**WEST NOTTINGHAMSHIRE COLLEGE**
**AUDIT COMMITTEE**

*Minutes of the Audit Committee meeting held in the Board Room, Derby Road site on Thursday 26th June 2014 at 5.00pm*

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| **BOARD MEMBERS PRESENT:** | David Overton, Chair |
| | Chris Winterton |
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| **ALSO IN ATTENDANCE:** | Maxine Bagshaw, Clerk to the Corporation |
| | Tom Stevens, Executive Director Capital Projects & Estates |
| | Andrew Martin, Deputy Principal & Director of Finance |
| | Louise Knott, Director Communications, Marketing & Learner Engagement |
| | Dame Asha Khemka, Principal & Chief Executive |
| | Louise Tweedie, Baker Tilly |
| | Andrew Argyle, KPMG |
| | Dan Hayward, KPMG |
| | Gavin Peake, Director IT |

| | | ACTION by whom | DATE by when |
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| | It was noted that Auditors had not wanted to meet with the Committee without Management present. | | |
| **14.22** | **DECLARATIONS OF INTEREST** | | |
| | The Chair reminded those present to declare at the start of the meeting any interests in matters to be considered. No interests were declared. | | |
| **14.23** | **WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE** | | |
| | Apologies for absence were received from Chris Bodger and Diana Meale. | | |
| **14.24** | **MINUTES OF THE MEETING HELD ON 3rd APRIL 2014** | | |
| | AGREED: to approve the minutes of the meeting held on 3rd April 2014. | | |
| | As a matter arising the Director of Finance reported that progress against Internal Audit recommendations still had the 2009/10 item included, he confirmed that this would be removed for the next meeting. In relation to the 2014/15 budget he confirmed that this had been reviewed in detail at the earlier meeting of the Finance & Estates Committee. | | |
| **14.25** | **ACTION PROGRESS REPORT** | | |
| | Members reviewed the action progress table and commented upon the following: | | |

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Item 1 – this is out of date.

Item 2 – completed.

Item 3 – project completions analysis – the Executive Director Capital Projects & Estates indicated that a second survey should have been undertaken in June but that it was felt inappropriate to do the report yet as the College is still in negotiations with the Contractors regarding some outstanding elements of work.

Item 4 – on the agenda.

Item 5 – will be reported at the next meeting.

Item 6 – to be completed for the next meeting.

Item 7 – presented at the Finance & Estates Committee meeting today and will be presented to the Board at its meeting in July.

Item 8 – completed and progressing.

AGREED: to note the update provided.

| | Director Finance | 2 Nov 2014 |

### 14.26     <u>DATA OWNERSHIP – RISK MITIGATION</u>

Gavin Peake introduced this item and confirmed that the College maintains a risk on the Corporate Strategic Risk Register around data usage, quality and management information.  A second risk remains on the contingent risk register concerning unlawful obtaining of personal data.  The College Data Teams undertook major structural changes to the data system in 2012/13 with the intention of ensuring the quality and availability of data. In 2013/14 the original Datanet (single Staff information location for all data) was updated to provide an improved experience. In 2014 further work has resulted in new data capture mechanisms for destination data and work on dashboards to improve access.

In relation to the College data systems, they were replaced in 2012 with a data warehouse that would capture every element of data from every College system and store it in one place.  For the first time this introduced the capture of point in time data.  This now allows data comparisons with the exact date in previous years.  In 2013 Datanet 2 was launched, the original Datanet was the point of access for Staff to all routine data items.  This system was developed in-house and has been identified as exemplary practice in the sector and has been advertised on the LSIS gateway resulting in numerous colleges visiting WNC to examine the way the Team provide data to Staff.

Member's attention was drawn to page 241 and it was explained that this shows a Management dashboard with drill down capability.  A personally selected data item has also been added to this personal dashboard and will display as a default item every time Datanet 2 is loaded.

In addition to Datanet 2 the College has invested in two additional Staff data systems which perform specific functions; these are Promonitor

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which is campus base and Smart Assessor which is responsible for off campus collection of data.

Promonitor was launched to a test group in 2012/13 and saw around 50% uptake in its first year. This year over 92% of courses have their tracking of progress and at risk Students monitored through this system and it is now heavily embedded and used by all Staff. Smart Assessor was introduced in 2014 to replace an existing e-portfolio system with 2352 Students now actively using the system. It was explained that Smart Assessor will equally apply to Partners and the intention is to have all Students on the Smart Assessor system. It was noted that the College is making it a contractual requirement that Partners have to utilise Smart Assessor, and in this way the College will have better knowledge and can therefore manage Partner activity.

In order to meet changing requirements around destination data, a new three stage data collection system has been introduced to capture actual destinations:
- Stage 1 – learners who completed their course more than two months ago are emailed and asked to complete an online questionnaire which captures their actual destination.
- Stage 2 – anyone who does not respond are passed to the College Call Centre who attempt to contact these individuals at least three times.
- Stage 3 – the remaining names are passed back to Tutors who are asked to complete information if it is known to them.

In terms of risk, Members were advised that certain types of data relating to higher education have been very difficult to capture accurately due to the different requirements of FE & HE systems and how information on the ILR is held. In order to address these issues a cross College group was formed in early 2014 and now meets regularly to address this and other data planning issues.

In relation to the possibility of an individual unlawfully obtaining personal data it was confirmed that the College takes data security very seriously and has a range of physical and electronic security systems in place to prevent data loss. It was confirmed that data protection is now a mandatory part of Staff development. The Director of IT gave assurance that proper processes were in place and that the unfortunate risk, however, is that Staff may choose not to comply with the processes developed.

AGREED: to note the update provided.

14.27 **INTERNAL AUDIT REPORTS**

Louise Tweedie introduced this item and summarised a number of reports presented to this Committee. In terms of report delivery for 2014/15 she confirmed that they would be scheduled much better to

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give a more even spread of reports for the Committee to discuss.

**1 - Internal Audit Progress Report**

Members reviewed the document and were advised that all work for the 2013/14 year has been completed.  Actions agreed were noted on page 12.

AGREED: to note the content of the report provided

**2 – Cash flow & Treasury Management**

Member's attention was drawn to the Executive Summary on page 19.  It was noted that due to the building programme progressing slower than anticipated the College has a large cash surplus.  In terms of a conclusion Internal Auditors were satisfied that taking account of the issues identified the Board can take substantial assurance that the controls on which the organisation relies to manage this risk are suitably designed, consistently applied and effective.  Auditors were able to give a green RAG rated opinion.

Two minor recommendations were noted at page 22:
- The College should add further detail to the Treasury Management Policy to encompass more information about the Investment Strategy.  This should cover the risk appetite of the College, periods of time the College is willing to invest and further investment criteria.
- The College should consider including detail of Treasury Management performance (loans and investments) within the Management Accounts to identify income received and outstanding commitments. This will be especially important should the College invest money in the future, allowing readers to the accounts to identify invested money and expected returns.

AGREED: to note the content of the report provided.

**3 – Human Resources**

Member's attention was drawn to page 31 and section 1.1 which provides the Executive Summary. It was noted that the HR Strategy 2013/16 identifies a number of key goals.  Auditors were able to provide a green RAG rating and in particular were pleased with the controls in place which include –
1) workforce planning, recruitment and selection process,
2) strong self-development in place,
3) appropriate HR structure in place,
4) monthly HR KPI reports to the Executive,
5) six monthly and annual HR report to Governors,
6) robust HR procedures and practices,
7) robust Staff replacement and authorisation process, and
8) ongoing Management development in place.

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Auditors confirmed that they have monitored whether the controls are applied in reality. Three minor recommendations were made:

- Staff responsible for completion of the short listing summary form should be reminded to sign and date the form to evidence applicants within the five working days timeframe as per the Colleges recruitment selection criteria.
- When the College appraisal procedure is next reviewed the decision should be taken to reflect the position of HR to no longer retain copies of appraisals on personnel files, but rather for ownership and filing occurring at a local level with relevant Line Manager. Auditors were able to confirm that all people in the sample reviewed had been appraised.
- Line Managers should be reminded of the importance of the appraiser and the individual being appraises signing and dating appraisal documentation.

Governors took the opportunity to discuss the limitations of the audit and were advised that Auditors do not provide any legal advice regarding the process and procedures in place. In relation to the destruction of application forms it was confirmed that this is a legal requirement after six months.

AGREED: to note the content of the report provided.

**4 – Key Financial Controls Payroll – Creditors & Fixed Assets**

Members attention was drawn to the Executive Summary on page 53, when discussing the budgetary position for the Group at February 2014 Governors expressed some reservation that the figures were actually correct, Louise Tweedie agreed to review the figures and double check for accuracy.

It was confirmed that the objective of the audit was to assess whether robust financial controls are in place across core areas of financial activity, the risk is that inadequate internal control framework would lead to inappropriate use of College resources, including fraud or irregulatory.

The Colleges identified controls and actions are 1) financial regulations, 2) financial procedures, 3) Management reporting and accountability and 4) Scheme of Delegation.

Auditors confirmed that an amber/green rating had been given, which means that taking account of the issues identified the Board can take reasonable assurance that the controls upon which the organisation relies to manage the risk are suitably designed, consistently applied and effective, however, Auditors have identified issues that if not addressed increase the likelihood of the risk materialising.

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Members attention was drawn to page 56, which sets out three low, one medium recommendation and a suggestion, these include:

- Consideration should be given to publishing the Finance Team Staff structure on the intranet to provide Staff across College with details of the Finance Team and their roles.
- The College should ensure that starter, leaver and amendment procedures are available to Staff for the new payroll system (along with other key procedures) and these should include version control.
- The payroll department should ensure that they consistently date stamp the input date of all amendments to ensure an appropriate audit trail and to enable the timeliness of input to be determined.
- Payroll account reconciliation should be signed and dated as prepared and signed and dated as independently reviewed to evidence segregation of duty and timeliness of preparation and review.
- The College should ensure that the new payroll system is capable of producing a variety of meaningful exception reports. These reports should be examined as part of the payroll run and signed and dated and reviewed to create an audit trail. It was explained that at the time of the audit the College had been running parallel systems.
- The medium recommendation is that the Finance Team should ensure asset verification exercises are undertaken on an annual basis, especially for IT equipment which has a high inherent risk and disposal should be managed and recorded appropriately, including suitable authorisation for the disposal. The Director of Finance indicated that as the College has over 4000 PC's and laptops across its various sites, there is a need to make sure action is proportionate. He confirmed that the College will consider the appropriate methods to achieve a balance between cost and verification costs of losses and fiducial duties.

AGREED: to note the content of the report provided.

**5 – Lesson Observation Processes**

Auditors confirmed that they had made the decision to split their opinion and conclusions. In relation to control design they gave a green RAG rating, in relation to control application they provided an amber rating. In relation to the controls they indicated that whilst the Board can take some assurance that the controls which the organisation relies to manage this risk are consistently applied, action needs to be taken to ensure that the risk is managed. The report has three medium and three low priority recommendations:

- The College should decide whether to include a minimum time which an observation should be completed within the teaching,

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learning, training and assessment observation policy. It was explained that in the sector there are various observation models and there needs to be an element of flexibility as the observation needs to be long enough to make an accurate assessment.

- Annual schedules for lesson observations should have a consistent format across all schools of learning to allow easy comparison.
- The College should ensure that all re-observations required are completed in four teaching weeks of the original observation, however, it was acknowledged that this would be dependent upon the nature of issues seen at observation.
- Developmental and graded observations should be recorded and action plans should be documented.
- Action plans detailing the findings and ongoing actions for improvement identified through lesson observations should be produced in five working days of the observation being conducted.
- Action plans identified through lesson observations should be linked to objectives identified in Staff appraisals. It was acknowledged that this was done in most occasions but consistency is required.
- The College should ensure that the OB3 moderation report is completed for all observations that go through the moderation process.

In general discussion Auditors confirmed that the processes in place were fine but compliance and consistent application requires improvement.

Governors reviewed the statistics detailed at page 86 regarding the lesson observation findings (1.7). They indicated that in future they would find it helpful to see percentages, as well as numbers, included in this type of report.

It was confirmed that in 2014/15 the Audit Team will look to see whether the Pro-Observe system is being fully utilised by Staff.

AGREED: to note the content of the report provided.

**6 – Partner Selection Process**

Member's attention was drawn to page 93 which provides an executive summary of the work undertaken. It was noted that there are key procedural documents in place which inform the due diligence process and there is a performance management framework in place to monitor Partner performance throughout the partner contract duration. The sample tested by Auditors focussed on four Partners, these are:

- Business Impact UK Ltd – contract commenced May 2013.
- Construction Skills People Ltd – contract commenced July 2013.
- Pinewood Training Enterprises CIC – contract commenced May

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2013.

- SIDDHI Training & Consultancy Ltd – contract commenced June 2013.

In terms of audit objectives it was to get assurance that Partners are properly vetted prior to working with the College and the results of the vetting inform the decision as to whether to proceed and inform the level of risk management applied throughout the relationship.

Following audit field work an amber/green rating has been applied. There are no recommendations made regarding the design of the control framework, however, there are some issues to address in relation to the application of the processes.

At page 94 Governors expressed some concern regarding the third bullet point which reads 'whilst we were informed that a pre-selection visit should be undertaken with each respective new Partner before a contract is offered, the College was unable to prove that such visits had taken place for the sample reviewed due to a lack of documentary evidence retained.' It was accepted that this evidence should be available for each Partner contracted to the College.

In terms of the recommendations there are one medium and nine low:

- There should be a clear audit trail to identify when new Partnerships are being presented to the Corporation Board for approval. The date of approval should be recorded on the Partner commitment proposal matrix, or alternatively the names of the new Partners highlighted in yellow should be recorded in the Corporation Board minutes.
- Contract variations should be signed and dated by both Partners in a timely manner.
- The College should ensure that a consistent and complete record of due diligence is held for each Partner, including a) where concerns are raised as part of the panel assessment. The resolution of these should be clearly documented as well as whether or not Members concur with the decision to proceed and b) a pre-selection visit should be undertaken to each prospective partner. These should be recorded to confirm the names of the officers attending, the date of the visit, where the visit took place and the outcome of the visit.
- Records should be maintained in an organised and accessible manner to ensure that these can be retrieved quickly if needed for future inspection. In the event of any future transfer of documents and files between Departments the College should maintain a record which clearly states what records have been transferred, who from and who to and if appropriate, a summary of the records that have been destroyed and details of any archived records and the specific locations of these.
- In respect of quality processes a) QTLP reviews should be

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undertaken for all Partners and held on file, and b) observations of learning, delivery Staff and Partners should be timetabled to ensure that these are completed in a timely manner and spread across the academic year.

- College should continue with the introduction of the contract monitoring report for all Partners. Partners should be encouraged to formally respond to contract monitoring and provide updates and evidence to support how recommendations are being implemented to improve performance. Where appropriate Partner performance should be allocated a RAG status.

On page 100 it was noted that there are four recommendations that have been rolled forward from the prior year, each of these is low.

In reviewing the report and the detail provided at page 106 and 107 in relation to observations, it was agreed that quite a high number of observations are outstanding/pending. Governors felt that the proportion outstanding were too high.

The Committee were advised that Partners are required to complete a compliance checklist to give assurance regarding progress, completion, achievements etc. In addition to this Smart Assessor helps the College Management Team monitor adequate progress. Also Students are required to sign off when the course is completed and achievement obtained.

AGREED: to note the content of the report provided.

**7 – Vision Workforce Skills Control Framework**

The Committee agreed not to spend a considerable amount of time on this report given the decision to integrate VWS activity into College activity. Governors agreed that if possible they would like a mechanism introduced to monitor the progress and success of the business integration. In terms of financial performance the Director of Finance confirmed that it would be possible to keep the Sheffield Construction Centre separate and that generally the overall performance of the work related training department would indicate whether or not the parts of VWS integrated were a success or not.

AGREED: to note the content of the report provided.

**8 – Review of Controls over changes to Supplier Bank details**

Auditors confirmed that this piece of work had been requested as an addition to the regular contract in place. Work was commissioned in response to a fraudulent request to change bank details. Auditors conclude that the fraud was a standard change of bank details request which has been much publicised throughout this and other sectors over

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recent years. The lack of checks and adherence to (informal) process has allowed the bank details to be changed. If proper checks and processes were adhered to this fraud would have been detected and could have easily been avoided.

The report has two high, three medium and one low priority recommendation:
- Management should ensure that procedures for amending bank details for suppliers are clearly documented and publicised to all Staff who undertake this process. This should include details of secondary Senior Management checks that will be introduced.
- All checks undertaken as part of the payment run process should be evidenced by date and signature, this provides an audit trail regarding who completed the checks and when they were completed.
- Software suppliers should be consulted to establish whether an exception report showing changed bank details is available. This report should be reviewed on a regular basis, ie, before each payment run and the changes should be reconfirmed or completion of the checks could be obtained.
- All checks should be completed before any changes are made to supplier bank details. If the checks have not been completed then pending payments should be halted whilst checks are completed. Also, changes to bank details and payment details should only be made in the QLX finance system (and not in the CSV file), this provides an audit trail of all changes made.
- The CSV file should be stored in a more secure location prior to transmission with access restricted to key personnel only. Consideration should also be given to password protecting the file to give additional security at this sensitive stage. Also CSV files should be destroyed or archived once transmitted as sensitive data is contained within these files.
- The checked supplier bank detail form should be amended to include a space for the Officer inputting the changed bank details and the Officer checking the input to sign and date. This ensures that all stages of the process are formally documented. Additional amendments should be made to record the contact details used to make contact with the supplier and the source of these details, ie, website, previous invoice etc.

Governors were advised that processes were in place; however, they were not followed. Assurance was given that the Bank was able to recover the money transferred.

Auditors confirmed that this was a very common sector fraud and they were satisfied that there was no internal fraud relating to the Staff involved. Whilst random sampling does occur within the Team more robust procedures or adherence to robust procedures would prevent such an event happening again.

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AGREED: to note the content of the report provided.

**9 – Follow up of previous Internal Audit Recommendations**

Auditors followed up a number of reports and actions identified in the 2012/13 year. Auditors view is that the College has demonstrated reasonable progress of implementing actions agreed. There are ten actions still outstanding and these have been reiterated, these are set out at page 143 and include three medium and seven low priority. Of the actions that remain outstanding, Governors expressed some concern regarding item 24 – 'the College should review the arrangements for obtaining Apprenticeship completion certificates to ensure that the process can be completed within three months in all cases'. It was acknowledged that this links with the wider issue of timely completions and really needs to be addressed.

AGREED: to note the content of the report provided.

14.28     **RISK MANAGEMENT**

The Director of Communications & Marketing introduced this item and confirmed that risk registers have been produced by individual Teams and Schools of Learning for 2013/14. All risks have been monitored at least once by Corporation Board or its Committees. She indicated that little progress has been made to achieve target mitigated scores but that this remains an ongoing process. The biggest risk to the College Group in 2013/14 has been the performance of VWS. This is being addressed currently with the merging of the provision into the College based WRT.

She confirmed that the risks in relation to quality have been monitored at every meeting of the Standards Committee and/or the Corporation Board.

Members were asked to note that none of the most significant risks have met their target residual score in the year, in some part this is as a result of external factors beyond the Colleges control, taking account of the turbulent year that the College and the wider sector have had, maintaining risks at the level in the register may be considered an achievement in itself.

In relation to changes to the risk environment in 2014/15 yet again this has been a challenging year for the College and its subsidiary companies. Much of the risk comes from the external operating environment with as many opportunities as risks for colleges willing to take calculated and measured risk. Key items to note are:

- This has been a challenging year in terms of Learner recruitment.
- Improvements to the College assurance framework seems to have paid dividends with the College now having a much more

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accurate picture regarding the quality of teaching and learning in the classroom.

- The property strategy, financial control and responding to fluctuations and turbulence seems to be well managed within the College.

AGREED: to note the update provided.

### 14.29 RISK MANAGEMENT STRATEGY AND REGISTER FOR 2014/15

Member's attention was drawn to the proposed risk management strategy for 2014/15 included within the pack. The Director of Communications & Marketing confirmed that the strategy remains largely unchanged from that agreed in 2013/14 apart from changes to the section on Team Based Risk Assessment. All references to the self-assessment process linked to risk management have now been removed as Teams now identify risks as part of their planning processes and through the production of a Team Risk Register.

Members attention was specifically drawn to section 2.1 which sets out the roles of the Corporation Board and section 7 – dealing with the Colleges Risk appetite.

**Risk Register 2014/15**

It was confirmed that this remains fairly unchanged and as in prior years is constructed in two phases, the first being an assessment of risk on the Colleges business plan and the second following team based assessment processes. The Team met on 2$^{nd}$ June and considered the risk register in its current form. The risk register contains a section that identifies significant risks relating to achievement of strategic planning objectives. Members were advised that no new risks have been added to the register at this stage; however, risks related to Vision Workforce Skills and to work related training have been combined into a single risk to reflect the organisational changes ongoing within this area. It was confirmed that this will remain the most significant risk for 2014/15.

Member's attention was drawn to the risks relating to the Studio School implementation. These have been elevated to reflect the current position of the refurbishment programme. It is likely that this risk will be removed in its entirety from the register in September. Whilst not technically a subsidiary company of the College, a summary of Studio School risks has been included within this section of the Risk Register. Going forward it will be for the Governing Body to oversee their risk profile and register. Reporting through this Committee will be in line with that of subsidiary companies.

Risks related to data ownership and management have been removed from the register with the Executive Team feeling as though there was sufficient progress to downgrade this risk from the significant risk

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register. The risk profile for the College remains high and is not to be unexpected in light of significant College based initiatives and the turbulent and challenging environment in which we operate.

The subsidiary company Boards are yet to meet to discuss their risk registers for 2014/15, a report will be therefore brought to this Committee in the new academic year, outlining any key risks and including significant risks onto the register as appropriate. A contingent risk remains at priority 19 relating to the performance of subsidiary companies.

AGREED:
a) to note the update provided,
b) approve the Risk Management Strategy for 2014/15, and
c) approve the Risk Register for 2014/15.

In general discussion it was noted that the role of the LEP's was not specifically referred to in the Risk Register, however, assurance was given that this is being monitored.

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| **14.30** | **COMPOSITE COLLEGE RECOMMENDATIONS REPORT** | | |
| | The Director of Finance introduced this item and confirmed that this report includes an element of duplication as a consequence of Baker Tilly's update regarding follow up work. He confirmed that for the 2012/13 period there was not much change since the last report presented to this Committee in April. In relation to the 2013/14 recommendations a lot of these are not yet due and are included in the reports presented today. | | |
| | As previously agreed, it was confirmed that the 2009/10 action would be taken off the register. In addition to this the Director of Finance will provide a 2013/14 report in relation to registers at the next meeting. | Director Finance | November 2014 |
| | AGREED: to note the content of the update provided. | | |
| **14.31** | **INTERNAL AUDIT STRATEGIC PLAN AND AUDIT NEED ASSESSMENTS FOR 2014** | | |
| | Louise Tweedie introduced this item and confirmed that whilst the plan is prepared on a three year basis it is refreshed annually. The Director of Finance indicated that since preparation of this document the Executive Team have reviewed and there are some changes proposed. He indicated that he has simply not yet had a chance to speak to Baker Tilly regarding the changes. In these circumstances it was agreed to defer discussion and approval of an Internal Audit Plan for 2014/15 until the next meeting. | Internal Auditors/ Director Finance | November 2014 |
| | AGREED to defer consideration of this item to the next meeting. | | |
| **14.32** | **KPMG 2013/14 PLANNING MEMORANDUM** | | |

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External Auditors apologised for the late delivery of this document. Governors did confirm that it had been made available electronically for them on the Governors portal and therefore they had a chance to review. External Auditors confirmed that there were no significant changes to the process proposed.  The report was reviewed and the following was noted:

- Page 3 – this gives the introduction and confirms Auditors independence.
- Page 4 – this details the key elements of the Auditors approach, this is the same as in previous years.  It was confirmed that in the prior year there had been some challenges throughout the audit process and therefore some changes had been agreed.  These have been included and will be implemented.
- Page 5 – gives process and timeline.
- Page 6 – gives detail of materiality.  It was confirmed that this is a guideline only and Auditors believe that an indicative level of Group materiality for the year ending 31$^{st}$ July is £630k based on final revenue out turn in the prior year, annual accounts and on the understanding of the projected out turn for the current year. Individual materiality levels will be set for the College and each subsidiary company. In the context of the College, Auditors proposed that the individual difference would normally be considered to be clearly trivial if it is less than £31k.
- Page 7 – details the significant risks identified by Auditors.
- Pages 8 and 9 – provides more detail on Audit activity.
- Page 10 – provides a summary of actions.  Governors all agreed that it was key to split out subsidiary performance so that there is real clarity regarding core College performance.
- Page 13 – is a standard explanation of how the Audit Team will interact with the College and Committee.
- Page 14 – details the Team.
- Page 15 – provides a summary of fees.

AGREED: to approve the 2013/14 external audit planning memorandum.

14.33   **AUDIT SERVICE SECTOR UPDATE**

Because of time constraints it was agreed to defer substantive discussion regarding this item to the next meeting. In general terms it was acknowledged that there are a number of challenges:

- Funding pressures.
- University position and landscape and their encroachment into FE.  It is important for Colleges to avoid them becoming a threat and to work collaboratively.
- LEP's – key funding source and as a consequence it is necessary to understand and align with their priorities.
- Studio School – some problems seen in the sector, particularly in

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| relation to the performance of UTC's. The College will need to be really careful regarding the quasai subsidiary role.<br><br>Internal Auditors confirmed that the FE Commissioners first report regarding lessons learned has been published. She indicated that she would provide an update on this at the next meeting.<br><br>AGREED: to note the update provided. | Internal Auditors |

November 2014

**14.34**   **GOVERNANCE ITEMS**

1 – Committee Work plan for 2014/15

The Clerk introduced this item and confirmed that the work plan was a framework document only and that items were added as and when required throughout the year.

AGREED: to approve the Committee Work plan for 2014/15.

2 – Committee Self-Assessment 2013/14

The Committee agreed that attendance had been a challenge all the way throughout the year and that it was important that Governors placed on this Committee were able to attend. In terms of membership the Committee felt that this needed to be increased to six, either through full Governor appointment or external co-optees.  The Clerk confirmed that the Search Committee had noted the requirement to increase membership and attempts were being made to recruit Governors or external cooptees with financial and/or audit experience.

3 – Committee Terms of Reference

Governors all felt that they remained fit for purpose and were happy to roll them forward to the next academic year.

AGREED: to recommend that the Board approve Committee Terms of Reference unchanged for the 2014/15 academic year.

4 – Committee Membership for 2014/15

As previously discussed Governors felt that it was important to obtain attendance assurance from existing Members and in addition to this two other Committee Members to be recruited/appointed.

**14.35**   **AOB**

There were no items of additional business.

**14.36**   **DATE AND TIME OF NEXT MEETING**

The Clerk confirmed that the next scheduled meeting was Thursday 2nd

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October 2014 at 5.00pm.

Meeting closed at 6.45pm.

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