

Confirmed



**Minutes of the Meeting of the  
AUDIT COMMITTEE**  
**held on Wednesday 31 October 2018  
at 4.45pm**  
**at Broad Lane, Tottenham Hale, N15 4AG**

<b>Present:</b>	Chris Payne <i>[Chair]</i> Steve Davies	External Member External Member
<b>and by remote access:</b>	Sir Rod Aldridge	External Member <i>[Items 1-9]</i>
<b>In attendance:</b>	Gill Winward Jayshree Shah Shachi Blakemore	Clerk to the Board Finance Director <i>[Items 1-9]</i> Buzzacott LLP
<b>and by remote access:</b>	Mark Leyland Smith	Buzzacott LLP
<b>Apologies:</b>	Andrew Butcher	External Member
<b>Declarations of Interests:</b>	None stated	

Action

## 1 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 21 June 2018 were **APPROVED** to be signed by the Chair as an accurate record.

## 2 MATTERS ARISING

Most actions from the previous meeting had been dealt with or were on that day's agenda, but particular mention was made of:

- a) *Item 2c) – Finance Committee:* It was noted that the repeat debate had taken place at the Board meeting, as requested, and that the outcome had been a re-affirmation that the present arrangements for direct scrutiny by the Board were considered satisfactory and preferable to establishing a separate committee.
- b) *Item 6 – External Audit Fees:* The Finance Director reported that a reduction to £12.5k plus VAT had been agreed.
- c) *Item 8c) – Business Continuity Plan:* The Finance Director updated Members that she intended to revisit the current draft document and bring an amended version to the next meeting. Responding to questions, she

JS

explained that the further amendments planned were primarily formatting issues but also an incomplete suite of Disaster Recovery arrangements

### 3 INTERNAL AUDIT REVIEWS 17/18

Ms Blakemore presented two review reports carried out by Buzzacott.

#### a) *Financial Planning and Reporting*

The conclusion was that there was a mature approach to the College's arrangements, especially given the infancy of the organisation. Some enhancements points had been suggested.

In response to a question about an overall 'scoring' Ms Blakemore responded that her organisation tended not to provide one on internal audit reviews, however would add in a summary opinion into future reports.

Ms Blakemore then went through the list of key findings in the report, of which there were 4 main areas. The Committee commented on the following two recommendations in particular:

- That Financial Objectives should be included in the KPIs – they already were
- That an individual Board Member be allocated to provide scrutiny on the Fundraising Strategy – clarity was sought as to the purpose of this

The latter point led to an expanded discussion on the position of fundraising as part of the income strategy and the debates currently taking place at the Board meetings. The Finance Director highlighted that:

- the risk profile on fundraising changes throughout the year
- 'steady state' might mean that there was no need for fundraising, but there was no strong evidence that this position would be reached shortly

The Chair emphasised that it was also important to differentiate between fundraising and opportunities to bid for financial support. The Finance Director noted that the current funding model did not allow for growth and that separate activity was necessary to source funds to support that.

A general point was then made that it would be helpful if the reports included some provision for a 'management response' to the recommendations and suggestions made, as it wasn't currently clear if all the points recorded were accepted as action points or not.

In conclusion, the Committee **NOTED:**

- [i] the positive report, that current controls and scrutiny appeared satisfactory
- [ii] that the Finance Director would check with management colleagues over which recommendations were 'accepted' in both this and also future reports
- [iii] that Buzzacott would include a summary opinion in future reports

JS

Buzzacott

b) *Capital Projects*

Ms Blakemore highlighted that the review had been undertaken prior to the last Board meeting, at a point where there had been a greater level of uncertainty.

The summary view was that the additional Committee had strengthened the governance and oversight of the project. In response to a question, Ms Blakemore clarified that the overall conclusion was that a good position had now been reached but that may have not been the case given earlier indicators. This provided a 'lesson learned' for any future projects.

Mr Leyland Smith added that key questions that ought to be addressed were 'where did the cost overrun come from' and also a question over the role of stakeholders. Both related to controls.

A further question was posed on who internally had seen this report. The Finance Director replied that the management team had done so and the Committee added that it would be helpful to know what management's views were on the points made and suggestions raised. This related to a similar point in the previous item, that it would be useful to have a provision in the reports for a 'management response'.

The Chair stressed that the project in question was a very complex one, even within the FE sector, and had been compounded by the planning difficulties.

The Committee **NOTED:**

- [i] the report and its suggestions
- [ii] that the Finance Director would check the management viewpoint on the content **JS**

#### 4 INTERNAL AUDIT PLAN 18/19

The Finance Director reminded the Committee about the background to the planning: namely that a 3 year cycle of activity had been identified and 18/19 would be Year 2.

However, given developments since the outline plan had been developed, some revisions were proposed. This took account of the fact that the ESFA funding audit had covered important territory for assurance purposes, also the Ofsted inspection had covered areas such as Safeguarding. The proposals was therefore that 18/19 activity simply be on Payroll.

During discussion it was suggested that the scope for this be widened to embrace all HR processes, such as pay reviews, authorisation levels and performance management approaches. **JS**

Other suggestions and comments were:

- *Business Continuity* as a theme – it was agreed it would be helpful to have this scoped out for further consideration **JS**

- *IT Penetration testing* – it was noted this would take place in 18/19 but that it would be delivered by Deloitte's as planned
- *Risk Management processes* – a suggestion for 19/20

*Sir Rod Aldridge went off-line at this point, also Mr Leyland Smith*

*As the meeting was now inquorate, discussion continued in order to progress matters as far as possible and to recommend how other items could be dealt with, such as by written resolution..*

## 5 EXTERNAL FUNDING AUDIT REPORT

The Finance Director presented the paper and explained the purpose of this periodic external check on the integrity of the ILR data, which forms the basis of the funding claims. This had taken place in September.

A draft report had been received, the results were pleasing and the Committee congratulated all on the outcome.

The Committee also noted:

- That this may remove the need to have an internal audit review on Student Records next year
- That the final report was awaited.

## 6 REGULARITY AUDIT SELF ASSESSMENT

There was some discussion on the background to this topic and the Self Assessment document., from the angles of purpose, process and usage. Members suggested that it would have been helpful to have included a cover paper. JS

The Finance Director went through the detail of the content and:

- It was noted that an IT Security Policy was in preparation and would come to the Committee JS
- There was a suggestion that it would be useful additional evidence to mention the existence of the Capital Project Committee JS

A question was raised on who was regarded as 'senior appointments' for the purposes of regulations and the Clerk confirmed this was the CEO, Dean and Finance Director. Together with the Clerk, they made a group of 4 'Board appointed' positions.

Following further discussions on the nature of 'regularity audit' Ms Blakemore offered to provide a list of published 'irregular' items. Buzzacott

In conclusions, members **REQUESTED** that the Finance Director make the suggested amendments, then circulate it by email to the full Committee, so that the 'recommendation to sign' to the Chair and CEO (as Chief Accounting Officer) could be obtained by written means outside of the meeting. JS

## 7 COLLEGE POLICIES

### a) Treasury Management

The Finance Director introduced the draft policy document and explained that it was based on a sample found elsewhere in the sector.

There was some discussion on whether it was overcomplicated, given the size and simple nature of the College, or whether inclusion of certain elements was helpful in ensuring it was 'future proofed'.

The question was again raised as to what input the CEO and management had already made into the draft. In conclusion, Members suggested that it first be referred to the CEO for further clearance, then on to the Board for formal approval.

JS

### b) Risk Management

Mr Davies reported that the meeting between himself, as a committee representative, the Chair and CEO had taken place over the summer as planned. The outcomes included the view that the Senior Leadership Team would take more ownership and consider a member of the SLT performing a role in these arrangements.

It was proposed that further work needed to be done on this Policy document and for it to be re-circulated. The Chair offered to provide an example from his own organisation.

JS  
CP

## 8 AREAS OF CONCERN: ANY ITEMS TO REPORT

The Finance Director and Clerk reported that they had nothing to raise under the headings of:

- Financial Irregularity
- Fraud
- Whistleblowing

## 10 AUDIT COMMITTEE ANNUAL REVIEW OF EFFECTIVENESS 17/18

This topic had been deferred from the previous meeting, to allow a wider range of inputs from Members then absent.

In the meantime, the Clerk had researched for samples of toolkits and questionnaires that may give more structure to the discussions: one from the NHS had been circulated as providing a suggested list of 'prompts' for discussion.

In view of the limited time remaining, and the lack of a quorum, the Chair suggested the item again be deferred and that he and the Clerk would work to produce a simplified document, and complete a set of draft responses to the questions.

CP/Clerk

**Declaration of any further items to be treated as confidential:** There were no items to be so declared.

**Date of Next Meeting:** Scheduled for Wednesday 28 November – time to be confirmed

*The meeting concluded at 6pm*

<p><b>Confirmed as an accurate record:</b></p> <p><b>Signed</b>..... <i>(Chair)</i></p> <p><b>Date</b>.....</p>
--