

## AUDIT COMMITTEE

**DATE:** WEDNESDAY 1 MARCH 2017

**PLACE:** RM 410 WANDSWORTH CAMPUS

**TIME:** 5.30 pm.

**PRESENT:** Daud Ilyas (Chair), Katie Driver, Tim Morris (External Co-Opted Governor).

**IN ATTENDANCE** Natalie Watt, Clerk to the Corporation  
Sue Rimmer, Principal & Chief Executive  
Ralph Moran, Director of Finance  
Jerry Barton, Mazars, Internal Auditor

1. **Apologies for Absence**
  - Kazi Hossain.
  - The Clerk confirmed that the Corporation had received the resignation of Barbara Morris Welsh in November 2016. **Noted.**
  - The Clerk confirmed that there were currently 2 vacancies on the Committee but that Governor recruitment was currently on hold pending merger discussions. **Noted.**
2. **Declarations of Interest**

None
3. **CONFIDENTIAL SESSION** – The Chair invited the Internal Auditors to advise if the session was required. Mazars confirmed no confidential issues to be raised.
4. **Minutes of the last meeting held on 11 November 2016 were agreed as a true and correct record of the meeting and were signed by the Chair of the Committee.**
5. **Matters Arising:**
  - **Review of reporting formats with Internal Auditors** – The Director of Finance confirmed that this meeting had been deferred and this would be carried forward to the next meeting.
  - **Regularity Audit Self-Assessment Questionnaire to be signed** – The Director of Finance confirmed that this had been signed by the Chair of the Corporation.
  - **Update on break costs** – Members' were advised that the College had engaged legal advisors and had rebutted the proposal to enforce break costs. The Director of Finance

Director of  
Finance

confirmed that this had been identified in the accounts as a contingent liability.

- **Update on pension discussions** – The Director of Finance confirmed that a triennial valuation had been completed and the contribution rate had fallen to 86%. Members were advised that the College would need to consider a reduction deficit payment in due course to improve the pension fund position. Noted.
- **Financial Statements Typos** – The Director of Finance confirmed that these had all been corrected.
- **Risk Assurance Mapping & Risk Register** –The Director of Finance confirmed that risk assurance mapping had been completed and was on the agenda. Members were advised that the Risk Management Policy had yet to be updated and that this would be carried forward to the next meeting.
- **Audit Implementation Report** – The Director of Finance confirmed that this was a mirror of the follow up report at this point in the year and a report would come to the next meeting. Noted.
- **Review of Audit recommendations** – Action undertaken.
- **Property Strategy** – The Director of Finance confirmed that this was still outstanding ending current merger discussions.
- **Audit Committee Annual Report** – The Chair confirmed that all amendments had been agreed and that the report had been signed and submitted as required.
- **Audit Tender Exercise** – The Director of Finance informed the Committee that it was proposed that this be placed on hold pending the merger discussions. All 3 Colleges used Buzzacotts as their external auditors and it was deemed more efficient to extend the contract for a further year until the merger had been resolved.
- The Director of Finance confirmed that this was appropriate action, that it had been cleared with Buzzacotts and that there were no breaches of the financial regulations or procurement policies.
- It was agreed that the framework contract would be rolled forward. Noted that this would come to Corporation for approval. Agreed.
- **VFM** – The Director of Finance confirmed that this report would come to the next Committee and that quantifiable financial savings would be identified where possible. Agreed.

Director of Finance

Director of Finance

Director of Finance

## 6. Internal Audit Service

### i) Progress Report on delivery of the Internal Strategic Plan

Presented by Mazars (Internal Auditors).

Items discussed:

- Members were advised that the plan was on target for delivery. Members were, however, advised that the IT Strategy audit had been completed but that management responses were still awaited. It was noted that this report would come to the next Audit Committee meeting.

Mazars

**Report RECEIVED.**

### Visit 1

#### a) Follow Up Audit

- Mazars summarised the follow up report and Members attention was drawn to the summary of findings on page 2. Members noted

the 2 priority 2 recommendations outstanding. Members sought confirmation of when the business continuity plan would be tested.

- The Director of Finance assured the Committee that a walk through test of the plan would be completed before the end of the summer term.
- It was agreed that this would be reported to the Committee when completed.

**Director of Finance**

**Report RECEIVED.**

**b)Strategic Planning Audit**

- Members were advised that this audit reflected a retained level of substantial assurance and that only 4 minor matters had been identified.
- Members noted that the current discussions on the strategic direction of the College needed to be considered when considering any further review at this time as further certainty would be helpful. Noted.

**Report RECEIVED.**

**c)Curriculum Planning**

- Members noted that this audit had also been graded as providing substantial assurance. Members noted that there was one housekeeping recommendation.
- The Director of Finance confirmed that staff utilisation had been the focus of considerable management efforts and additional scrutiny had proved beneficial.
- The Principal confirmed that she now received detailed monthly updates on staff utilisation.
- Members were advised that the Finance and Resources Committee also received an update on staff utilisation as part of the management accounts.

**Report RECEIVED.**

**d)Sessional and Part Time Lecturers**

- Member's attention as drawn to the detailed background on page 1 of the report. Members noted that the audit has received adequate assurance.
- Members were advised that sample testing had revealed some errors and whilst in themselves they are not significant it was considered enough to grade the audit as adequate rather than substantial. Noted.
- Mazars drew to Members attention the use of VT2000 which the auditor undertaking the work thought was an extremely useful tool for management of this area. Noted.
- Members were informed that an on line tool was currently being rolled out which would improve the efficiency and effectiveness of the systems in place further still. Noted.
- Members noted that the College had budgeted costs for the year of £365k on agency staff which represented 1.64% of the Colleges total pay expenditure.
- Discussion followed on the differences between agency and

7. **Risk Management 2015/2016**– Presented by the Director of Finance.  
Items discussed:

- The Director of Finance confirmed that full risk Assurance mapping had been undertaken.
- The key changes resulting from this were identified in paragraph 5 of the report.
- Members were advised that the mapping was still a work in progress as the Risk Management Group (RMG) sought to embed the approach.
- Members reviewed the risk register attached at Annex A and discussion followed on risk 131.
- Attention was drawn to the inclusion of Governance oversight at Annex B.
- The Principal confirmed that further work was needed to populate this column and that this would be considered further at the next meeting of the RMG.

**Report RECEIVED.**

**8. Freedom of Information Update – Presented by the Director of Finance.**

- The Director of Finance confirmed that the College had received two Freedom of Information requests since the last meeting as detailed below:
  - 1) Request for data from a French based company for details of French students studying at the College. The request was declined for data protection reasons.
  - 2) A survey request was submitted by the Labour Research Department at the time of the request the majority of the data was not available as it related to the 2015/16 accounts which had not been released at the time of the request.

The information response has therefore been delayed until available.

The status of this request will be followed up with HR outside of the meeting and the Committee will be updated in due course.

**Update RECEIVED.**

Director of Finance

**9. Whistle blowing**

- The Clerk to the Corporation confirmed that the Interim Director of HR & Workforce Development had confirmed that no new instances of Whistle blowing had been reported since the last meeting.

**Update RECEIVED.**

**10. Fraud Response Plan - Director of Finance**

- Members were informed that no new cases had been reported. One on-going case was being pursued by the Serious Fraud Office as previously reported.

**Update RECEIVED.**

**11. Any Other Business**

- The Clerk confirmed to the Committee that the resignation of Barbara Morris Welsh had been reported to the Corporation at the December 2016 meeting. The Clerk informed the Committee that as merger discussions were still underway no further Governors recruitments were planned at this time.

- It was agreed that the vacancies would be flagged up to the Corporation and the Search and Governance Committee in due course. Noted.
- Noted that the Audit Recommendations Implementation Report would be submitted to the next meeting of the Committee.

**12. Date and Time of the Next Meeting**

- **Wednesday 14 June 2016 at 5.30pm** at the Wandsworth
- **This was subsequently changed to Thursday 15<sup>th</sup> June at 5.30 pm at the Wandsworth campus**

Signed By: \_\_\_\_\_

Date: \_\_\_\_\_