



Growing your potential in the Natural Environment

**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON MONDAY 24 NOVEMBER 2015
AT CAPEL MANOR COLLEGE (ENFIELD CENTRE)**

MEMBERS:

Governors:	Mr Robert Howard Mr Paul Campbell Dr Beryl De Souza Stephen Dowbiggin OBE
Independent:	Mr Guy Jones Owen
In attendance:	Malcolm Goodwin Nicholas Evans Damien Fallon Simon O'Hear Mark Smith - (Scrutton Bland) Avnish Savjani - (Buzzacotts) Clare Kendle - (Clerk)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from:

Paul Campbell
Malcolm Goodwin
Simon O'Hear

2. DECLARATIONS OF INTEREST

There were no new declarations of interests to note.

3. MINUTES OF AUDIT COMMITTEE MEETING HELD ON 15 JUNE 2015

RESOLVED that:

Subject to amendments the Minutes of the meeting of the Committee held on 15 June 2015 were approved as a correct record and signed by the Chair.

4. MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 15 JUNE 2015

RECEIVED paper 4 matters arising for Information.

Noted:

- i. That the Risk mapping task will be noted as Completed and it will be amended in the document.

5. REVIEW OF TERMS OF REFERENCE

RECEIVED paper 5 from the Clerk for Decision.

NOTED:

- i. The membership was discussed, the Committee wished to suggest 3 Governors (plus the right to co-opt one independent member) for the membership;
- ii. an independent member would be considered by the Committee as it would add to the skills set and also provide commercial acumen of the Committee;
- iii. the amended Terms of Reference would be recommended to the Full Governing Body.

RECOMMENDED TO THE GOVERNING BODY that:

- i. **They adopt the Terms of Reference for the Audit Committee.**

6. REPORT OF THE DIRECTOR OF FINANCE

RECEIVED paper 6, from the Director of Finance for Information.

NOTED:

- i. Internal audit and external audit work programmes have been completed and both firms have challenged the College with new ways of approaching their work;
- ii. debt management is becoming a more significant item within the College, necessitating the formation of a clear strategy to minimise implications moving forwards;

7. REVIEW OF AREAS SUSCEPTIBLE TO FRAUD

RECEIVED paper 7, from the Director of Finance for Decision

NOTED:

- i. This area forms part of the Audit Committee Annual report;

- ii. the Committee was reassured that the College is undertaking the necessary work to minimise the areas susceptible to fraud;
- iii. the College has had an excellent year in 14/15 after having a challenging year in 12/13;
- iv. The College hasn't had any further incidences of fraud and was able to reassure Governors and Buzzacotts at the meeting;
- v. the Committee discussed plagiarism (Area 7 in appendix I) and how other Colleges are dealing with the issue. An e-learning module is completed by other establishments but is not currently used at the College. It will be considered for HE courses in 2016.

RECOMMENDATION TO THE GOVERNING BODY that:

- i. the Fraud Review Schedule for 2014/15 is adopted.**

8. VISIT THREE 2013/14 INTERNAL AUDIT REPORTS

RECEIVED paper 8, from the Director of Finance for Decision

NOTED:

- i. the College is arranging for reports to go to different committees during the year to spread the workload of the Committee;

Report 1 - Risk and assurance report on risk management

- i. The report gave a Strong risk level;
- ii. the Risk Register is taken to Corporation annually and one of the recommendations made by the Internal Auditor is whether this is frequent enough;
- iii. the Internal Auditor was content with the time taken on the audit itself;
- iv. it was recommended that the risk policy is reviewed and a decision taken on whether the termly review of the Risk Register should include all risks, those in the Risk Management Action Plan, movement in risks in this term (as at present) or a combination thereof. Management agreed to bring a proposal to the next meeting;
- v. Area Reviews continue to be high on the agenda nationally and the College is seeking to establish a case for being treated as a regional college (this has attracted support).

Report 2 - Risk and assurance report on Human Resources management

- ii. The report gave a Strong risk level;
- vi. The Committee explored the level of staff turnover, the College explained that the staff who work at the College tend to stay a few years and then go onto different careers and specialist areas in the industry to work;
- vii. HR should be commended with this result as this is a consistently strong grade to previous audits.

Report 3 - Risk and assurance report on student records (apprenticeships)

- viii. The report gave a reasonable risk level;
- ix. the College understands that the monitoring of this work needs to be strengthened and the frequency of the reviews needed to be reconsidered. Tutors need to make sure the paperwork is signed in a timely fashion, this process is monitored;
- x. the College has accepted the recommendations which the Internal Auditors made in the report and actioned them immediately;
- xi. The Committee asked for clarification on the risk of the cases which were highlighted. The College reassured Governors that funding was not at risk (as the matter was one of timeliness) and that the work has been undertaken and that the College will improve the protocols between the tutor and the students;
- xii. the College will review the effectiveness of a systems-based solution alongside the ILP recommendation on recording apprenticeship start dates;
- xiii. the follow up will take place in April 2016 and will be reported to the June 2016 meeting.

RECOMMENDATION TO THE COMMITTEE

- i. **to accept the Risk Assurance Reports on the HR Management, Risk Management and Student Records (Apprenticeships) issued by Scrutton Bland as part of the College's 2014/15 Internal Audit Plan.**

9. REVIEW OF QUALITY CYCLE 2014/2015

RECEIVED paper 9, from the Principal (as the Vice Principal, Curriculum & Quality was representing the College elsewhere) for Information.

NOTED:

- i. the quality cycle is of great assistance to the College, it is a beneficial review, it shows that matters have been attended to in a timely manner.

10. INTERNAL AUDIT ANNUAL REPORT 2014/2015

RECEIVED paper 10, from Scrutton Bland for Decision.

NOTED:

- i. the Internal Auditor completed their Audit in the recommended days.
- ii. the reasonable assurance level given is as high as it is possible for the Internal Auditor to give;
- iii. the opinion that the Internal Auditors gave was noted as being positive;
- iv. the performance indicators used by the Internal Auditors were listed and described along with how they are achieved;
- v. a comparison between other FE Colleges and Capel Manor College, showed favourable results;
- vi. The Committee challenged the anti-fraud governance level (reasonable), the Internal Auditor explained that the College had experienced a greater number of instances of fraud and attempted fraud compared to other Colleges and this was part of the evidence used to make their decision.
- vii. the remedies implemented by the College and the expectation of a more positive result in the follow up report;
- viii. a Value for Money Strategy was discussed, Internal Audit agreed to provide management with examples used by other educational bodies to achieve Value for Money. The importance of this area was highlighted.

RESOLVED that:

- i. the Audit Committee note and report to the Governing Body that in the opinion of the Internal Audit Service, the College has adequate and effective risk management, control and governance processes to enable the College to manage its achievement of the College's objectives. There are no significant matters to draw to the attention of the Governing Body;**
- ii. the Audit Committee recommend the approval of the Risk and Assurance Service (internal audit service) Annual Report -year to 31 July 2015 (2014/15) to the Governing Body.**

RECOMMENDATION TO THE GOVERNING BODY:

- i. **to approve the Risk and Assurance Service (internal audit service) Annual Report – year to 31 July 2015 for 2014/15.**

11. REGULARITY AUDIT SELF ASSESSMENT QUESTIONNAIRE 2014/2015

RECEIVED paper 11, from the Director of Finance for Decision.

NOTED:

- i. Buzzacotts work was to see whether the College complies with the regularity requirements set by parliament in use of public funds;
- ii. The Committee (3.4 last bullet point) discussed safeguarding assets and the presentation of detail in the table. Management agreed to reorder this detail. The College explained that the Skills Funding Agency produces the table, Buzzacotts will look to see if the rest can be edited for future years.

RECOMMENDED TO THE COMMITTEE that:

- i. **the Audit Committee adopt the Regularity Audit Self-Assessment Questionnaire for 2014/15;**

RECOMMENDED TO THE GOVERNING BODY that:

- ii. **the Audit Committee recommend the approval of the Regularity Audit Self-Assessment Questionnaire for 2014/15 and its submission to the Skills Funding Agency.**

12. LETTER OF REPRESENTATION FOR YEAR ENDED 31 JULY 2015

RECEIVED paper 12, the report of the Director of Finance for Decision

NOTED:

- i. the College wished to highlight both the fraud and regularity issues previously discussed during the meeting, this wording was approved by the Committee.

RECOMMENDED TO THE COMMITTEE that:

- i. **They approve sections 4 and 16 of the draft letter of representation for the year ended 31 July 2015.**

RECOMMENDED TO THE GOVERNING BODY that:

- ii. **the Chairman of Governors and the Principal be empowered to sign the Letter of Representation in respect of sections 4 and 16 for the year ended 31 July 2015 on behalf of the Corporation.**

13. POST AUDIT MANAGEMENT REPORTS FROM THE FINANCIAL STATEMENTS AUDITOR FOR THE YEAR 2014/2015

RECEIVED paper 13, the report of the Director of Finance for Decision

NOTED:

- i. Buzzacotts wanted to note the hard work undertaken by the finance team;
- ii. there are a number of matters to be resolved before the Auditor can sign the accounts, they will be completed by 9th December 2015;
- iii. the audit findings and risk that were reviewed were not expanded on by the External Auditor;
- iv. the 2014/15 accounts will need to be represented using new disclosure requirements in 2016, the new representations will need to be ready for the 15/16 financial year;
- v. the College supports the proposal for an Interim Audit visit, Buzzacott will quote for this work at the next Committee meeting;
- vi. the College was noted as having outstanding financial health;
- vii. the debt management recommendations will be implemented within the College;

RECOMMENDATION TO THE AUDIT COMMITTEE:

- i. **to accept the Post Audit Management Reports for the College and FHCVL for the year ended 31 July 2015 issued by Buzzacott LLP.**

RECOMMENDATION TO THE GOVERNING BODY:

- i. **to approve the Post Audit Management Reports for the College and FHCVL for the year ended 31 July 2015 issued by Buzzacott LLP.**

14. REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

RECEIVED paper 14, the report of the Director of Finance for Decision

NOTED:

- i. Governing body statements on the College's regularity and financial statements are included for the Committee's review. The Committee accepts the statements;
- ii. the External Auditors wanted to reassure the Committee that they have checked and cross referenced against the regulations the College has to abide by and that the College is in compliance;
- iii. the College acknowledges the number of community groups it works with at this time but doesn't think that it is beneficial to mention specific groups within the report;
- iv. the term Vice Presidents (page 15) has been changed to now be fellows. It is currently under review and evolving. The Committee highlighted the gender profile of the Vice Presidents and that women are currently under represented;
- v. the directors of Forty Hall Community Vineyard Limited had already approved the independent auditors' report.

RECOMMENDED TO GOVERNING BODY that:

- i. **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, and the Statement of Responsibilities of the Members of the Corporation included in the College Report and Financial Statements for the year ended 31 July 2015 are adopted;**
- ii. **the audit reports on the regularity audit and the financial statements audit for the College and the Vineyard for the year ended 31 July 2015 are adopted.**

15. THE ANNUAL RISK MANAGEMENT REPORT FOR THE YEAR ENDED 2014/15

RECEIVED paper 15, the report of the Principal for Decision

NOTED:

- i. from an evaluation of the process Governors can be reassured that the policy has been adhered to during the 2014/15 year;
- ii. Area reviews are now a matter that Colleges are considering nationally;
- iii. Success rates for Functional skills was reviewed in depth as this has been an issue for many Colleges, the nationally reported benchmark will be adjusted in line with all College's results.

RECOMMENDED TO THE GOVERNING BODY that:

- iii. **the following paragraphs are added to the Annual Report of the Audit Committee to the Corporation and the Accounting Officer for the year ended 31 July 2015.**

The Governing Body received a detailed report on the College's Risk Management Policy on the 15th July 2015 and as a result of their review of the policy, made amendments to the Risk Schedule and Risk Management Action Plan for 2015/16.

The Audit Committee received a report on the College's compliance to its Policy and its effectiveness in assisting the College to manage its risks on 24 November 2015 and concluded that the College had complied with the Policy in 2014/15 and that the Policy had been effective in assisting the College to manage its risks during 2014/15.

16. EVALUATION OF PERFORMANCE OF THE INTERNAL AUDITOR 2014/15

RECEIVED paper 16, the report of the Director of Finance for Decision

NOTED:

- i. the director of finance described the Internal Audit service and the performance within the year;
- ii. the execution of the audit to the agreed schedule is very good and should be noted;
- iii. the College is pleased to have reports which are challenging and significant.

RECOMMENDATION TO THE GOVERNING BODY that:

- i. **the evaluation of the performance of the internal audit service for the year ended 31 July 2015 as good (the highest grade) be accepted.**

17. ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 JULY 2015

RECEIVED paper 17, the report of the Audit Committee for Decision

NOTED:

- i. the difference between a compliance and a risk based audit was explained and the Committee were content with the difference;

- ii. the sentence (page 11) used to describe the service received from both the internal and external auditors which is of a high standard be reworded;
- iii. Internal Audit recommends (page 12) that the wording of the Audit Committee's opinion be updated, they will send over suitable wording that can be considered;

RECOMMENDED TO THE GOVERNING BODY that:

- i. The overall assessment of the performance of the Internal Audit Service and the Financial Statements Auditor be added to the Annual Report of the Audit Committee for the year ended 31 July 2015;**
- ii. The paragraphs on Risk Management included in the Annual Report of the Audit Committee for the year ended 31 July 2015 be confirmed or amended as appropriate; and**
- iii. The Annual Report of the Audit Committee to the Corporation and Accounting Officer for the year ended 31 July 2015 be adopted and recommended to the Governing Body (Appendix II).**

18. ANNUAL REAPPOINTMENT OF THE INTERNAL AUDIT SERVICE 2015/16

RECEIVED paper 18, the report of the Director of Finance for Decision

NOTED:

- i. The internal auditor is working very well but it is good practice to put this service out for tender;
- ii. the Committee discussed the need for a tender document and the tender process;
- iii. the standards of audit has not suffered during the change in lead auditor and the internal service has proved value for money in the past year, also this change of personnel has had a positive impact;
- iv. Summer 2017 is when the current three year term runs out, the spring meeting 2016 will receive a tender proposal, timetable and names for Governors to consider.

RECOMMENDATION TO GOVERNING BODY that:

- i. Scrutton Bland is reappointed as the internal audit service provider for 2015/16;**
- ii. the audit fee for the 2015/16 year identified in the Assurance Strategy and Internal Audit Annual Plan 2015/16, as approved by the Audit Committee on 15 June 2015, be agreed at £21,442 per annum inclusive of VAT. This fee is based on 34.0 days of service at £525.54 per day.**

19. The meeting finished at 7pm.

DATE OF THE NEXT MEETING:

The next meeting of the Audit Committee will be on Monday 14 March 2016 at 5.15pm in Enfield.

- Beryl De Souza has given her apologies**
- The Clerk will ensure this date is suitable for all the other members of the Committee or reschedule the meeting.**