

CITY COLLEGE PLYMOUTH
CORPORATION AUDIT COMMITTEE

MINUTES OF THE MEETING OF THE CORPORATION AUDIT COMMITTEE HELD ON
WEDNESDAY 5th JULY 2017 AT 4.50PM 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 4.50pm when the Deputy Principal joined the meeting.

MEMBERS PRESENT: Mr William Woyka – Chair – WW
Ms Cheryl Powell – CP
Prof Paul Brunt – PB – Specialist Non-Governor
Mr Andrew Ashley - AA

IN ATTENDANCE: Ms Nicola Cove – Deputy Principal – NC
Mr Alastair Campbell – RSM – AC
Ms Katie Skea – Francis Clark - KS
Mrs Julia Tindall-Jones – Clerk - JTJ

AU17/12 Item 1 – Apologies

All governors were present.

AU17/13 Item 2 - Minutes of the Last Meeting

RESOLVED that the minutes of the meeting of the Committee held on the 8th March 2017 were signed as a correct record.

AU17/14 Item 3 - Matters Arising

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

AU17/15 Item 4 - Confidential Business

RESOLVED that there were no items that should 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.

AU17/16 Item 5.1 – Internal Audit 2016/17 – Initial Assessment – LEAN Review

AC introduced his report on the LEAN review of the Initial Assessment Process which looks at how students' skill in English and maths is assessed. AC explained that the usual format had been followed in that day one outlined the current process and the second day identified the ideal future state and an action plan to achieve this.

The Chair asked whether the staff had viewed this review positively. NC responded that it had been successful and had been a useful opportunity for the admin hubs from Kings Road and the Goschen site to work together. The Chair then asked whether the auditors had experience from other colleges and AC responded that they were a specialist team and had considerable sector experience. Governor discussed the process and the Chair asked whether the resulting action plan had been agreed and owned by the team. NC responded that the team had found the review very useful and were now working on implementing the action plan they had formulated.

The Committee NOTED the Internal Audit - Initial Assessment – LEAN Review.

AU17/17 Item 5.2 – Internal Audit 2016/17 – Follow Up

AC introduced the Follow Up Report where a full Green Assurance had been awarded as all management actions had been completed.

The Committee NOTED the Internal Audit Report – Follow Up.

AU17/18 Item 5.3 – Internal Audit 2016/17 – Strategic & Operational Planning

AC proceeded to introduce the report on Strategic and Operational Planning where the College's Strategic Plan was mapped to the College's key priorities and aligned to the current Operational Plan and its associated milestones and risks. AC commented that the Committee could take full assurance from its report that appropriate controls and reviews were in place and no recommendations had been made.

NC reminded Governors that an update on the Operational Plan and its associated milestones had been presented at the last Corporation meeting and the auditors' findings further emphasised that judgements were consistent, valid and evidence based.

The Committee NOTED the Internal Audit Report of Strategic & Operational Planning.

AU17/19 Item 6.1 - Internal Audit Progress Report 2016/17

AC confirmed that no changes had been made to the Internal Audit Plan and the audits and reviews that had been carried out since the last meeting of the Audit Committee had been completed to time with no recommendations.

AC then drew the Committee's attention to the general client briefings that had been issued including:

- Data Protection
- Cyber Attacks
- Gender Pay Gaps
- Apprenticeship Levy

The Committee NOTED the Internal Audit Progress Report for 2016/17.

AU17/20 Item 7.1 - Internal Audit Needs Assessment (Strategy for Internal Audit)

AC introduced the Internal Audit Plan for 2017/18 asking Governors to note that risk based assurance reports would be prepared on Grant Management and Exams. With the implementation date for the updated rules on Data Protection falling in the coming academic year, there would be two workshops to support the College in its preparedness as the changes in legislation necessitated significant changes in processes. RSM considered that it would be useful for the first visit to be advisory and the second to take place just before or just after the regulations come into force.

AC continued that the subject for a LEAN Review had not yet been determined but would be discussed with NC in due course. The Chair asked NC for her thoughts on this and NC responded that there would likely be a topic associated with the combining of various teams / processes following the decant from Goschen.

AC then identified proposed changes to the three year cyclical plan which had been discussed with the College and the Committee confirmed they were content with the reasoning behind the amendments. PB asked the audit opinion of the College's approach to Risk Management and AC confirmed that RSM provided a view every year depending on the processes identified and audited.

The Committee APPROVED the Internal Audit Needs Assessment for 2017/18

AU17/21 Item 8.1 – Francis Clark – External Audit Plan for the year ended 31 July 2017

KS introduced the external audit plan for the year ended 31 July 2017 and 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.

KS informed the Committee that the review of the College's Financial Statements would focus on the following areas:

- Income
- Pay
- Non Pay
- Fixed Assets
- Deferred capital grants
- Accrued and deferred income, and possible clawback
- Pension funding disclosures

KS confirmed that the Assurance Report on Regularity (spending in accordance with funding requirements) would include in the financial statements. Audit testing would include examining internal audit reports, consider the systems in place for complying with the conditions attached to material grant funding streams; consider the strength of the College's expenditure approval systems and perform substantive tests in areas of higher regularity/ propriety risk, such as staff expenses, the use of credit cards and any staff severance arrangements.

The resulting Audit Completion Report would be brought to the November Audit Committee for scrutiny prior to the Board signing off the Financial Statements in December.

Regarding materiality, KS confirmed that this was set at £275k but as usual smaller potential adjustments of £10k and over would be fed back.

KS then outlined the audit risks that would be addressed in particular the valuation of Goschen, recording of capital addition re STEM and the College's assessment of Going Concern.

Governors discussed how the Goschen risk would be addressed noting that its value had been impaired last year by £1.7m. Governors then asked whether further impairment would be required and NC responded that this was not yet known definitively, but that she deemed it low level risk particularly in light of the current plans for Goschen's disposal and the fact that one year's full depreciation would be recorded in the financial statements for 16/17. Governors discussed the disposal plans in more detail and agreed that the College was managing the risk well in their opinion.

KS continued with the adjudged low risk associated with STEM as it was now almost complete and said that the audit would focus on checking that all grants and loans are appropriately reflected in the accounts.

KS then commented that the audit would consider the Going Concern disclosures particularly in light of the cash outlay required for STEM and the timing of the sale of Goschen.

Governors then discussed the timetable for the audit and NC confirmed that it was appropriate and that the College would be audit ready as usual.

The Committee APPROVED the external audit plan in respect of the year ending 31 July 2017.

AU17/22 Item 9.1 – STEM Grant Funding – accountant's reports

NC informed the Governors that accountant's reports had been sent to the College's funding partners for STEM (LEP, RGF and PCC) confirming that funding had been spent appropriately and that any other targets reported were evidenced.

The Committee NOTED the accountant's reports issued during 2016/17 to STEM funding partners as part of grant compliance requirements.

AU17/23 Item 10.1 – Internal Audit: Action Monitoring Report

NC introduced the Internal Audit Action Monitoring Report which demonstrated that all actions had either been completed within deadlines or were not yet due. NC informed the Committee that good progress was being made with the Initial Assessment LEAN Review.

The Committee NOTED the Internal Audit: Action Monitoring Report.

AU17/24 Item 10.2 – Other Audit Reports Monitoring Report

The Committee NOTED that there were no issues outstanding in the Other

Audit Reports Monitoring Report.

AU 17/25 Item 11.1 - Audit Committee Terms of Reference – Biennial Review

NC introduced the proposed amendments to the Audit Committee Terms of Reference that had been necessitated by the Post 16 ACOP which had been issued to reflect the merging of the EFA and SFA.

AA asked a question regarding the merger of the funding bodies. NC responded that the new ESFA were encountering teething problems around IT and personnel but the impact on the College had been marginal to date.

PB asked a question regarding the management of whistleblowing, fraud and regularity. NC responded that this was covered by internal audit in the review cycle.

The Committee AGREED to RECOMMEND the Reviewed Audit Committee's Terms of Reference to Corporation.

AU 17/26 Date of the Next Meeting

The next meeting of the Audit Committee will be held on Thursday 16th November 2017 in room K021 commencing at 4.30pm.

There being no other business the meeting closed at 5.50pm.

SIGNED _____ DATE _____