

NEW COLLEGE, SWINDON

Minutes of the Audit committee held on 29<sup>th</sup> November 2018

Present: Alexey Smirnov (Chair), Dennis Bridges, John Dernie

With: Charlotte Mannion, Chair of Governors (observing)  
Richard Bott, Mazars  
Robin Pritchard, Gateway Assure Limited  
Richard Harris, Vice Principal Finance and Resources  
Michael Dickinson, Financial Accountant and Procurement Manager

827 Apologies for absence – received from Peter Foskett, Peter O’Brien and Carole Kitching.

828 Disclosures of Interests – none.

829 Minutes of the last meeting held on 16<sup>th</sup> October 2018 – agreed as a correct record.

830 Matters arising from the minutes of the last meeting held on 16<sup>th</sup> October 2018 – none.

831 Risk Management update – report by Vice-Principal Finance and Resources received and noted.

The meeting noted that there are no significant changes to the main risks to the college. No formal meeting of the Risk Management Group (RMG) has taken place since the last meeting of the committee.

The meeting was disappointed to note that the Management Letter relating to the recent ESFA Funding Assurance Review has still not been received. Some recommendations with regard to data management are expected but any funding adjustments are expected to be very small (circa £11k).

The round 2 bid for the Institute of Technology (IoT) has been submitted, result due in January 2019. It is believed the bid has a strong chance of being approved and previously identified risks and challenges remain.

Employer contribution rates for the Teacher Pension Scheme are expected to rise significantly in 2019/20 and could cost the college circa £300k.

Discussions have been held with the external auditors regarding salary assumption as raised within the Audit Completion Report. When this was first looked at Actuaries advised that this was lower than expected however looking at this at a later date, in comparison with other like colleges, it is agreed that although still towards the lower end the assumption is acceptable.

Adult Education Budget (AEB) funding is to be devolved to seven combined authorities from the beginning of the 2019/20 academic year. From this date the ESFA will no longer be accountable for administering AEB. A detailed paper on this will be included with the Risk Management update at the next meeting and will be circulated to members of the Audit committee as soon as it is available.

Interviews have been arranged for the current senior leadership vacancies. Governors are involved with interviews for both the Deputy Principal Curriculum and Quality and the Vice Principal Finance and Resources roles.

**ACTION:** Detailed report on devolvement of AEB funding to members of the Audit committee as soon as possible and to be included in the next Risk Management update (VP Finance and Resources)

**832 Risk Appetite Statement** – report by Vice-Principal Finance and Resources received and noted.

The Vice Principal Finance and Resources advised the meeting that no changes have been made to the risk appetite statement from the previous year.

**RESOLUTION:** that the Risk Appetite Statement be agreed and recommended to Corporation for approval.

**ACTION:** RH to present Risk Appetite Statement to the Corporation meeting 29.11.2018

**833 Audit Completion Report (Management Letter)** – report by Mazars received and noted.

The meeting noted that the Audit Completion Report gives the college an unqualified opinion and makes only one low priority recommendation.

It was further noted that the Management Letter in respect of the recent ESFA Funding Audit has not yet been received but feedback is good with only a minor funding adjustment in the sum of circa £11k.

A sub-contracting audit is carried out on an annual basis and the 2018 audit looked at and gave a strong approval to the processes followed. Some areas were highlighted for improvement and these have or are in the process of being actioned.

**RESOLUTION:** that the Audit Completion Report be received and noted and presented to the Corporation.

**ACTION:** RH to present Audit Completion Report to the Corporation 29.11.2018.

**834 Internal Audit Annual Report** – report by Gateway Assure Ltd. received and noted.

**RESOLUTION:** that the Internal Audit Annual Report be received and noted and presented to the Corporation.

**ACTION:** RH to present the Internal Audit Annual Report to the Corporation 29.11.2018.

**835 Audit Committee Chair's Annual Report 2017/18** – report by Alexey Smirnov received and noted.

**RESOLUTION:** that the Audit Committee Chair's Annual Report for 2017/18 be received and noted and presented to the Corporation.

**ACTION:** AS to present Audit Committee Chair's Annual Report to Corporation 29.11.2018.

836 Audit Action List – received and noted.

The meeting noted that with regard to 1/16.1 (Payroll) the main reason for the delay in implementing the action was the recent change in Principal and the process to look at the college's overall strategy.

It was suggested that it would be helpful to governors if rather than just showing completion dates, dates for milestones towards the completion dates. This would give governors an idea of progress being made. The Vice Principal Finance and Resources stated that this could be done for the first four items on the list where the completion date has been postponed significantly.

**RESOLUTION:** that the following actions be removed –

1/18.1	Corporate Governance
1/18.3	Corporate Governance
3/18.3	Partnership Arrangements
3/18.4	Partnership Arrangements
6/18.2b	Learner Voice

837 Audit committee Terms of Reference – received and noted.

**RESOLUTION:** that the Terms of Reference for the Audit Committee be agreed and presented to the Corporation for approval subject to the words “to maintain” in paragraph 2 being removed.

**ACTION:** *TS to present Audit committee Terms of Reference to the Corporation 29.11.2018.*

838 Any other business – raised as follows:

(a) FRC Corporate Governance Code – the Chair advised that he had recently attended a conference which raised the FRC Corporate Governance Code. There could be implications for the college within the Code and an audit of existing governance arrangements might be advisable to ensure that the college is fully compliant.

839 Date of next meeting – Tuesday 19<sup>th</sup> March 2019 at 0830.

840 Appointment of Internal and External Auditors – confidential minutes refer.