

AUDIT COMMITTEE

Minutes of a Meeting 10.00am on Monday 27th April 2015 Gwynne Holford Room

Present: Mr Bob Barnett (RB) (Chair)
Mr D Clegg (DC)
Mr Paul Reynaert (PR)
Mr David Seymour (DS)

In Attendance: Mr Graham Ledden (GL)
Dr Lawrence Ware (LW)
Mr Russell Marchant (RM)

Apologies: Mr Chris Mundy

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
	The Meeting had started with a 1 hour interview with Price Waterhouse Cooper and ended with similar interview with Baker Tilly for the contact to be our internal auditors. It had been agreed that both meetings need not be formally minuted.		
1.	Apologies Apologies were received from Mr C Mundy.		
2.	Declaration of Interest – Paper A02/04/15 The Clerk advised that member's interests would be taken as those disclosed in the Register of Members Interests. There were no further declarations of members interests for agenda items.		
3.	Minutes of the Last Meeting – Paper A03/04/15 Minutes of the meeting held on the 18 th November 2014 were agreed to be a true and accurate record and signed by the Chair.		

		ACTION	ACTION DATE
4.	<p>Matters Arising</p> <p>There were no matters arising.</p>		
	<p>Discuss and Approve Internal Audit Reports</p> <p>5.1. TDAP Project March 2015 – Paper A05.1/04/15</p> <p>GL confirmed that this was part of the Audit Plan as a risk had been identified around the TDAP Project. GL outlined the background to the project, the work that was undertaken and the key findings. GL advised that a substantial level of assurance has been given for the design of internal control framework showing that the appropriate procedures and controls were in place to mitigate the key risks. GL advised that a substantial level of assurance has also been given to the operational effectiveness of internal controls as there were only minor exceptions found when testing the procedures and controls. Two low level risks were identified and the resulting actions were discussed. In response to PR RM outlined the scrutiny process of TDAP that we are just about to enter and that we may not get a definitive answer to the assessment until 2017. In response to RB as to whether students would prefer a UWE or Hartpury qualification RM believed that first and foremost students want a university degree and in certain areas of our expertise such as equine and sport a Hartpury Degree may be preferred. The Clerk advised that currently Co-opted Members were outside the loop relating to being informed on TDAP and this was being rectified. In response to PR GL advised that it may be necessary to look at some of the sub projects such as the Student Management System if identified as risks. GL believed that the audit had given confidence in the process and the Transitional Group Project Manager.</p> <p>5.2. Financial Controls and Anti-Fraud Arrangements April 2015 – Paper A05.2/04/15</p> <p>GL confirmed that this was part of the Audit Plan and concentrated on the controls around our accounting processes and was a manually intensive exercise. GL outlined the background to the project, the work that was undertaken and the key findings. GL advised that a moderate level of assurance has been given for the design of internal control framework showing a generally sound system achieving system objectives with some exceptions. GL advised that a moderate level of assurance has also been given relating to the operational effectiveness of internal controls as there was evidence of non-compliance with some controls that may put some of the system objectives at risk. PR questioned whether we had expected something better than a moderate level of confidence as opposed to substantial. GL advised that the audit had been conducted by a new person with a different perspective and as it was a wide area reviewed he expected some discrepancies. GL advised there were eight recommendations, two high priority and six low priority. The high priority recommendations were discussed in detail. The first was the variances</p>		

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<p>in banking reconciliations not reported centrally and it has been agreed to review our procedures. GL advised that he was trying to get a cash-less catering operation but had met some reluctance from students. GL also advised that he was trying to reduce cash over the site and confirmed that at events we currently could be holding significant amounts of cash. The second high recommendation was the absence of a review date on some journals and GL confirmed that this will be actioned in future but it was not always possible to attach supporting documentation as this was not always present. The other recommendation discussed was concerning the lack of Fraud Register and GL had disagreed with this recommendation. GL felt that the current reporting mechanisms are sufficient and sees little merit in keeping a register that would have nothing on it. GL did however advise that if the Audit Committee required a nil return then this could be achieved by assurances from the Principal and himself. In response to DS GL confirmed that a case of fraud would get reported to this Committee. In response to DS GL advised that he is part of the Finance Directors and other finance networks that reports frauds so as other colleges are aware. RB stated that it is the level of fraud and what you allow and gave as examples catering staff taking left over food that would go to waste and staff use of IT. RB felt that we should develop self-certification, as had been discussed earlier at internal audit interviews, and we will need a recommendation as to what to do and at what level.</p> <p><i>It was agreed the subject of self-certification will be an agenda item at next meeting and we will need a recommendation from our new internal auditors.</i></p> <p>5.3. Outstanding Audits</p> <p>GL advised that BDO have two planned audits outstanding as well as the Follow-up Audit. They feel they do not have the necessary expertise to carry out the Farm audit against the scope required. In response to DS RB felt that previous Farm audits had been financial reports from Farm Manager to accounting and College Management not about performance. RB felt that previous Farm Audits therefore had had a narrow scope and we had not looked at such areas as return on capital investment and whether we had achieved what had been approved on specific projects. RB also believed that we should be looking at the performance as a Farm or as an educational facility. BDO also feel that as there was some delay in the Biomass Project they do not have sufficient data to carry out the Energy and Waste Audit and instead they have suggested that this should be replaced by an audit of International brought forward from next year. There was a discussion on these matters and the Clerk confirmed that we would be able to give a positive opinion in the Audit Committee Annual Report on the reports already completed and on the completion of the Follow-up Report. RB felt therefore that we should draw the line on any further audits from BDO except Follow-up audit and ask new auditors to start early to see if any reviews can be completed in this academic year. In response to PR GL agreed to check whether we are committed to any contractual sum.</p>	Clerk	15/06/15

		ACTION	ACTION DATE
	<p><i>It was agreed that BDO will now only complete the Follow-up Audit and present this to the next meeting.</i></p> <p><i>It was agreed that the new auditors should present their Audit Plan at the next meeting to include recommendation on self-certification and confirm whether any audits can be completed in this academic year.</i></p> <p>RM left the Meeting</p>	<p>GL</p> <p>GL</p>	<p>15/06/15</p> <p>15/05/15</p>
6.	<p>Discuss progress on recommendations from Internal Audit Reports – Paper A06/04/15</p> <p>GL advised that the Report contained audit points in progress at the date of the last meeting or new points and that those now marked completed have been completed since the last audit meeting. GL advised that the Follow-up Audit will look at all those recommendations that have been labelled as completed to ensure that they have been actioned as the recommendation and management response. In response to PR GL advised that the Disaster Day Exercise had been facilitated by Myerscough College and had been very helpful as had the lessons learnt from the fire in the new FE Centre. GL felt that the Disaster Day Scenario should be repeated at some time in the future. In response to RB GL confirmed that access to the financial system can only be achieved from a College terminal attached to the network and not through dial in from outside. GL confirmed that the process for removing access as part of the leaver's processes is being reviewed.</p>		
7.	<p>Risk Management (GL)</p> <p>7.1. Discuss and approve Risk Management Register – Paper A07.1/04/15</p> <p>GL advised that the changes to the register were in red type and asked Members to note that a Safeguarding section had been set up that brought together those risks already in the Register that were relevant to this area as well as some new risks. In response to DS GL advised that we would be responsible for students in our own properties off site but not those of Markey. In response to DC GL outlined the process for security of firearms and ammunition. DS stated that historical allegations about current or previous staff could have adverse publicity. RB believed that allegations against staff or issues on firearms whether founded or not could have adverse publicity.</p> <p><i>The above comments will be considered when next review of Register takes place.</i></p> <p>7.2. Review Top 10 College Risks – Paper A07.2/04/15</p> <p>The College top risks were noted.</p>	<p>GL</p>	<p>Next RMG</p>

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7.3. Note minutes of Risk Management Group – Paper A07.3/04/15	The Committee had identified some risks that need to be reviewed. <i>The minutes will be considered when next review of Register takes place.</i>	GL	Next RMG
8. Review Purchase Order Compliance – Paper A08/04/15	RB queried why the RFU order was on the Report and not compliant. GL advised that it was a new person raising the Report and this identified funding that had been drawn down of which 70% was paid to the RFU. It should not appear in this Report.		
9. Agree Minutes of the Closed Session 18th November 2014 – Paper A09/04/15	The minutes of the Closed Session of the 18 th November 2014 were agreed to be a true and accurate record and signed by the Chair.		
10. Matters Arising 10.1. Banking Arrangements	GL advised that Lloyds had confirmed that we could go to another Bank to seek loans but Lloyds would need a similar level of security on our current loans (they currently have no security) as the bank where we would take up a loan. We still need confirmation as to whether we can move our overdraft and current account.		
11. Any Other Business	There was no other business.		
12. Dates of future meetings all at 10.00am unless stated.	Monday 15 th June 2015 Tuesday 15 th September 2015 Tuesday 17 th November 2015 Wednesday 11 th May 2016 Wednesday 21 st September 2016 Wednesday 16 th November 2016		

Mr Bob Barnett
Chairman Audit Committee

15th June 2015