

**Meeting of the Audit Committee
held on Monday 29 June 2015 at 8.00am
In Room 814
at Matthew Boulton Campus**

Present:	Apologies:
Kathryn James (KJ) Andrew Madden (AM)	Anthony McCourt
Taher Hussain (TH)	
Andrew Cleaves (AC)	
In Attendance:	
Louise Jones (LJ)	
Anthony Gribben- Lisle (AGL)	
Richard Bacon (RB) PwC	
Ben Connor (BC) PwC	
Tony Felthouse (TF) KPMG	
Tim Foster (TF) BDO	
John Lanes (JL) BDO	
Liam Nevin (LN)	

Apologies & Declarations of Interest

Apologies were received from Anthony McCourt

KJ asked it to be noted that ownership of the NEC had recently changed although this was not material to any agenda item

AM asked it to be noted that Gateley LLP had converted to a PLC although this was not material to any agenda item

There were no other declarations of interest made save for those already declared in the Register of Interests.

In the interests of efficiency it was agreed that some items of business would be dealt with other than in the order set out in the agenda

Item 1 - Minutes of the meeting held on 12 March 2015

It was agreed that AC be added to the list of apologies tendered for the meeting, but save for that amendment the minutes were approved as a true and accurate record of the meeting.

Matters Arising and Action Log

The action log was noted.

Item 2 – Risk Register Update

LJ explained that the report was presented to reflect the key changes in risk, and activities since the previous meeting. In relation to 1.2 “Students are not happy” it was reported that the recent student survey did not demonstrate the increase in student satisfaction that was targeted. The Principal advised that the reliance on an annual review of satisfaction was of

limited value and he had instigated changes so that there would be a monthly review of student satisfaction that could be used to address issues as they arose.

LJ thereafter advised the Committee that in relation to risk 3.3, the risk was now raised by the evidence that the College were not securing value for money on facilities and estates services, particularly cleaning, security and utilities.

AM questioned whether collaborative procurement with other colleges was being explored and the Principal confirmed that this and the option of shared services was now under discussion.

It was agreed that the format of the report was helpful in tracking movement in risk, and activities between meetings and the Principal confirmed that it was a standing agenda item on the Executive Board.

Accordingly it was

RESOLVED

That the report be noted.

Item 3 – Internal Audit Reports

(i) Draft Internal Audit Plan for 14/15

RB advised that progress was satisfactory and on- track against the plan targets.

(ii) Draft Internal Audit Plan for 15/16

RB advised the committee that the detailed risk assessment contained within appendix 3 of the Internal Audit Risk Assessment and Plan set out the risks that had informed the proposed plan for 15/16 and the timeline for delivery as set out on page 2 of the document.

KJ queried whether the review of the student journey should take place in 16/17 rather than 17/18 and RB agreed to consider this further.

(iii) PMB Review

RB advised that there were clear and significant improvements in the operation of the Termly Review Boards over the last year. The Principal confirmed that he was satisfied with the operation of the Boards which now had a stronger focus on data and were using the QIP to drive improvements.

(iv) Fraud Risk Assessment

RB advised that the review had demonstrated some areas where good practice was partially met but that there also some areas where improvements were required. In particular, the College needed to designate a lead officer tasked with ensuring that the arrangements were robust, that a College wide risk-assessment was undertaken with mitigations developed in response, and that the policy (presented later in the agenda) was communicated to all staff.

AM advised that the policy should also apply to the College's partners.

(v) Follow Up on Student Records Report

BC introduced this report and advised that the previous internal audit report had set challenging targets for the College and that whilst progress had been made in implementing the recommendations there was still more work to do.

AGL accepted that implementation was delayed in respect of some of the recommendations and this was a consequence of competing demands imposed by the Ofsted inspection and business planning process.

KJ noted that the scale of changes to the control arrangements highlighted by the various agenda items pointed to the need to ensure that staff were informed and trained in the new expectations. The Principal advised that the Executive had two days training and development with the College's managers over the 29th and 30th June where these issues would be addressed.

AM stressed the need for a further view of Student Records to ensure that all recommendations were implemented and BC advised that there would be a follow up review early in the next academic year with a report to the November committee meeting.

Accordingly it was

Resolved:

That the draft internal audit plan for 2015-16 be recommended to the Corporation for approval and that the internal audit reports be noted.

Item 4 - Internal Audit Reports – Management Actions

LN presented the report and advised the Committee that the outstanding actions were primarily relating to the Student Records review and that progress in addressing all other recommendations was satisfactory.

Accordingly it was

Resolved:

That the report be noted.

Item 5 – External Audit Plan and Strategy for 2015/16

TF presented the report and explained that the purpose was to summarise their responsibilities as external auditors for the year ending 31 July 2015 and their intended approach to issues impacting the College's activities in that year.

TF advised that materiality for the purpose of misstatement was 1% of total revenues based on the forecast outturn for 2014/15. LJ confirmed that she was satisfied with this as it was not expected that there would be any unadjusted errors.

KJ asked whether there had been any misstatement in previous financial statements and TF advised that he would consider this further. However, having already discussed the matter with LJ it was unlikely to be a concern.

LJ further advised the committee that it was proposed not to consolidate the accounts with those of Harborne Academy. The Principal advised that this decision was consistent with the Academy Board operating independently of the College and reflected the steps taken to ensure that this independence was observed.

Accordingly it was

Resolved:

That the external audit plan and strategy be recommended to the Corporation for approval

Item 6 – Review of Key Financial Systems

JL summarised the findings of the review and advised that they had provided limited assurance in both design and operational effectiveness. They had made 12 high priority, 26 medium priority and 5 low priority recommendations. Thereafter JL summarised the findings across the ten areas of focus as set out in the Executive Summary of the report.

LJ advised that the findings were consistent with her observations since taking the role of the Chief Finance Officer. Some of the recommendations had already been addressed and the aim was to ensure that all recommendations were implemented by the end of July. BDO had been commissioned to undertake a follow up review and this would be reported to the next Audit Committee meeting.

KJ asked how the findings would affect the year-end work being undertaken by the external auditors and it was agreed that TF would liaise with LJ to ensure that the external auditors were fully apprised of progress in implementing the recommendations.

Accordingly it was

Resolved:

That the review of key financial systems be noted and that a further report be received from BDO at the next meeting of the Committee addressing progress on the implementation of their recommendations

Item 7 - Independent Review of Overview of College Finances

LJ advised that BDO had been commissioned to review LJs overview of College finances as presented to the Corporation Board in March. This had re-affirmed the judgements and conclusions reflected in that report and made recommendations as summarized in the covering report. Many of these had already been implemented and all would be in place by the end of July.

Accordingly it was

Resolved:

That the report be noted

Item 8 – Fraud and Theft Policy and Anti- Bribery Policy

LJ introduced the report and advised that the policies proposed were based on best practice within the sector and it was intended that a training programme for staff and incorporation of the policies within the induction process would ensure compliance throughout the organization.

KJ advised that it would be helpful to expand the Anti-Fraud Policy so that it incorporated non-financial matters such as data fraud.

It was noted that an annual review of the application of the policies would be helpful and LN agreed to consider how this would feature in the Committee work programme.

Item 9 - Any Other Business

There being no other business the Chairman closed the meeting.

Date of next meeting: To be confirmed

Signed.....

Kollman

Chair

Date.....

3/12/15