



### **1.3 Declarations of Interest**

*Mr G McDonald & Mr R Cottam re-joined the meeting*

A declaration from Mr Paul Winrow was received advising members that the services of Grant Thornton had been engaged by Redbridge College to undertake Due Diligence of the College; and that Mr Winrow had not had any involvement in the project and that this had been entered into the Register of Interests at the time.

### **1.4 Notification of Any Other Business (not on the agenda)**

No items of other business raised.

### **1.5 Minutes of the Previous Meeting**

It was **RESOLVED** to **APPROVE** the Minutes of the Audit Committee meeting held on 16 June 2015 and for the Minutes to be signed by the Chair.

### **1.6 Matters Arising**

No matters arising.

## **2 YEAR-END: 2014/15**

### **2.1.1 Internal Audit: Assignment Reports**

The last of the reports relating to the reviews completed in accordance with 2014/15 audit plan were presented:

#### **2.1.1a Estate Management**

Reporting on the overall assurance of "Adequate" and reviewing the one significant recommendation and five housekeeping recommendations. In response to questioning members were advised of the arrangements for the implementation of the recommendations following the appointment of the new Head of Estates.

The report was noted.

#### **2.1.1b Learner Number Systems**

Noting and discussing with management the overall assurance of "Adequate" and the report's acknowledgement of management's awareness of the shortcomings. In response to questioning it was reported that the review had been delayed and rescheduled following staff illness and the decision taken to focus on the key DSAT and other checks, leaving completion of those that would not affect interim funding returns for completion once team was back up to full strength later, noting that the review had been helpful in confirming the work requiring completion.

The report was noted.

### **2.1.1c IT-Disaster Recovery**

Advising members that the report followed up on that issued in January 2013 and was linked to the advisory Business Continuity Planning report which was considered at the last meeting. It was noted that there was one fundamental recommendation, two significant recommendations and one housekeeping recommendation welcoming confirmation that all had been accepted, and are being actioned by the newly-formed IT team.

The report was noted.

### **2.1.2 Internal Audit Service: Audit Annual Report**

The IAS Annual Audit Report 2014/15 was received.

Members were advised that:

- Certain weaknesses and exceptions were highlighted by the audit work, none of which were fundamental in nature. It was noted that these had been discussed with management, to whom a number of recommendations had been made and that all had or were in the process of being addressed.
- It was the opinion of the IAS that on the basis of the audit work, it was considered that the College governance, risk management and internal control arrangements were generally adequate and effective.

Reviewing the report there was discussion of the:

- Increase in the reviews with less than Substantial Assurance, compared with three in 2013/14 and including Learner Number Systems, noting management's awareness that some checking had not been completed due to illness; Marketing, which had not been reviewed for several years; and IT Disaster Recovery, which followed up a substantial review two years earlier and where the processes were being finalised.
- The four Priority 1 recommendations, one of which it was noted was included in both the Follow-up report and the IT Disaster Recovery report and the 21 Priority 2 recommendations, compared to six Priority 1 and 23 Priority 2 in 2013/14.
- Progress in clearing the recommendations as shown in the Recommendations Log noting that aside from the remaining work to be done on Business Continuity Planning and Disaster Recovery, only nine significant recommendations required completion.

After consideration, it was **RESOLVED** to **RECOMMEND** for the Corporation

- **APPROVE** the IAS Annual Audit Report 2014/15.

### **2.1.3 Year-end Auditor's Management Report, Auditor's Regularity Audit Report & Auditor's Letter of Representation**

The draft financial statements, the external auditor's management letter, regularity audit report and proposed letter of representation for the year-ended 31 July 2015 were presented.

After confirming that the accounts for the year showed a surplus of £13k after restructuring costs but before FRS 17 adjustments and a deficit after FRS 17 of £928k, the management letter and regularity audit report were reviewed noting that:

- The auditors had indicated that the audit opinion would be unqualified.
- Four issues and recommendations raised in the management letter, three of which it was reported had been carried forward from the previous year. It was confirmed that all had been accepted by management with work on one recommendation, concerning the student record system interface, to be deferred pending a decision on the systems to be taken forward into the merged college. There was discussion of the recommendation regarding related party transactions, which it was noted was to the subject of review.
- Having completed the regularity audit programme to confirm compliance with SFA requirements and based on the work completed, the College's Statement on Regularity, Propriety and Compliance was fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2015.
- The proposed letter of representation members remained predominantly a standardised format.

Subject to the final SFA reconciliation expected early in December 2015, it was **RESOLVED** to **RECOMMEND** for the Corporation to:

- **APPROVE** for the year-end 31 July 2015, the Auditor's Regularity Audit Report, the Auditor's Letter of Representation and the Auditor's Management Report.

#### **2.1.4 Annual Risk Management Report**

Forming one element of the overall control environment on which the Audit Committee reports to the Corporation in their Annual Report, the risk management annual report was presented, summarising progress in Risk Management in 2014/15.

After consideration the Risk Management Annual Report was noted.

#### **2.1.5 Audit Committee Annual Report**

The Audit committee Annual Audit Report 2014/15 was received.

Summarising the activity of the Committee during for the year, the report, was reviewed.

In the context of the business conducted during the year and the overall assurance and opinion statements from the Internal and External Auditors and the review of the College risk management arrangements, the Committee considered the report's assessment of the College's internal control systems:

- Endorsing the proposal for the inclusion of an additional paragraph covering reports of relevance presented to the other corporation committees and the removal of reference to “mandatory” reviews
- Proposing the re-wording of the conclusion in reference to the Committee’s assessment of the work of the EAS
- The correction of Appendix A to ensure reference to the additional services undertaken by the EAS during the year.

Subject to the minor amendments proposed, it was **RESOLVED** to **RECOMMEND** for the Corporation to:

- **APPROVE** the Audit Committee Annual Report 2014/15

## **2.2 IN-YEAR MONITORING & PERFORMANCE: 2014/15**

### **2.2.1 Internal Audit Service (IAS): Progress Report**

An oral report was received updating members on progress in the implementation of the internal audit plan for 2015/16.

Members were advised that to date no Internal Audit work had been completed although it was reported that reviews were planned in the spring term 2016, covering the engagement of hourly paid/agency staff and strategic planning.

There was discussion with the IAS of the timescales for completion to ensure the timely presentation of reports to the Committee’s next meeting.

After discussion, the report was noted.

### **2.2.2 Implementation of Audit Recommendations: Progress Review**

A report was received updating members on progress in the implementation of audit recommendations from the audit services.

It was reported that there remained 24 open recommendations from Internal Audit, one of which was of high priority, relating to the development of a more comprehensive Business Continuity Plan, where confirmation of possible dates was awaited for support from our insurers, with the remainder comprising 12 medium and 10 low priority recommendations.

Progress was reviewed with management noting in particular those cases where the decision had been taken to defer further action pending the outcome of discussions regarding proposed merger/ collaboration with other colleges as it was expected that the outcome would affect what was required.

The report was noted.

### **2.2.3 Risk Management Strategy, Plan & Register 2015-16**

The Risk Management Strategy, Plan and Register 2015/16 were received.

In the context of the Risk Management 201/15 Annual Report, reviewed under agenda Item 2.1.4 the proposed actions for 2015/16 were considered.

There was discussion of those risks of particular relevance to the revised Strategic Priorities welcoming confirmation of their inclusion within the strategic risk register in the coming months along with a separate risk register to cover merger and collaboration, with a view to the development of a new risk register covering the restructured college for 2016/17.

After discussion, it was **RESOLVED** to **RECOMMEND** for the Corporation to:

- **RECONFIRM** the Risk Management Strategy, Plan and Register 2015/16.

### **2.3 REVIEW OF AUDITOR PERFORMANCE**

See Minutes 2.1.3 and 2.2.1

## **5 OTHER BUSINESS & NEXT MEETING**

### **5.1 Any Other Business**

None.

### **5.2 Dates of Next Meetings**

- **Tuesday 22 March 2016 at 8.30am**
- **Tuesday 21 June 2016 at 8.30am**

Confirmed as a correct record

Signed:..... Date:.....