

AUDIT COMMITTEE

Minutes of a Meeting 10.00am Thursday 4th May 2017 Thomas Mawson Room

Present: Mr David Seymour (DS) (Chair)
Mr Sean Lynn (SL)
Mr Graham Papenfus (GP)
Mr Paul Reynaert (PR)

In Attendance: Mr Graham Ledden (GL)
Mr Rees Batley-KPMG (RB)
Mr Duncan Laird (DL)
Ms Lynne Baber-PWC (LB)
Mr Efeiri Ayeni-PWC (EF)

Apologies: Ms Nicola Wheatley
Mr Russell Marchant

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1.	<p>The Chair welcomed Mr Rees Batley, Mr Duncan Laird (both KPMG), Mr Efeiri Ayeni (PWC) and Mr Iain Williams to their first meeting and Members introduced themselves.</p> <p>The Chair advised that Mr Paul Reynaert has to step down from the Committee after six years' service and thanked him for the knowledge and experience he had brought to the meetings which had been invaluable.</p> <p>Apologies</p> <p>Apologies were received from Ms N Wheatley and Mr R Marchant.</p>		
2.	<p>Declaration of Interest. Paper A02/05/17.</p> <p>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.</p>		

		ACTION	ACTION DATE
3.	<p>Minutes of the Last Meeting. Paper A03/05/17.</p> <p>Minutes of the meeting held on the 22nd November 2016 were agreed to be a true and accurate record and signed by the Chair.</p>		
4.	<p>Matters Arising</p> <p>There are no matters arising.</p>		
5.	<p>Discuss and approve Internal Audit Reports.</p> <p>5.1. Budgeting and Treasury Management. Paper A05.1/05/17.</p> <p>LB advised that this was a very positive report and is classified as low risk with the review identifying only one low risk recommendation and two advisory findings. EA advised that the low risk finding was that the budgeting process is heavily reliant on the expertise and knowledge of one person and this exposes the College. EA advised that the College has agreed with this recommendation and has an additional post for a Management Accountant in the 2017/2018 Budget. GL confirmed that we have been looking for a person to fill this position but have been unsuccessful and now holding in abeyance until his replacement is found. EA outlined their advisory recommendations relating to the reporting of KPIs and financial objectives and how we should consider our budgeting process as we move to become a university. IW advised that we will need a different reporting process for HEFCE and planning meetings will be held to ensure we meet requirements.</p> <p><i>The Budgeting and Treasury Management Report was approved.</i></p> <p>5.2. Contract Management Preliminary Report. Paper A05.2/05/17.</p> <p>LB advised that this is a Value for Money Review that is being carried out in two stages and that this report contains their interim observations and preliminary findings on arrangements to deliver the construction of Sports Academy2 with F3 Group acting as the Colleges construction management company. LB advised that at the time of the interim review there was no agreed contract with F3 Group although the College have been in discussion with them since January 2017. LB outlined their recommendations relating to the development of a formal contract as soon as possible and agreed terms of reference outlining process and responsibilities. In response to DS GL advised that there is a Memo of Understanding in place but no formal contract as yet. LB advised that their review had not found incentives for F3 Group to meet or exceed performance standards during the contract. In response to DS GL confirmed that there has been initial discussions on this subject. F3 Groups fee will be based on a percentage of the budget and therefore there was incentive to beat budget and further discussions on incentives need to take place. GL advised that we need to get to a firm position on the budget before any contract can be signed. In response to GP GL outlined how the contract would</p>		

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	<p>be organised and agreed that F3 Group would almost be operating as a main contractor. LB believed it is important to get a contract with F3 Group as soon as possible as they were scheduled to return in late May to complete their review.</p> <p><i>The preliminary findings on the Contract Management Review were accepted.</i></p>		
6.	<p>Discuss progress on recommendations from Internal Audit Reports. Paper A03/05/17.</p> <p>GL advised that the Report detailed progress on outstanding audit recommendations and those marked completed have been completed since the last meeting and will drop off from the next Report. GL advised that progress has been slower than he would have liked in completing some of these issues and this was down to a resource issue that was discussed earlier. The appointment of a Management Accountant would help in driving our systems forward and resolving some of the outstanding issues. GL outlined the outstanding issues and the actions being taken. In response to GP GL advised that FE student recruitment had been very successful last year after a poor previous year and was going well this year but agreed that it was imperative that we sorted the new MIS System.</p>		
7.	<p>Discuss and approve Internal Audit Plan 2017/2018. Paper A07/05/17.</p> <p>LB advised that the document outlines the 2017/2018 annual audit plan. The five year strategic plan had set out all the areas to be audited identified through their risk assessment and planning work and the annual plan provides additional detail on the proposed areas of focus and phasing throughout the year. LB referred Members to the detailed plan for 2017/2018. The review of strategic and operational governance had been requested to be moved to early in the year and this was now scheduled for the first quarter. GL advised that there was room for three value for money audits in the plan and he had requested these should be on the Farm, Catering and Equine, areas that were currently of concern and these are scheduled for quarter 2. Estate strategy and capital programme assurance would be audited in quarter 3. LB added that the standard core controls appliance audit would also take place. In response to DS LB advised that management are responsible to identify where audit intervention may be necessary but with triangulation and discussion and review of risks there is a need to spot gaps and governors can be assured that this is a process that PWC follow.</p> <p><i>The Internal Audit Plan for 2017/2018 was approved.</i></p>		

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8.	<p>Discuss and agree ways forward on giving Governors confidence in the policies and processes in place at the Farm.</p> <p>DS advised that the reason he has asked for this to be put on the agenda are the problems with the Farm which were outlined by the Principal at the Governors' Strategic Planning Day. DS appreciates that this may be down to mismanagement in the past and that we now have a new Farm Manager but he feels that the problems highlighted are governance and reputational issues and need further discussion.</p> <p><i>It was agreed that PWC will carry out a review of the Farm, based on the concerns that have been raised, as a matter of urgency.</i></p> <p><i>An audit of the Farm is scheduled in quarter 2 of the Audit Plan and this will give assurance that the processes in place are now fit for purpose.</i></p>	<p>LB/GL/ Clerk</p> <p>LB</p>	<p>ASAP</p> <p>13/11/17</p>
9.	<p>Risk Management.</p> <p>9.1. Discuss and approve Risk Management Register. Paper A09.1/05/17.</p> <p>GL advised that the Risk Register is discussed at each meeting of the Risk Management Group and amendments to the document are marked in red. GL confirmed that it is also regularly reviewed by the College SMT. GL confirmed that there are no new areas of concern.</p> <p><i>Amendments to the Risk Register were approved.</i></p> <p>9.2. Review Top 10 College Risks. Paper A09.2/05/17.</p> <p>GL advised that the risk concerning the failure to achieve recruitment targets has been increased and is now seen as the second highest risk in the College. GL confirmed this was really relating to HE recruitment which was well behind target not FE which is ahead of target.</p>		
10.	<p>Review Purchase Order Compliance. Paper A10/05/17.</p> <p>It was noted that all the purchase orders for the period were compliant.</p>		
11.	<p>Note Letter from ESFA on the importance of strong financial management and governance. Paper A11/05/17.</p> <p>The Clerk advised that this Letter will be on the Agenda for the next Corporation Meeting.</p>		

		ACTION	ACTION DATE
12.	<p>Any Other Business</p> <p>There was no other business.</p>		
13.	<p>Agree Minutes of the last Meeting Closed Session.</p> <p>Minutes of the meeting held on the 22nd November 2016 were agreed to be a true and accurate record and signed by the Chair.</p>		
14.	<p>Matters Arising.</p> <p>There were no matters arising.</p>		
15.	<p>DS advised that this would be Graham Ledden last meeting as he was leaving the College in June. DS thanked Graham on behalf of the Committee for his invaluable work over the years which has led to the smooth running of business and wished him the very best for the future.</p>		
16.	<p>Dates of future meetings all at 10.00am unless stated.</p> <p>Wednesday 27th September 2017 Monday 13th November 2017</p> <p>Wednesday 9th May 2018 Thursday 27th September 2018 Wednesday 14th November 2018</p>		

Mr David Seymour
Chair Audit Committee

27th September 2017