

AUDIT COMMITTEE

AGENDA NOTICE

Audit Committee Meeting

Date: Thursday 25th February 2016
Time: 10.00am – Governors' Training
 10.20am – Start of meeting
Venue: Westminster Conference Suite

Please note that at 10am there will be a short training session for Governors from RSM on 'The Role of the Audit Committee and Audit Committee Best Practice'

- 10.20 2.1 **Opening of Meeting and Apologies for Absence**
- 2.2 **Declarations of Interest**
- 2.3 **Minutes of the last Audit Committee meeting held 12th November 2015**
Part 1 Appendix 2.3a
Part 2 Confidential – Governors and SMT only Appendix 2.3b

2.4 **Matters arising from the minutes**

INTERNAL AUDIT

- 10.25 2.5 **Internal Audit Services Report – November 2015**
Report by Director of Finance & RSM Appendix 2.5
- 10.35 2.6 **Outstanding Internal Audit Action Points – 2014/15**
Report by Director of Finance Appendix 2.6
- 10.40 2.7 **Audit Assurance**
Report by Director of Finance Appendix 2.7

RISK REGISTER

- 10.50 2.8 **Risk Register Update**
Report by Director of Finance Appendix 2.8

POLICY UPDATES

- 11.10 2.9 **Fraud and Irregularity Policy**
Report by Director of Finance Appendix 2.9
- 11.20 2.10 **Anti-Bribery Policy**
Report by Director of Finance Appendix 2.10
- 11.30 2.11 **Public Interest Disclosure (Whistle-blowing)**
Report by Deputy Principal Appendix 2.11
- 11.40 2.12 **Any Other Business**
- 2.13 **Date & Time of the next Audit Committee meeting**
 Tuesday 7th June 2016 at 10am

DISTRIBUTION LIST

Mr D Hewitt – Chair
Mrs G Christie
Mr J Dowsett
Mr I Graham
Mrs P Hinchliffe
Ms W Megeney

Mrs C Slaymaker – Principal
Mrs J Bratt – Director of Finance
Mrs H Ramsdale – Vice Principal Curriculum & Learners
Mr I Wolloff - Deputy Principal
Mrs C Gillam – Clerk to Corporation
Mr M Cheetham – RSM
Ms C Bushell – Mazars
Ms N Wakefield - Mazars
Dr F Oduneye – Co-opted member

(Indicative timings for agenda items have been given in italics)

Farnborough College of Technology

Audit Committee

Minutes of meeting held on Thursday 25th February 2016

Present:

Mr D Hewitt – Chair of Committee
 Mrs G Christie
 Mr J Dowsett
 Mrs P Hinchliffe
 Ms W Megeney

In Attendance:

Mr Mike Cheetham – Baker Tilly
 Mrs J Bratt –Director of Finance
 Mrs H Ramsdale – Vice Principal Curriculum & Learners *not present for items 2.1 & 2.2*
 Mrs C Slaymaker – Principal *not present for items 2.1 & 2.2*
 Mr I Wolloff – Deputy Principal
 Mrs C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 10.03am

| Agenda Item | Minute | Action |
|--------------------|--|---------------|
| 2.1/15.16 | <p>Opening of Meeting and Apologies for Absence Apologies were received and accepted from Mr Graham and Dr Oduneye. Mr Hewitt welcomed Mrs Christie to her first Audit Committee meeting and thanked Mr Cheetham for providing a training session for Governors on the role of the Audit Committee</p> | |
| 2.2/15.16 | <p>Declarations of Interest No declarations of interests were noted in relation to the agenda items. <i>The Principal and Vice-Principal joined the meeting.</i></p> | |
| 2.3/15.16 | <p>Minutes of the meeting held 12th November 2015 The minutes of the last meeting were accepted as a true and accurate record and were signed by the Chair.</p> | |
| 2.4/15.16 | <p>Matters arising from the minutes Under item 1.15 it was noted that whether it came before Search Committee or Audit Committee, it was important to schedule a review of the new Code of Good Governance.</p> | |
| 2.5/15.16 | <p>Internal Audit Services Report– November 2015 The Internal Auditors had conducted a Finance Function Effectiveness Review as part of a series of ‘lean engineering reviews’ in order to support the College in operating as efficiently as possible. The review concluded with a list of</p> | |

recommendations, most of which would be addressed by the introduction of an online payment system by September 2016. It was noted that the report did not cover staff efficiencies but that it would be wise to implement the report's recommendations and then assess the impact of online payments upon staff functions.

In order for the Committee to track progress of the actions taken in response to the report's recommendations, the Director of Finance agreed to include an appendix to the Internal Audit Action Points paper at the next Committee meeting detailing progress.

Action: The Committee accepted the Internal Audit Report for November 2015. The report would be presented at the March 2016 Board meeting.

Board

2.6/15.16 Outstanding Internal Audit Action Points

The Committee noted that the majority of actions had been completed. Of those that were not, the Treasury Management Policy would be reviewed at the June F&GP Committee and a capital bid for the email monitoring system would be considered by the March F&GP Committee.

2.7/15.16 Audit Assurance

F&GP Committee noted at their November 2015 meeting the reduced assurance now given by the auditors on regularity and sought reassurance that sector wide significant risk factors were reviewed as part of the annual programme of internal audit. Mr Cheetham reminded the Committee that the change from 'reasonable' to 'limited' assurance was a regulatory change, that audit processes had not changed but this was a change from a positive to a negative assurance i.e. 'nothing had come to the auditor's attention that was inappropriate'. The significant risks to a college included areas such as internal controls, learner number systems, key financial controls and financial robustness. It was therefore important for Audit Committee to ensure that these items were included in the three year internal audit programme, and that they were included in the College's risk register.

Audit Committee agreed to maintain a focus on these key risks and noted that the change of internal auditors also provided reassurance as Baker Tilly had been appointed in part for their sector wide knowledge and experience and their detailed approach to internal audit. It was also noted that many colleges had not retained internal auditors but FCoT had and the internal audit plan contained a balance of core assurance and risk based assurance items.

2.8/15.16 Risk Register Update

Following on from the previous item the Committee considered the four significant risk areas identified for the college sector and identified where these were covered in the

College's own risk assessment plan. The internal audit plan should combine 'big ticket' high risk reviews and 'business as usual' risks which may not be identified as a big risk in this particular institution (e.g. learner numbers), but would have enormous impact if they failed. However, it was also important to note that the assurances the Corporation Board sought from Audit Committee' monitoring would not just come from internal audit reviews and reports but from a number of other sources and agencies e.g. external audit, Ofsted, SFA etc.

Having thoroughly reviewed the risk register it was agreed that both the biggest risks and the significant impact risks were covered but that the description of the rolling audit plan should be expanded by the Director of Finance and Internal Auditor to make this clearer. It was also suggested that up/down arrows be included for each item on the risk register to indicate how each item's risk profile had changed from the previous update.

Action: The Committee recommended that the risk register be presented to the March Board meeting as an item for information. **Board**

2.9/15.16 Fraud & Irregularity Policy

The Director of Finance introduced the updated policy which included some minor changes.

Action: The Committee approved the Fraud & Irregularity Policy. The Policy would be presented at the March 2016 Board meeting. **Board**

2.10/15.16 Anti-Bribery Policy

The Committee felt that there were issues with the original policy document and thus could not approve the document with its minor amendments. For example the policy was not internally consistent with its references to 'associated persons'. It was therefore agreed to bring a substantially revised policy back to the Committee in June.

2.11/15.16 Public Interest Disclosure (Whistle-blowing) Policy

The Committee agreed that the policy should be amended to make clear how a line manager who had been contacted with a concern was included in the processes set out in items 3.3 and 3.7. The policy should also make clear that malpractice items contained in 2.3 were not an exhaustive list and set out the regulatory bodies referred to in 4.3.

Action: The Committee approved the Public Interest Disclosure Policy subject to the changes noted above. The Policy would be presented at the March 2016 Board meeting. **Board**

2.12/15.16 Any Other Business

It was suggested that when the Committee considers its Terms of Reference at the November 2016 meeting consideration be given to changing the name to 'Audit and Risk Assurance Committee'.

2.13/15.16 Date and time of next Audit Committee meeting

Tuesday 7th June 2016 at 10am.

The meeting closed at 12.12pm.

Minutes agreed as being a true and accurate record by the Chair.

Signed:

Dated: