

Minutes of the Audit Committee held at 08.00 on 8th February 2017 in Room MC5,
Weybridge Campus.

Present: Clare Watling (Chair): Telephone link
Terry Lazenby
Jerry Loy: Telephone Link
Gail Walker (Principal)
Savio Fernandes (Student Governor)

In Attendance: Shereen Sameresinghe Vice Principal
Josephine Carr Clerk to the Governing Body
Daniel Canham Mazars

- Item 1**
A/02/17/1 **Action in the event of fire**
Action in the event of fire was noted.
- Item 2**
A/02/17/2 **Welcome and apologies**
Daniel Canham was stuck in traffic and would join the meeting as soon as possible; the order of agenda items was changed to facilitate this.
- Item 3**
A/02/17/3 **Declarations of Interest**
There were no declarations of interest.
- Item 4**
Item 4.1
A/02/17/4 **Minutes**
Minutes of the Meeting held on 30th November 2016
The minutes of the meeting of 23rd November 2016 were approved as a correct record.
- Item 4.2**
A/02/17/5 **Minutes of the Joint Audit and Resources Committee on 30th November 2016**
The minutes of the meeting of 23rd November 2016 were approved as a correct record. These minutes will be presented at the Resources Committee meeting of 8th March 2017 for approval.
- Item 5**
A/02/17/6 **Matters Arising**
Mazars have confirmed that on the profile of recommendations Brooklands are slightly worse than the average of our client base." A discussion ensued regarding how meaningful this comment was as the profile of recommendations was dependent upon the level of risk of the areas audited. Brooklands directs IA to high-risk areas, whereas not all Colleges follow this practice.
- A/02/17/7 The Committee agreed that the policy of directing IA towards areas that they have concerns/higher risk factors should be adhered to.
- Items 6 and 7 were deferred until the arrival of Daniel Canham
- Item 8**
A/02/17/8 **Outstanding recommendations from Audit Reports**
The Vice Principal advised that the relevant managers have updated the spread sheet and the matters now completed (identified as Green in the implementation column) and presented to the Committee would be removed before the May meeting.
- A/02/17/9 Five recommendations remain outstanding (amber), 3 of which relate to the CAFM system. Progress has been hampered by staff sickness and revised deadlines have been agreed. Progress is on going albeit slower than originally anticipated.

- A/02/17/10 The new email address for the Freedom of Information requests went live yesterday and the website was updated accordingly – the meeting agreed that this item should be considered complete and regarded as green.
- A/02/17/11 Learner Number Systems: the SCORE software update, the process in place to validate learner's qualifications (prior qualification) should be in place by March. Internal Audit will require evidence of the full process during its follow-up visit.
- A/02/17/12 The Chair asked for assurance that whilst the 3 sub contracting recommendations the – risk scoring matrix /outcome focuses on finance and prevent that the risk scoring matrix covers all the recommendations. The Vice Principal provided this assurance.
- A/02/17/13 Point 7: Five Point Action Plan, the revised deadline is listed as end of February 2017 and the Chair asked for confirmation that the recommendation has been implemented. The Vice Principal gave this assurance.
- A/02/17/14 The Chair commented that the list of outstanding audit recommendations was much improved with regard to previous years. The Vice principal confirmed that those recommendations presented to the February meeting as being implemented (Green) will be removed from the spread sheet before the May meeting.
- A/02/17/15 Point 30: Follow up Value for Money (2014). The Vice Principal advised the meeting that VFM is a standing item on the Manager's Resources Group but there is no annual VFM plan. The meeting considered whether an annual vfm plan was required and whether the Governors should be more challenging regarding this issue. It was agreed that the College is constantly trying to minimise costs and that VFM should be embedded in Financial Regulations and good practice. Daniel Canham advised that very few FE Colleges had annual vfm planes but that VFM should be reflected through everything the College does. VFM is not an area that Mazars routinely looks at.

Item 6
Item 6.1

Internal Audit Reports
Sub-contracting

- A/02/17/16 Daniel Canham provided a verbal update, the draft report has not been presented to the College yet. The delay is due to the absence of guidance from the SFA which was originally guidance promised end of December, end of January and is now expected mid February. There have been a number of delayed publications from the SFA (all Whitehall) as a result of the change of Government leadership. Daniel Canham has no concerns regarding the delay. He believes the delay to be concerned with regard to the certification wording which last year a number of firms refused to sign the certificate but sent a covering letter.
- A/02/17/17 Whilst SFA guidance is awaited, indications suggest that SFA will require the certification but it will not be required until 30th April 2017. The Principal asked for clarification that the assurance related to 2015/16 or 2016/17 data. The assurance required by 30th April 2017 relates to 2016/17 data. Daniel Canham does not anticipate any further audit work and is happy to provide assurance based upon the January work. There is one day yet to be utilised for this project within the Audit Plan.

Item 7

Internal Audit Progress Reports

- A/02/17/18 HR sickness absence audit report was presented to the November meeting and Mazars are on target to complete the plan this academic year. The date of audits have been changed to facilitate staff changes in Mazars and awaiting SFA guidance regarding the funding audit which has been moved to May. Daniel Canham assured the meeting that these changes should not affect end

of year audit. However, some audits reports (Learner numbers and core financial systems) will not be ready for the Audit Committee Summer Term meeting. It was agreed that these reports should be circulated by emails as soon as they became available rather than wait for the autumn meeting.
Action: Clerk

A/02/17/19 The meeting thanks Daniel Canham for his contribution and he left the meeting.

Item 8 Outstanding recommendations from Audit Reports (continued)

A/02/17/20 The Vice Principal asked if the meeting was happy to sign off the Five Point Action Plan as being implemented. The meeting agreed and noted that the forecast being within 5% was not always possible but noted that the Finance Team and BMU team are working closely together which is important. Mazars will test the recommendations in their follow-up visit.

A/02/17/21 The Chair noted that the SAR process evidenced the continuous improvement sought by the Finance Team and its robust QIP. After discussion, it was agreed that the Finance QIP should not be presented to the Audit Committee as this is a management tool and any principal issues are included in QIP 3, which is presented to Governors.

Item 9 Fraud

A/02/17/22 Nothing to report

Item 10 Freedom of Information Requests

A/02/17/23 Nothing to report

Item 11 Tender process for Internal and External work

A/02/17/24 The Vice Principal presented her report and appendix (indicative timescales) and recommended that the meeting adopted Option 3 – the full EU Tender process, which enables the market to be fully tested and award a 5-year contract. The contract should commence in 2017/18 for internal audit and June 2017 for external audit. Members of the Audit Committee were asked to volunteer to help with the selection process – all 3 members agreed to so.

A/02/17/25 The Chair asked if Options one or two were adopted which firms would be invited. The Vice Principal advised that there are not that many firms practising in the FE sector:

- RSM
- KMPG
- Grant Thornton
- Mazars
- Buzzacott

It was agreed that Option 3 was more likely to generate more interest, particularly with the longer contract. The Vice Principal confirmed that the same company/firm may undertake both the Internal and External audit functions. Tenet will prepare the tender documentation and the Vice Principal will revise the proposed timelines and advise the Committee of any changes.

Item 12 Chairs Business

Item 12.1 Review of Committee business for emerging risks

A/02/17/26 There were no new emerging risks from the meeting.

Item 12.2 Any Other Business

A/02/17/27 The Risk Register was updated for the FGB December meeting and it is too soon to provide a term 2 update. An updated version will be circulated electronically to the Audit Committee members at the beginning of March (in anticipation of the March FGB). The risk of Cyber attack will be included in the March update.

A/02/17/28 A discussion regarding the timing of the termly Audit Committees ensued. It was agreed that the Autumn and Summer term meetings may not be easily changed in the cycle of Committees but that the Spring Term meeting 2018 should be held in March as opposed to February: Action Clerk.

Item 13 Date of next meeting

A/02/17/29 24th May

Meeting closed at 09.05

Decisions taken

1. The Committee agreed that the policy of directing IA towards areas that they have concerns/higher risk factors should be adhered to.
2. An annual VFM Plan is not currently required as VFM is embedded in the Financial Regulations and every financial discussion and subsequent decision.
3. Option 3, full EU tender for Internal and External Audit work.

Action points

- 1.To circulate Internal Audit reports by email as opposed to waiting for the Autumn 2017 meeting: Clerk
2. The timeline for the tender for Internal and External work be revised and circulated to members of the Committee: Vice Principal

Chair:

Date :