

CITY COLLEGE PLYMOUTH
CORPORATION AUDIT COMMITTEE

MINUTES OF THE MEETING OF THE CORPORATION AUDIT COMMITTEE HELD ON
TUESDAY 5th JULY 2016 AT 4.30PM IN ROOM K021

Prior to the full Audit Committee meeting commencing there was a short session where Governors had an opportunity to discuss matters with the internal and external auditors without College Staff being present.

The meeting started at 5pm when the Deputy Principal joined the meeting.

MEMBERS PRESENT: Mr William Woyka – Chair – WW
Prof Paul Brunt – PB
Mr Andrew Ashley - AA - CP

IN ATTENDANCE: Ms Nicola Cove – Deputy Principal – NC
Mr Alistair Campbell – RSM – AC
Mr Charles Evans – Francis Clark - CE
Mrs Julia Tindall-Jones – Clerk - JTJ

AU16/12 Item 1 – Apologies

Apologies were received from Cheryl Powell.

AU16/13 Item 2 - Minutes of the Last Meeting

RESOLVED that the minutes of the meeting of the Committee held on the 1st March 2016 were signed as a correct record.

AU16/14 Item 3 - Matters Arising

There were no matters arising not covered by other items on the agenda.

AU16/15 Item 4 - Confidential Business

RESOLVED that there were no items to be treated as In Commercial Confidence and that there were no items that should be classified as Part II.

NOTED that no declarations of interest were made at the meeting.

AU16/16 Item 5.1 – Internal Audit - Follow Up

The Committee NOTED the Internal Audit Follow Up Report.

AC briefed the Committee on the progress made by the College in implementing the recommendations made in previous internal audit reports. AC confirmed that all outstanding recommendations had been implemented and that only two

IT actions were still to be actioned but this was not a concern as their implementation date was not yet due. The Chair asked whether these would be picked up in the future and AC responded that they would be included in the next follow up report. AA asked whether the IT actions indicated a weakness in IT controls and NC responded that the College was continually reviewing and updating its IT policies because of ever moving technology but was confident that the College's IT controls were as tight as they could be.

The Committee NOTED the Follow Up Audit Report

AU16/17 Item 5.2 – Internal Audit - Funding Assurance

AC proceeded to introduce his report on the audit of Funding Assurance processes and protocols and asked governors to note that a green assessment had been awarded with only one low recommendation. AC informed the Committee that 50 learners' records had been examined and one recommendation had been raised regarding consistency of evidence used to support residency where two different forms were in use in 2015/16. NC responded that the College was in a transition period between one system and another which may have caused some confusion for staff as to which form should be used but that, going forward, only the new form would be in place. NC added that despite the use of different forms, the College had suitable residency evidence to support learner eligibility and therefore no funding was at risk. AC commented that the findings of the audit indicated that funding was well controlled and understood despite the ever changing methodologies and that the College's performance in this area was one of the strongest of those Colleges that RSM reports on.

AC then commented on a difference in opinion over the recording of the start date of learning for Apprenticeships with the rules being interpreted in one way by the College and another way by the internal auditors but that both sides had agreed to accept the differing viewpoint with no recommendations being made. NC commented that the College will review future processes and associated paperwork to reduce any potential variation in the interpretation of the Funding Rules in the future.

The Committee NOTED the Internal Audit Report on Funding Assurance.

AU16/18 Item 6.1 - Internal Audit Progress Report 2015/16

AC reported that all audits had been carried out in accordance with the Internal Audit Plan and that no changes had been made. AC then drew Members' attention to the briefings included within the report and PB commented that he found the feedback from the FE Commissioner's annual report particularly useful.

The Committee NOTED the Internal Audit Progress Report for 2015/16.

AU16/19 Item 7.1 – Internal Audit Needs Assessment: Internal Audit Strategy for 2016/17

AC proceeded to outline the areas to be covered by internal audit in 2016/17 and asked the Committee to note that, at the request of the College, specific audits for IT, Data Protection & Freedom of Information and Capital works had been deferred to 2017/18. Governors discussed the proposed plan and whether

the College was looking at the right areas at the right time to provide the correct level of assurance. The Chair asked NC to outline the reasoning for proposing the audit areas. NC responded that the College followed a cyclical approach to internal audit based on risk based assurance and core assurance. NC continued that HR was due to be reviewed and a review of the Strategic Plan was timely as it reflected its half way point. Governors then discussed the reasons put forward for deferring the three areas mentioned above and agreed that reviewing IT after the move from Goschen to Kings Road was reasonable. The rationale to move the Capital Works audit to dovetail with the planned audit of Estates Maintenance in 2017/18 was then discussed and agreed particularly in light of the current close scrutiny of grant funding associated with the Regional STEM Centre.

The Committee APPROVED the Internal Audit Strategy for 2016/17.

AU16/20

Item 8.1 – External Audit Plan for the year ended 31 July 2016 – Francis Clark

CE introduced the external audit plan for the year ended 31 July 2016. He gave a brief overview of the audit approach including the requirement to identify any new audit risks; review controls and the work of the internal auditors; set materiality; and test the balance sheet and statement of comprehensive income (income and expenditure account).

CE proceeded to highlight the specific audit risks that his firm would be addressing. In particular CE reminded the Committee that, for the first time, the College would be applying the new SORP 2015/FRS102 and that this required the re-statement of the accounts for 2013/14 and 2014/15 in order to provide a correct brought forward for the 2015/16 accounts. CE informed the Committee that the main areas of change associated with the FRS102 were:

- grant income recognition where government and non-government grants would be accounted for using the accrual method
- holiday pay provisions,
- ATL - the reduction in goodwill accounting from 20 years to 10 years
- changes to employee benefits in relation to LGPS which may also affect the size of the liability;
- wider disclosure of emoluments for key management personnel, who are considered to be the wider SLT rather than just Senior Post Holders (SPH).

CE continued to outline the requirement for the College to account for the impairments relating to the Estover and Goschen sites where both sites were planned to be sold. Members discussed this risk recognising that the sale value was likely to be less than the book value (value in use) and that this needed to be reflected in the accounts.

CE then informed the Committee that the status of the STEM Capital Project would be looked at closely to ensure that work is progressing against budget in both cost and time and that grant and asset in construction costs had been correctly accounted for.

CE then referred to an issue identified last year that the land and buildings of Kings Road had been depreciated together since the implementation of FRS15 in 1998 when they should have been recorded separately with land not being subject to depreciation. The College has a recent valuation of KR and will use

property indices to estimate the value at 31 July 1998. As part of the overall introduction of FRS102, depreciation will be adjusted through opening reserves.

CE completed his brief by detailing the work programme, and its associated timescale, to be carried out by FC staff.

The Committee APPROVED the External Audit Plan for the year ended 31 July 2016.

AU16/21 Item 9.1 – Internal Audit: Action Monitoring Report

NC introduced the Action Monitoring Report informing Members that all H&S actions had been completed and two IT recommendations were outstanding but in hand. Governors discussed the progress made in the action plan devised by the Central Admissions Team after their LEAN review. NC confirmed that the team had improved their integration with the wider business and modified their action plan accordingly to ensure that any changes they made did not have an adverse effect on other areas. NC confirmed that there had been some success in reducing the in-year DNA (Did Not Attend) statistics and small –scale system development work was being undertaken by MIS to support. However, NC reiterated that the action plan was still work in progress, and the real measure would be conversion statistics in November.

The Committee NOTED the Internal Audit: Action Monitoring Report.

AU16/22 Item 9.2 – Other Audit Reports Monitoring Report

The Committee NOTED that there were no issues outstanding in the Other Audit Reports Monitoring Report.

AU 16/23 Date of the Next Meeting

The next meeting of the Audit Committee will be held on Tuesday 15th November 2016 in room K021 commencing at 4.30pm.

There being no other business the meeting closed at 6pm.

SIGNED _____ DATE _____