

Minutes of the Audit Committee held at 09.00 on 13th September 2017 in Room MC5,
Weybridge Campus.

Present: Jerry Loy (Chair)
Terry Lazenby

In Attendance: Shereen Sameresinghe Vice Principal
Josephine Carr Clerk to the Governing Body
Tim Lo Client Manager, RSM Tenon
Mike Cheetham Head of Internal Audit, RSM Tenon

Item 1 Action in the event of fire

A/09/17/1 Action in the event of fire was noted.

Item 2 Welcome and apologies

A/09/17/2 Apologies were received from Liz Lacovara and Gail Walker
Apologies from Daniel Canham of Mazars. The meeting was confirmed as quorate.

Item 3 Declarations of Interest

A/09/17/3 There were no declarations of interest.

Item 4 Internal Audit Reports

Item 4.1 Core Financial Systems: Financial Planning

A/09/17/4 The Vice Principal advised the meeting that Mazars Annual Internal Audit Report 2016/17 will be presented to the 8th November Audit meeting. Vice Principal to ask Mazars to attend the November meeting: Action Vice Principal.

A/09/17/5 The Vice Principal advised the meeting that the report had been given the highest assurance on effectiveness of internal controls: Substantial Assurance.

A/09/17/6 One significant recommendation: Contribution Analysis: the report recommends that the College formalises the recording of the details of its expected contribution rates and other determining factors such as class sizes for the curriculum planning process. This will be incorporated in the 2018/19 planning process.

A/09/17/7 A discussion ensued regarding the fixing of different rates of contribution as recommended by Mazars and the degree to which courses fees are fixed by co-funding (ESFA) or by demand. (supply push or demand pull). The Vice Principal advised the meeting that course fees are market/price sensitive and that competitor pricing is always reviewed when setting fees.

A/09/17/8 The College Contribution is fixed at a minimum expectation level and this is used (along with other factors) to inform decision-making process: to run a course or not.

A/09/17/9 The RSM Tenon representatives had no observations regarding the report but were pleased to see a positive report. The meeting asked RSM Tenon to use direct and specific language (as opposed to language open to interpretation) in their reports going forward. RSM Tenon agreed to this request.

Item 4.2 Learner Numbers

A/09/17/10 The last review of this area in 2015/16 provided an adequate level of assurance with 4 significant recommendations and 3 Housekeeping recommendations. Progress on the implementation of these was included in this study. The 2017 study resulted in 2 Significant and 2 Housekeeping recommendations.

A/09/17/11 The Vice Principal has questioned the Partial compliance ratings with Mazars given the sample size and low number of issues, which were found. Mazars had informed the Vice Principal that the rating of Compliant may not be awarded if any issues were found. The partial compliance rating is comparable with

other Colleges. However, few FE colleges have received the rating of Compliant for SFA purposes.

- A/09/17/12 The RSM Tenon Auditor advised that the ESFA audit guidelines for learner numbers do not test controls or systems; they concentrate solely on testing the actual data.
- A/09/17/13 In response to a Governor question regarding the extent to which OFSTED will look at Learner Numbers during an inspection, RSM Tenon and the Vice Principal advised that OFSTED will look at results but will not drill down into the data itself.
- A/09/17/14 Report section 4.2: RSM advised that meeting that retaining copies of a complete passport breaches Crown copyright. Colleges may copy a relevant page such as a visa page.

Item 5

Internal Audit Plan 2017/18

- A/09/17/15 Mike Cheetham of RSM Tenon presented the Plan. The Plan was prepared following meetings with the Vice Principal to discuss current issues of challenges within the College; current issues in the FE Sector; other RSM Tenon FE clients; Mazars work at the College; and new regulations coming into force in 2017/18 such as GDPR.
- RSM Tenon advised the meeting that the Plan is sufficient for RSM to give an annual assurance regarding the College's risks, core systems and data. The Plan will address some of the issues on the College risk register but will not look at Risk Management per se. There are 5 indicative days allocated to a review of Risk Management and Governance but these have yet to be allocated to an overview of risk management or specific items.
- A/09/17/16 Seven days are allocated to Learner Number systems. This is a substantive test of the College's data, which drives everything else in the College, in particular results and funding. The ESFA testing kit produces a indicates whether the data is robust
- A/09/17/17 Appendix B lists suggestions for 2018/19 and 2019/20; however, RSM Tenon will review these during the year to reflect changing needs of the College and FE sector.
- A/09/17/18 Appendices D and E contain RSM Tenon's service level agreement and KPIs.
- A/09/17/19 The Committee discussed the option of linking risk management and governance to sub-contracting (which is a significantly higher proportion of income at Brooklands than many FE Colleges). The meeting has concerns regarding the removal of departmental risk registers and the inclusion of departmental risk in the termly performance reviews and SAR processes. The meeting needs to better understand how the new process will flow as it needs assurance that both existing and emerging risks are being addressed at all departmental levels. The Vice Principal attends all Performance Reviews but not all departmental meetings. The meeting agreed that the risk management topic for Internal Audit review in 2017/18 should be sub-contracting.
- The Audit Committee also needs to be informed by Resources, Curriculum and PRG Committees how risks are being managed by departments which present to these Committees during the year. It was agreed that this information should be provided in the termly Chair reports to PRG and FGB. The Chair of PRG to discuss this matter at the November PRG meeting: Action Chair of PRG
- A/09/17/20 The meeting agreed that there was no value in looking at the new system of evaluation departmental risk until 2018/19 when the process had been in place for a full academic year.
- A/09/17/21 GDPR: The Chair of Audit attended a RSM Tenon seminar in July and asked the Internal Auditors to give a short presentation at November Audit Committee

meeting. There is another GDPR session on 3rd October at the RSM Tenon Gatwick office, which Brooklands Governors are welcome to attend.

- A/09/17/22 The meeting asked RSM Tenon its views on the risks identified in the College Risk Register and if there are any significant gaps. RSM Tenon replied that it currently reflects the key issues in the sector, but the FE sector is ever changing. Financial sustainability is a major issue; some London Colleges are struggling with student recruitment this year. The Vice Principal advised the meeting that the College is close to its enrolment targets for 16-18s.
- A/09/17/23 IT: Mazars reported on IT in 2013/14, but there is no specific reference to IT for 18/19 save cyber security. IT has not been raised as a concern at meetings with SLT and RSM Tenon. RSM have an IT audit team who may respond to specific need. The meeting discussed revisiting IT in due course.
- A/09/17/24 Cash flow and treasury management is included in financial planning for 2018/19.
- A/09/17/25 The Meeting was comfortable with the plan and asked if anything had been missed. Subject to not being told everything that RSM need to know about the College, there is nothing significant missing from the Plan compared to the FE Sector. RSM Tenon will report after each visit to the College, but are unlikely to have any reports to present to the 8th November meeting.
- Item 6**
Item 6.1
A/09/17/26 **External Auditors**
Letter of Engagement
Buzzacott send their apologies. The Vice Principal advised the meeting that the Chair of Governors has signed the letter of engagement, a standard letter.
- Item 6.2**
A/09/17/27 **External Audit Plan 2017/18**
The External Audit Strategy reflects the meeting held with Buzzacott, the Vice Principal and Head of Finance in July.
- A/09/17/28 The work regarding Teachers pensions has been completed. No major issues arose from this work.
- A/09/17/29 The main work regarding the final accounts is scheduled to commence on site in October. The Vice Principal will present the July management accounts to FGB on 22nd September.
- A/09/17/30 The Meeting agreed the Strategy and will recommend its acceptance to FGB.
- Item 7**
A/09/17/31 **Chairs Business**
The Committee Chair asked to be advised of any RSM Tenon seminars for the FE Sector: RSM Tenon to add Brooklands College to their circulation list.
Action; RSM Tenon
- Item 7.1**
A/09/17/32 **Review of Committee business for emerging risks**
The meeting agreed that the new GDPR be added to the College Risk Register and Fire Safety further to the June FGB discussions. Action: Vice Principal
- Item 12.2**
A/09/17/33 **Any Other Business**
No further matters were raised.
- Item 13**
A/09/17/34 **Date of next meeting**
Wednesday 8th November at 16.00
Joint Audit and Resources Committee Wednesday 29th November at 08.00

The meeting closed at 09.40

Decisions taken

1. The Committee recommended the Internal Audit Plan 2017/18 for approval to FGB.
2. The Committee recommended the External Audit Strategy for the year ended 31st July 2017 to FGB

Action points

1. Vice Principal to ask Mazars to attend the 8th November meeting and present their Annual Internal Audit Report 2016/17.
2. Departmental risk reporting to be raised at the November PRG meeting by Chair of PRG
3. RSM Tenon to add Brooklands College to their circulation list for their seminars relating to FE.
4. The Vice Principal to add the new GDPR to the College Risk Register and Fire Safety further to the June FGB discussions.

Chair:

Date :