

## Governing Body Minutes

<b>Meeting</b>	Audit Committee	<b>Date</b>	23 <sup>rd</sup> November 2015
<b>Location</b>	Boardroom, Yarrow Executive Suite, Broadstairs	<b>Time</b>	4.30pm
<b>Membership</b>	Tim Kent (Chair), Patrick Finucane (Vice-Chair), Charles Buchanan and Gail Clarke		
<b>In Attendance</b>	Chris Legg (Officer) Paul Sayers (Officer) Katharine Patel - Buzzacott (Items 5-7)  Tara Ashman (Clerk)		

	ITEM	COMMENTS	ACTION POINT REQUIRED
1	<b>Welcome and Apologies for Absence</b>	The Chair welcomed members to the meeting and thanked Katharine Patel for the development session on the responsibilities of the Audit Committee given the new members and Chair.  There were no apologies.	
2	<b>Declarations of Interest</b>	There were no additional declarations of interest.	
3	<b>Minutes of meeting held on 20 May 2015</b>	A Governor noted a typographical error on page 3 which the Clerk will amend. Given the new Chair and membership for this academic year Governors agreed to ask Jonathan Clarke, who was a previous member of the committee and in attendance at the meeting in May, to sign the minutes as an accurate record of the meeting, the Clerk to facilitate.	Clerk
4	<b>Matters Arising</b>	PS advised the feedback from the Disaster Recovery Plan testing was that the exercise in itself was useful and will inform next steps of training and development for those concerned, PS will circulate the content outside of the meeting.	PS



		<p>The claw back position of £729,000 is what the College is waiting to have confirmed and PS discussed the Colleges understanding around the protected tolerance post transfer of achieving 85% of the Adult Skills Budget being the under delivery to 85% and not the suggested under delivery to 100% which could be significantly more than what has been accounted for. Following the meeting PS was able to clarify the claw back position was under delivery to 85% which had been budgeted for.</p> <p>KP noted the new FE/HE SORP (Statement of Recommended Practice) for next year and the different look to the accounts for next year and recommended advanced work in setting a template. The SORP has been issued but the accounts direction has not yet been issued.</p> <p><b>AGREED - that the Draft Post Audit Management Letter 2014/15 be recommended to the Full Governing Body on 15<sup>th</sup> December 2015 for approval.</b></p>	
7	<b>Audit Representations Letter</b>	<p>KP reported on this standard letter and asked if any amendments were required, KP identified items 13 and 15 (loan covenants and transfer of K college respectively) were specific to the College.</p> <p>The Chair invited questions. The Chair thanked Katharine Patel for her attendance.</p> <p><b>AGREED - that the Audit Representation Letter be recommended to the Full Governing Body on 15<sup>th</sup> December 2015 for approval.</b></p> <p>[Katherine Patel left the meeting at 5.15pm]</p>	
8	<b>Internal Audit Report</b>	<p>PS advised the College was randomly selected to undergo a comprehensive audit of most of the College's public funds including EFA, SFA, apprenticeships and 24+ loans. The Risk, Audit and Compliance Committee established a task and finish group and used an external provider (Baker Tilley) to undertake a mock audit in preparation. Overall the College received an unqualified audit opinion, some control issues were identified and these were referenced within the report. PS and the Director of MIS also identified areas of weakness not highlighted in the report and these are included in the action plan. PS invited questions.</p> <p>A Governor asked having gone through the process when the College might expect another audit and PS commented that being randomly selected could mean another review sooner than the College would anticipate however there are higher need areas within the FE sector and these would most likely be considered first.</p>	

		The Chair formally thanked PS and the team for the work in receiving an unqualified opinion echoing the thanks from the last Full Governing Body meeting.	
9	<b>Risk, Audit and Compliance Committee Report</b>	<p>CL presented the previous minutes of the Risk, Audit and Compliance Committee and invited questions.</p> <p>CL highlighted 2 key points of interest:</p> <ul style="list-style-type: none"> <li>• The ESF records and the need for these to be kept for 14 years in hard copy being a challenge for storage.</li> <li>• The SFA have asked that there be an audit review of sub-contracting controls and Buzzacott have agreed to undertake this and provide a report to the next Audit Committee. Governors discussed sub contractor providing their own audit assurance.</li> </ul> <p>The Chair discussed stock control processes in particular with the Yarrow Hotel shortly coming online. CL assured members that the General Manager and Director of Commercial Development have extensive commercial experience and CL has great confidence in this being of minimal risk.</p>	
10	<b>Risk Management Report</b>	PS reported the risk register with any changes highlighted in red, PS noted the expectation of further changes following the comprehensive spending review. Audit Committee need to be satisfied that the risk process is fit for purpose. Members discussed the register and the ordering of the columns to ensure the process is clear and logical in original risk, mitigating actions with the residual risk score. Members also considered an annual report on the original risk to the end of year point with a detailed report of the effect of the actions in year.	<b>Agenda</b>
11	<b>Membership and Terms of Reference</b>	<p>Members discussed the terms of reference and agreed the cosmetic changes for 2015/16. Members agreed that membership should be a minimum of 5 with quoracy being a minimum of 3, the Clerk to amend accordingly for recommendation to the Full Governing Body.</p> <p><b>AGREED - Members agreed to recommend the change in membership number of the Audit Committee</b></p>	

12	<b>Annual Audit Report by the Chair</b>	<p>The Audit Committee has responsibility to advise the Full Governing Body of the Committees activities for the academic year and the report has been drafted in accordance with this. The Clerk drafted the report on behalf of the new Chair and members are happy to recommend the report to the Full Governing Body and confirm the financial statements as previously discussed in item 5.</p> <p><b>AGREED - Members agreed to present the annual audit report for information to the Full Governing Body for information</b></p>	
13	<b>Internal Audit Plan 2015/16 Review</b>	<p>Since the internal audit plan was approved the College has undergone the ILR audit and this has resulted in a revised financial strategy. The overall budget for internal audit remains the same and PS summarised the proposed changes.</p> <p>Members discussed the need for a review of the Yarrow once operational but agreed that this could be deferred until the 16/17 internal audit. With a new membership it was agreed that the previous Yarrow Hotel report be circulated to members outside of the meeting, the Clerk to facilitate.</p> <p>Members were pleased to recommend the revised changes to the internal audit plan 2015/16 to the Full Governing Body.</p> <p><b>AGREED - Members agreed to recommend the revised Internal Audit Plan 2015/16 to the Full Governing Body</b></p>	Clerk
14	<b>Outstanding Actions from Internal Audit Report 2014/2015</b>	<p>CL presented the outstanding actions, 11 in total with 2 being high, 5 medium and 4 low. PS is undertaking a review of the business support services. CL noted that the management accountant vacancy within Finance will not be appointed and budget holders will be more independent on a monthly basis with quarterly reviews still being undertaken. Governors advised on exercising caution with becoming more self-service from their own experience.</p>	
15	<b>Policy Reviews</b>	<p>The following policies were presented to the Committee for consideration:</p> <p><b>Subcontracting Policy</b> - Minor updates to the policy in respect to job titles to reflect the restructure at senior level and reference to external assurance</p>	

		<p><b>Treasury Management</b> - members discussed the level of risk and the responsibly being now held by the Full Governing Body. It was agreed the policy should come via the audit committee to ensure adequate assurance but should be approved formally by the Full Governing Body. CL will make changes to the reference from Business Committee to Full Governing Body prior to the December meeting.</p> <p><b>Financial Regulations</b> - There have been minor changes following the adoption of the Carver Model, for example the Business Committee had delegated powers which are no longer needed with the removal of the Committee.</p> <p><b>Whistleblowing</b> - The policy has been amended to include the ability for a member of the public to whistleblow direct to the Clerk. Governors discussed the process of whistleblowing and for consistency agreed to keep the title as Clerk to the Governing Body throughout the document.</p>	<p>CL</p> <p>Clerk</p>
16	<b>Draft agenda for the next meeting</b>	Governors discussed the draft agenda and agreed that the development session should be an introduction from the new Financial Internal Auditors, Wilkins Kennedy detailing the work they do for the College and how this feeds into the work of the external Auditors. Members will deal with any appropriate actions from the monthly Full Governing Body meetings within matters arising. PS advised in addition to the Financial Controls from Wilkins Kennedy there will be two further Internal Audit reports to come to the meeting and these will be dealt with as external items - Assurance on Subcontracting controls and ESF and Records Management.	
17	<b>Any Other Business</b>	There was no other business at the meeting.	
18	<b>Date of Future Meeting</b>	Monday 29 <sup>th</sup> February 2015 at 4.30pm, Boardroom, Broadstairs	

There being no further business the meeting closed at 6.45pm.

Signed: ..... Position: ..... Date: .....