

Minutes of the meeting held at 5.00pm on 21 November 2017

Present: **J Gazzard (Chair)** **N Roberts (Vice Chair)**
 H Nydam **A Maltpress**

In Attendance: **S Jones, Vice Principal Finance and Resources**
 P Ewan, Head of Finance
 C Sutherland, RSM
 A Hicks, Deputy Clerk

No interests relevant to items on the agenda were declared by members.

1 **Apologies for absence**

Apologies for absence were received from K Heathcote and J Bridges, Clerk to the Corporation plus P Goddard and L Keane of Scrutton Bland and J Smith of RSM.

2 **Minutes of the meeting held on 10 October 2017**

The minutes of the meeting were agreed as a correct record subject to amending the word “greed” in the second paragraph of item 8 concerning the audit opinion of internal auditors which should read “the College has adequate and effective risk management, governance, control, efficiency, effectiveness and economy processes and **green** status has been awarded across all four areas.”

3 **Matters Arising**

From the minutes of the meeting held on 10 October 2017:

3 **Matters Arising**

Further to the Grenfell Tower fire tragedy the Vice Principal Finance and Resources confirmed by email to the Chair and Vice Chair of the Committee that the EFA requests for information have been complied with and no further action has been requested and, an assessment by the College’s architects has confirmed that cladding on the College estate is not considered to be a high fire safety risk category.

5 **Committee Terms of Reference**

The Terms of Reference have been amended to pick up the points raised at the last meeting to ensure that the terminology of the new Post 16 Audit Code of Practice is used and not that of the JACOP.

6 **Internal Audit Tracking Report**

An update on the progress of the Maths and English recommendations arising from internal audit work is covered under agenda item 4 of this meeting.

7 **Draft Committee Annual Report 2016/17**

The auditor’s performance questionnaire is appended to the Committee’s Report under agenda item 6 of this meeting. Each Committee member is to complete the questionnaire at/after the meeting and return it to the Clerk.

Action

JBridges

All

The report has been updated to reflect the latest position concerning the data protection breach at the request of the Committee and terminology changed to reflect the Post 16 Audit Code of Practice and not that of the JACOP.

8 Internal Audit Annual Report 2016/17

The Committee's Annual Report has been amended to acknowledge the higher number of medium risk recommendations arising from internal audit work in the year and that it is considered that the focus of internal audit work has been appropriately directed to those areas where the College has identified that improvement is required rather than directing the focus to good practice/performing areas.

The Camera Equipment Investigation Report has been shared with the Committee under agenda item 5 of this meeting.

9 Strategy for Internal Audit

The Audit Plan for 2017/18 has been updated and shared with the Committee to include the impact of the Vintens Project to the HR recruitment, performance and management succession planning scope of the planned internal audit work.

4 Internal Audit Recommendation Tracking Report

Members considered progress towards completion of recommendations arising from internal audit work. Since the last report in October 2017 five of the fourteen recommendations have been completed and six remain as work in progress. The two recommendations arising from the Governance Internal Audit work are to be progressed in the Spring and Summer Terms and are not a priority at this time. The remaining recommendation arising from the Data Security work concerning the change to the parameters of passwords is now to be progressed in January 2018.

It was agreed that S Gerber would be invited to attend the next meeting of the Committee to give a progress report on this recommendation. Members received assurance that the College GDPR Preparation plan is on target. The Governor Lead for Health and Safety, A Maltpress, confirmed that Health and Safety action 3 was being implemented and that good progress was being made.

SJones

5 Camera Equipment Investigation Report

The Vice Principal Finance and Resources presented the internal audit draft report on the Media Investigation following the auditor's review of the circumstances surrounding the identified missing cameras within the Media Department in June 2017. He gave his apologies that the report before the Committee contained no management responses and resolved to ensure that a fully completed report was forwarded to Members without delay. A comprehensive verbal update was given.

S Jones

The report contained 11 recommendations, 6 medium and 5 low, there were none deemed high risk. The recommendations relate to attractive high value equipment held in specific areas but there are also links with the Art and Design area of the College. Members were advised that a full inventory of the College is undertaken around Easter each year and this includes equipment held in individual classrooms. All instances of broken or damaged equipment are reported back. It was accepted that as the equipment in question is easily portable and high value the recommendation in respect of monthly checks in the media area should be implemented.

The Committee received assurance that following identification of the problem an appropriate email was circulated advising that sharing of passwords and entrusting students with keys was not acceptable practice. Staff leaving the employment of the College without going through an exit interview and procedures for not handing back equipment and keys etc not being carried out was a major issue which is to be dealt with immediately.

S Jones

The Committee did not fully agree with recommendation number 9 which was that equipment should be booked back in immediately at the end of the evening or the students should be instructed to either take the equipment home with them or secure it in their locker until the following morning. Members were concerned at the potential for loss and damage to equipment should students be allowed to take equipment home.

6 Draft Committee Annual Report 2016/17

The report has been amended to reflect the terminology of the Post 16 Audit Code of Practice and not that of the JACOP plus the updated status of the potential data protection breach has also been included at the request of the Committee at the meeting held in October 2017.

The Committee considered the report including the Committee's Terms of Reference appended and new sections created to cover core elements required under the ACOP such as; recommendation tracking, assurance mapping, fraud, irregularity and whistleblowing cases, value for money, Committee self-assessment and section 13 now includes reference to adopting the new Code of Good Governance for English Colleges.

Committee members were invited to complete and return the auditor's performance questionnaire appended to the report in order for the Clerk to aggregate the scores and include the results in the final copy of the Committee's Report to be received by the Corporation at the meeting to be held on 14 December 2017.

JBridges

Subject to completing the questionnaire the Committee **approved** the report. **Proposed** by J Gazzard and **seconded** by A Maltpress with all Members in favour.

7 Audited Accounts for the year ended 31 July 2017

The Committee received and considered the Audited Accounts for year ended 31 July 2017 for information and noted the report will also be received by the Resources Committee at its next meeting for recommendation to the Corporation. The report included the Statement of Corporate Governance and Internal Control, the Governing Body's statement on the College's regularity, propriety and compliance with funding body, terms and conditions of funding along with the Independent Auditor's Report.

Members were pleased to note the auditors opinion that the financial statements give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the College's surplus of income over expenditure for the year then ended; and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

8 External Audit Findings Report (Draft)

Pages 3 through to 6 set out the key areas of the audit focus; Income Recognition, Pension Scheme Liabilities, Going Concern, Management Override of Control and Accommodation Strategy. Under Income Recognition

it was noted that auditors are awaiting final learner returns to confirm the final clawback position for the year. These are due in December 2017. Evidence of current service costs are still needed under the Pension Scheme Liability section as this increase would impact on the Income and Expenditure account and the Colleges financial health. The Committee questioned the overall LGPS deficit which reduced by £5.7m during the year. Assurances were received that this was as a result of actuaries fluctuations.

The College is considered to be a Going Concern and no matters arose as part of the audit work to suggest that this was not appropriate.

Section 3 of the report sets out the audit, accounting and regularity issues identified during the audit and regularity work. This relates to the classification of current asset investment, amounts where the maturity date of bank deposits is more than three months after the year end. These had been incorrectly allocated but have now been corrected. Auditors have received assurances that unspent funds of £128K that relates to the old LSF income and Bursary/Childcare underspend from March 2014 or before are being addressed along with an amount of £28K being carried forward for Maths clawback provision from 2016.

A summary of the unadjusted/adjusted items identified during the course of the audit work were detailed in section 4, none of which were considered to be material.

Section 5 of the report confirms that no potential impropriety issues were found during the audit work and section 6 sets out the observations of internal control. It was noted that there has been an increase in overdue debtors which were 60+ days overdue. The management response in that outstanding debts are reviewed fortnightly, and in a recent internal audit WSC was rated as 'strong', being effective and efficient in the collection and management of debt, with no recommendations for improvement was confirmed.

Auditors are satisfied that bank covenants have not been breached during the year. The Committee received an update on the latest discussions with the College bankers since the implementation of FRS102. The Vice Principal Finance and Resources advised that the Resources Committee have been kept fully appraised and that they are looking carefully at developments. After much negotiation it now seemed a compromise has been reached. Proposals from the bank have yet to be fully risk assessed but it is looking positive.

The new collaboration agreement in place between the College and the University of Suffolk does not clearly set out how the income due to the College should be calculated. Management have a reasonable expectation of the amount due to the College based on HE provisions in the year but are not able to exactly calculate the amount due. As a result, there is a risk that income could be under/overstated. It is recommended that the College reviews the arrangements in place to ensure that the University of Suffolk have operated in accordance with the collaboration agreement that has been signed. Members were advised that the final review for 2016/17 income will be in December 2017. Finance will liaise with the University of Suffolk and the College's Assistant Principal for HE, R Kirk, to ensure that all income due is recognised by the University. Efforts will be made to improve visibility. It was agreed that the Vice Principal Finance and Resources would report back to the Committee at its next meeting with the result of his discussions.

SJones

During the course of the audit, the adequacy of the disclosures contained within the financial statements and their compliance with FRS102 and the Statement of Recommended Practice – Accounting for Further and Higher Education 2015, and the Accounts Direction issued by the Skills Funding Agency and the Education Funding Agency were reviewed. Members noted the five matters raised which following disclosure are reflected in the revised financial statements. Thanks were extended to the Vice Principal, Finance and Resources, the Head of Finance and the Finance Team for their time and assistance during the audit.

It was recorded that the fees charged during the year are consistent with those contained within the audit plan submitted to the College and approved by the Corporation at the meeting held on 20 June 2017. In accordance with the International Standard on Auditing (UK) 260 independence and objectivity has been maintained throughout the audit plan.

Members considered Appendix A (page 13) the draft letters of representation along with the Regularity Assurance Engagement letter (page 17). Following due consideration it was agreed to recommend to the Corporation that the letters of representation for the Financial Statements and Regularity Audits be signed and to further recommend the report to the Corporation for **approval**. **Proposed** by J Gazzard and **seconded** by A Maltpress.

J Bridges

Members also considered Appendix B - Emerging Issues containing details of the key issues currently affecting the sector.

9 Any other business

There was no other business raised.

Date of next meeting

Tuesday 27 February 2018 at 5.00pm. Room TG1.16

The meeting closed at 6.10pm