether or not to adopt it. Any individual expectations that the Board were not comfortable with would be singularly excluded and reasons given. The Clerk commented that it would be far easier for colleges to benchmark against each other if they all self-assessed against the new Code. Currently, it is almost impossible to meaningfully benchmark against other colleges.</p> <p>RESOLVED: That the Committee has no issues to raise relating to the proposed adoption by the Corporation of the new Code of Good Governance for English Colleges.</p>	
26/15	<p>ANY OTHER BUSINESS</p> <p>i) Attendance by Principal at Audit Committee meetings</p> <p>The Clerk advised that good practice had been sought amongst the Clerks' Network regarding the attendance of the Principal at Audit Committee meetings. The responses indicated that there is no right or wrong answer; a majority of Principals do attend but other colleges were strongly against the practice. The Clerk asked the Committee to consider its preference in this matter. Members felt that there would be merit in the Principal attending, having an overview of the College's risk management and perhaps being invited to answer specific concerns. However, sometimes the Principal can dominate the meeting, when it should be the Financial Director taking the lead. Members concluded that it would be good practice for the Principal to attend one Audit Committee meeting per year and suggested that it should be the November meeting. This would be particularly helpful this year in the handover to the new Vice Principal Finance & Commercial Development.</p>	

	<p>RESOLVED: That the Principal will attend the Audit Committee meeting in November each year.</p> <p>ii) Attendance by members of the Senior Management Team</p> <p>The Vice Principal suggested that it would be beneficial to invite members of the Senior Management Team to meetings to answer any specific concerns in audit reports within their area of expertise. Members agreed that this was a good idea. The Chair will liaise with the Clerk when drafting Committee agendas to agree which Senior Manager(s) should be invited and the Clerk will notify them accordingly.</p> <p>RESOLVED: That Senior Managers will be invited to appropriate Audit Committee meetings.</p> <p>iii) Private meeting of Audit Committee Members</p> <p>The Chair suggested that it would be good practice for Committee members to meet privately once or twice a year to take stock of the Committee's operation / performance. Members agreed that this would be beneficial.</p> <p>RESOLVED: That the Committee will have a 30-minute private pre-meeting in November 2015. The Clerk will source an Audit Committee self-assessment template for the Committee's consideration.</p>	<p>Clerk / Tracker</p> <p>Chair / Clerk</p> <p>Clerk</p>
27/15	<p>SCHEDULE OF MEETINGS 2015-16:</p> <p>Wednesday 25 November 2015, 9.30 – 11.30am at North Road Tuesday 8 March 2016, 9.30 – 11.30am at North Road Wednesday 22 June 2016, 9.30 – 11.30am at North Road</p> <p>The Principal-Designate advised that she is unable to attend on 25 November 2015. The Committee therefore agreed to change the date to Thursday 26 November 2015, starting with a private pre-meeting of Committee members at 2.00pm, followed by a private meeting with the Auditors at 2.30pm. The Principal and new Vice Principal Finance & Commercial Development will join the meeting at 3.00pm for the start of normal business.</p> <p>RESOLVED: That the next meeting of the Committee will be held on Thursday 26 November 2015.</p>	<p>Clerk</p>
28/15	<p>EVALUATION</p> <p>Members agreed that the meeting had been constructive, identifying areas of focus, and all had made a contribution to discussions.</p>	
29/15	<p>CONFIDENTIALITY</p> <p>No items were identified as being confidential.</p>	