

Minutes of the meeting of the Audit Committee held on 3rd March 2015

Present: Martyn Gimber (Chair), Jeff Andrew, Andrew Chapple, Andrew Pierce and Eirene Williams.

In attendance: Diane Dimond, Neil Hookway, Susan Lewry and Karen Williams.

A warm welcome back was given to Andrew Chapple who has re-joined the Audit Committee as a co-opted Governor.

1. Apologies for Absence

1.1 Apologies for absence were received from David Dodd.

2. Confidential Items

2.1 It was agreed that none of the items to be discussed at the meeting were to be regarded as confidential.

3. Declaration of Interests

3.1 No declarations of pecuniary or non-pecuniary interests were made in respect of the items which follow.

4. Minutes

4.1 The minutes of the meeting of the Audit Committee held on 12th November 2014 were confirmed and signed.

5. Matters arising from the Minutes

5.1 There were no matters arising.

6. Business Brought Forward by Direction of the Chair

6.1 There were no matters brought forward at the direction of the Chair.

7. College Audit Monitoring Report

7.1 Received and considered the College Audit Monitoring Report from the Vice Principal/Director for Finance and Funding. Governors were pleased to note that all the items had been completed and would now be removed from the monitoring report. There were no ongoing items for monitoring.

8. Risk Management

- 8.1 Received and considered the report from the Vice Principal/Director for Finance and Funding on the strategic risks identified. Governors were advised that the strategic risks, and the level assessed for the risks, had been reviewed by the Principalship in February 2015. Governors noted that responsibility for risk management had very recently been transferred from the Director for Resources to the Vice Principal/Director for Finance and Funding.
- 8.2 It was agreed at the last meeting of the Committee that a discussion on strategic risks be scheduled at a future Board meeting. To inform this discussion the Vice Principal/Director for Finance and Funding presented, for consideration, an alternative 'top down' approach to strategic risk management, which would complement and strengthen the current 'bottom up' approach adopted by the College.
- 8.3 Governors discussed the proposal in considerable detail and agreed that a 'top down' framework, closely linked to the Board Assurance framework and the new Strategic Plan, should be presented for discussion and approval by the Board, for monitoring by the Audit Committee.
- 8.4 Governors discussed the on-going monitoring arrangements for the Board and it was suggested that a small number of strategic risks should be considered in detail at each meeting of the Board throughout the year, with one meeting a year looking at the strategic risks, and the assurance and controls in place, in conjunction with the Board Assurance requirements.
- 8.5 A discussion on strategic risk management is scheduled for the Board on 7th May 2015.

9. Internal Audit Report

9.1 Partnerships and Franchising

The report was received and considered. Governors noted that substantial assurance had been given that the controls upon which the College relies to manage this risk are suitably designed, consistently applied and effective. There were no recommendations made.

- 9.2 The Audit Committee requested that the members of staff working in this area be congratulated on such an excellent report.

10. Internal Audit Service – progress report

- 10.1 Received and considered a progress report from the Internal Audit Service on the 2014/15 plan. Karen Williams (Baker Tilly) advised the members that three audits had recently been undertaken and the reports would be issued within the next week. It was reported that the Long Term Planning and Review of the Decision-Making Process Audit was currently with the Chair of the Audit Committee.
- 10.2 Governors noted the update report.

11. Board Assurance

- 11.1 Received and considered a report from the Director for Resources, following on from the request for a worked case study of one of the Capital Project risks, to test and assess the Board Assurance Framework.
- 11.2 Governors were shown a Capital Projects risk item on the Risk Register and how the on-line system details the controls in place to mitigate the risk, how they are managed and the links to the Board Assurance Framework, where first, second and third level assurance evidence, if appropriate, is shown.
- 11.3 With regard to the Capital Projects risk being looked at, Governors enquired about the level of Prince 2 expertise in the College and were advised that a member of staff is currently undertaking the training. Governors were advised that the current expertise relied on was external to the College and were keen that the College builds its own in-house expertise for internal control purposes.
- 11.4 The observation was made that both the cause and the effect of a risk needed to be mitigated for but, in the current system used by the College, the majority of the risks had identified the cause and that perhaps work needs to be done to analyse the effect, e.g. the impact on teaching and learning.
- 11.5 Governors acknowledged that the Board Assurance framework was still work in process and would develop further over time.

12. Skills Funding Agency – Provider Financial Assurance Funding Review

- 12.1 Received the final report following the Skills Funding Agency – Provider Financial Assurance Funding Assurance Review; the draft report having been considered in detail at the last Audit Committee.
- 12.2 Governors were pleased to note that only a few minor matters were raised and congratulated the staff involved.

13. Business Continuity Plan 2014/15

- 13.1 Received and considered a report from the Director for Resources updating the Committee on business continuity.
- 13.2 Governors were pleased to note that business continuity received a 'green' audit opinion when it was audited last year.
- 13.3 The Director for Resources reported that the plan had a thorough testing following a power outage at the Mid Devon Campus recently and proved to be effective.

14. Internal Audit Service 2015/16

- 14.1 Governors discussed the internal audit service for 2015/16 and beyond, as the existing contract is due to expire in July.

- 14.2 Governors considered a paper from the Vice Principal/Director for Resources, outlining the process to be followed in tendering for the service.
- 14.3 Governors discussed the requirements and how the new process for strategic risk monitoring would link into the internal control process.
- 14.4 It was agreed that the Vice Principal/Director for Finance and Funding and two Audit Committee Governors would form the interview panel, with interviews taking place in May/June.

The meeting ended at 5.50pm

The above minutes are subject to confirmation at the next meeting of the Committee. In the meantime, however, action can, and should, be taken on the decisions made.