



AUDIT COMMITTEE

Minutes of Meeting on Tuesday 22 September 2015

Present:	Mr J Pain (<i>in the Chair</i>)	Governor
	Ms N Cuffy	Governor
	Ms M Moore	Governor
In Attendance:	Ms S Overton-Edwards	Principal
	Mr H Ravat	Vice Principal Resources
	Mr R Mansfield	Clerk
	Mr G Hodgkinson	MacIntyre Hudson

Ref.		Action
A/15/10	<p>Item 1 – Apologies for Absence: Apologies for absence were received from Harnish Hadani, Steve Holderness and Elaine Olson-Williams. The meeting was declared quorate. In the absence of Harnish Hadani, Jim Pain was elected to chair the meeting. Jim Pain welcomed Guy Hodgkinson of MacIntyre Hudson to the meeting.</p>	
A/15/11	<p>Item 2 – Declarations of Interest in Agenda Items: There were no declarations of interest in agenda items.</p>	
A/15/12	<p>Item 3 – Minutes of Meeting on 17 March 2015 and Matters Arising: The minutes of the meeting on 17 March 2015 were accepted as an accurate record and were duly signed by Jim Pain. There were no matters for consideration arising from the minutes. Guy Hodgkinson reminded the Committee that the new Joint Audit Code Of Practice (JACOP) had recently been published; this drew together requirements previously in separate parts of the Code, but otherwise contained little change. <i>At the request of Robert Mansfield the meeting agreed to take as the next item of business a late paper. The discussion of this is recorded in these minutes under item 11 below.</i></p>	
A/15/13	<p>Item 4 – Recommendation Tracking: Hamid Ravat presented the recommendation tracking report, advising the Committee of the progress made in responding to the recommendations arising from the Internal Audit in 2014/2015. With the exception of updating the</p>	

laptop policy, an action of low priority that would be completed in October 2015, scheduled actions had been undertaken as planned.

The Committee received the recommendation tracking report.

A/15/14

Item 5 – Annual Report of the Internal Auditors 2014/2015:

Guy Hodgkinson presented the Annual Report of the Internal Auditors for 2014/2015. He reminded the meeting that the audit had covered a wide range of areas in some depth. As a consequence there had been a small overrun on the audit days expended. He had obtained prior agreement to this overrun, and MacIntyre Hudson had absorbed much of the cost entailed. The report contained a table mapping audit activity against the ACOP mandatory areas. There had been 17 recommendations, of which just one had been classified as of high priority, five of medium priority and eleven of low priority. The significant number of recommendations was an indication of the value that MacIntyre Hudson was still able to deliver to the College, and evidence of the effective tailoring of effort to address the College's needs.

The audit had enabled MacIntyre Hudson to conclude that the College's policies, procedures and operations were good and to draw the reasonable conclusion that the College had adequate and effective management, control and governance processes to manage its achievement of the College's objectives.

He concluded with MacIntyre Hudson's assessment of its own performance, an assessment with which Hamid Ravat concurred.

Jim Pain sought clarification of the recommendation of high priority. This had arisen because a student had gained unauthorized access to College records after a teacher had failed to log off a computer.

The meeting commended the Annual Internal Audit Report to the Board.

A/15/15

Item 6 – Internal Audit Plan 2015/2016:

Guy Hodgkinson presented the internal audit plan for 2015/2016. The planned scope of work would ensure that all the ACOP mandatory areas would have been covered over the three-year period of the current internal audit strategy.

The plan had been tailored to fit 15 days as originally planned. There had however been some adjustments to focus in the light of current priorities. One day each had been removed from governance, communications and energy management. This time had been used to increase to two the days applied to learner enrolment and to apply two days to estate management and maintenance.

Robert Mansfield advised the Committee that Harnish Hadani had requested that members consider how MacIntyre

Hudson proposed to respond to the new requirements (as described in Baker Tilly's paper) in respect of their scope of work and report content. Robert Mansfield said that the Baker Tilly paper represented that firm's views rather than formal requirements, which were laid down in the JACOP. Guy Hodgkinson said that several firms of accountants had produced papers on related topics recently, and that these were at least in part designed as marketing and promotional tools. He believed that MacIntyre Hudson was already taking full account of the requirements set out in the JACOP. Nelista Cuffy suggested that there should be a clearer statement about value for money in the Annual Internal Audit Report. Guy Hodgkinson supported this idea. There was then a discussion about the effort that the College should invest in examining value for money. Hamid Ravat said that the College lacked the resources to invest heavily in this, and that it was in any event not good practice – for example, once a relationship with a supplier had been established – to challenge this every year. Jim Pain felt that commonsense and basic good management should apply. Guy Hodgkinson agreed that it would be easy to build consideration of value for money into the objectives of individual audits, where appropriate.

The Committee commended the internal audit plan for 2015/2016 to the Board.

A/15/16

Item 7 – Risk Management:

7.1 Risk Register

Suzanne Overton-Edwards presented the risk register, drawing to the attention of the meeting to the changes proposed as a result of a recent review of the register by the Senior Leadership Team.

The meeting noted that the number of risks coded red had increased significantly and challenged some of the scores, though in the end these were not changed. It was felt that in section A2 the words 'potential impact of cyber-bullying' did not sufficiently reflect the scope of the range of reputational and possibly other risks to which the College was exposed through abuse of social media. The Senior Leadership Team (SLT) was asked to give further consideration to this, and to the related entries as appropriate. Opinions were divided about whether in section C1 the risk 'problems with financial health' had been correctly scored. The meeting welcomed a suggestion from Nelista Cuffy that the entry should relate to 'financial risk', where the College's exposure was probably greater and the SLT was asked to consider this further also. In response to a question from Nelista Cuffy Hamid Ravat explained the changes in the licensing regulations for minibuss drivers and how the College kept this matter under review.

The meeting received the amended risk register.

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7.2 Board Assurance Policy

Robert Mansfield explained that he had for some months considered that the College needed a broader statement of how risk was managed and internal control achieved and of the basis upon which the Board obtained the required assurances in these areas. He had therefore prepared a draft Board Assurance policy to subsume and expand the Risk Management policy. He then presented the main changes to the meeting.

Jim Pain invited views on the revised policy. Guy Hodgkinson supported the draft and said that he particularly liked the clarity with which the activities and contributions of the various parties involved were set out. He produced for information documents recently prepared by accountants and other colleges. He agreed with reactions that some of these seemed unnecessarily complicated.

The Committee commended the Board Assurance policy to the Board.

A/15/17

Item 7 – Committee Self-Review 2014/2015 and Targets for 2015/2016:

Robert Mansfield presented a short paper showing that the Committee had achieved all its targets in 2014/2015. He recommended that the same targets should be retained in 2015/2016, plus an additional target relating to the possible re-tendering of one or both of the audit services.

The Committee received the paper and endorsed the proposed additional target.

A/15/18

Item 10 – Date and Time of Next Meeting:

The date and time of the next meeting were confirmed as Thursday 3 December 2015 at 5.30 p.m. This would be a joint meeting with the Finance, Staffing & General Purposes Committee.

A/15/19

Item 11 – Any Other Business:

11.1 Audit Committees: Fulfilling Annual Requirements

Robert Mansfield advised the Committee that Baker Tilly had published guidance to Audit Committees after he had distributed the other papers for the meeting. The guidance had therefore been recently sent out as a late paper. The paper dealt with the annual report of the Audit Committee as well as matters that audit committees should cover for the report to be of real value. The annual reports of the Committee had been compliant with the guidance, but he asked the meeting to note the emphasis placed upon the issue of value for money – which the Board had delegated to the Finance, Staffing & General Purposes Committee.

11.2 Private Meeting without Staff present

Guy Hodgkinson declined the offer of a private meeting

| without staff present.

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