

CORPORATION OF RICHMOND UPON THAMES COLLEGE

AUDIT COMMITTEE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON

WEDNESDAY 17 JUNE 2015 AT 6.00PM IN ROOM D6

PRESENT:

Michael Morley	Chair
Rob Pope	Independent member of the Corporation
Lucy Watson	Independent member of the Corporation
Nanda Ratnavel	Deputy Principal
Mike Cheetham	Baker Tilly
Debbie Parkes	Clerk to the Corporation

1.0 Apologies for absence

Apologies for absence were received from Bose Dada. The Committee resolved that Michael Morley should Chair the meeting.

2.0 Declaration of Interests

There were no declarations of interest in the business to be discussed.

3.0 Minutes of the Audit Committee meeting held on 26 November 2014

The Committee received and approved the previously circulated minutes of the Audit Committee meeting held on 26 November 2014. **APPROVED**

3.1 Matters arising not covered by the Minutes

The report on the action points from the minutes was noted. There were no other matters arising not covered by the minutes.

3.2 Notes of the Audit Committee meeting held on 11 March 2015

The Committee received for information the previously circulated notes of the Audit Committee meeting held on 11 March 2015.

3.4 Matters arising from the Notes not covered by the agenda

The Chair advised that, if it has not been possible to hold a quorate meeting, the Audit Committee should not wait until the next scheduled meeting but should reconvene as soon as possible.

ACTION: CLERK TO THE CORPORATION

4.0 Internal Audit Reports

4.1 Governance

The Committee received for information the previously circulated Governance internal audit report. The conclusion of the audit was that the Board can take reasonable assurance that the

controls upon which the organisation relies to manage this are suitably designed, consistently applied and effective.

Two recommendations had been made relating to the new Code of Good Governance for English Colleges and to the development of a Business Continuity Plan.

The Committee noted that a Disaster Recovery Plan was presented at this meeting and that the Deputy Principal was in the process of developing a Business Continuity Plan.

In terms of College compliance with the requirements of the new Code of Good Governance, members noted that the Corporation would be asked to formally adopt the new Code at its Board meeting in July and that an assessment of where the Board meets the requirements of the new Code and where action is needed to meet the standards had been made to the Governance, Search and Remuneration Committee at a meeting on 16 June 2015.

4.2 Risk Management

The Committee received for information the previously circulated Risk Management internal audit report. The conclusion of the audit was that the Board can take reasonable assurance that the controls upon which the organisation relies to manage this are suitably designed, consistently applied and effective.

The Chair questioned whether the conclusion accurately reflected the audit's findings and Baker Tilly advised that the audit had looked at risk management in its entirety and the judgement had been based on overall outcomes.

The Deputy Principal advised that the recommendation regarding the risk management policy would be addressed before the next Audit Committee meeting and that it is intended that departmental risk registers be effective by March 2016.

ACTION: DEPUTY PRINCIPAL

4.3 Key Financial Controls

The Committee received for information the previously circulated Key Financial Controls internal audit report. The conclusion of the audit was that, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this area are consistently applied and effective, action needs to be taken to ensure risks in this area are managed. The Committee noted that the amber/red opinion represented a decrease in assurance from recent years and members were advised that there had been some fluidity to staffing in this area, which had now stabilised.

Turning to the recommendations for Financial Planning, the Chair drew members' attention to the importance of adhering to a minimum framework of business, for example the issuing of monthly management accounts.

In relation to Fixed Assets, the Chair asked what steps the College might take to minimise the risk that assets are removed from the College's possession without being identified. The Deputy Principal advised that the College's systems for protecting its fixed assets were robust. A governor noted the risk of adopting a procedure that would cost more to implement than the assets it was protecting.

The Committee advised that particular care should be taken to ensure that the recommendations relating to a change in bank details are fulfilled.

4.4 Learner Number Systems

The Committee received for information the previously circulated Learner Number Systems internal audit report. The conclusion of the audit was that, whilst the Board can take some assurance that the College is complying with the EFA/SFA funding guidance, action needs to be taken to ensure risks in this area are managed.

The audit reviewed a sample of 90 learner files, testing to ensure the College is compliant with 2014/15 funding rules; two 'high', three 'medium' and four 'low' priority recommendations had been made. The Chair noted that the issues raised could have a serious impact on the College's funding claim. The Deputy Principal advised that the audit had been undertaken in-year, which provided the College with the opportunity to address issues by the time of the external audit in the autumn.

The Committee expressed concern about the fact that the College does not provide learners with individualised timetables. Members questioned whether this may impact on the College's attendance issues. Members were also concerned to learn that some students are not provided with their timetable until days/weeks into the academic year. Members were of the view that this issue must be rectified by August 2015 and were informed by the Deputy Principal that this was the date agreed by when management action would be taken. Members requested an update on the matter at the autumn Audit Committee meeting.

In connection with the recommendation for initial assessments, the Deputy Principal advised that diagnostics/initial assessments would be completed for all 16-18 learners and all learners completing English and Maths learning aims.

ACTION: DEPUTY PRINCIPAL

The Deputy Principal to update members at the next audit committee meeting of progress in meeting agreed actions.

4.5 Curriculum Planning

The Committee received for information the previously circulated Curriculum Planning internal audit report. The conclusion of the audit was that the Board can take reasonable assurance that the controls upon which the organisation relies to manage this are suitable designed, consistently applied and effective.

The Deputy Principal advised that conversations with staff about curriculum planning were taking place within the College. The Chair questioned whether the College's new strategic plan should be in place now, ready to be rolled out at the start of the academic year 2015/2016.

A committee member expressed the view that the new strategic plan would have little impact on 2015/16 planning and enrolment; the Deputy Principal advised that the development of the new strategic plan had been affected by changes to the senior leadership and additionally by the progress of the redevelopment project.

4.6 Follow-up Audit

The Committee received for information the previously circulated Follow-up internal audit report. The conclusion of the audit was that the College had demonstrated little progress in implementing actions agreed to address internal audit recommendations.

Members noted the likelihood that changes to the College's management team had impacted on the progress of addressing audit recommendations and the Chair asked whether succession planning for key roles within the College was in place. The Deputy Principal advised that this was an issue the College would need to address.

ACTION: PRINCIPALSHIP

Members requested that an update on the Follow-up of audit recommendations is made to the Committee at its meeting in the autumn term.

ACTION: BAKER TILLY

5.0 Internal Audit Plan 2015/2016

The Committee received the previously circulated report 'Internal Audit Strategy 2015/2016-2017/2018'. Baker Tilly advised that the strategy was based on the College's corporate objectives, risk profile and assurance framework, together with other factors including changes within the sector.

The Deputy Principal advised that the strategy had been shaped following an early planning meeting between the College and Baker Tilly and that further discussion would take place around the number of required audit days. The Committee may be asked to revisit the strategy at its autumn or Spring meeting.

A discussion took place about the scope of the proposed Marketing audit. Members were keen to clarify the exact reasons for the risk 'reduction in applications and enrolments'. The Chair drew attention to the importance of a system that would follow up all of the applicants who do not convert to enrolments. The Deputy Principal advised the Committee about a system the College was putting in place to track applicants.

The Committee questioned whether a limited scope review of Marketing would add value. Baker Tilly advised that they would not carry out the audit if they were not equipped to undertake it. The Deputy Principal said that he would welcome an external assessment of the College's marketing activity, however he would bear in mind the Committee's comments when further discussions on the Internal Audit Strategy take place with Baker Tilly.

ACTION: DEPUTY PRINCIPAL

6.0 Disaster Recovery Plan

The Committee received the previously circulated report 'Disaster Recovery Plan'. The report updated members on the work being done to create a comprehensive Disaster Recovery Plan for the College. The Deputy Principal advised that the Disaster Recovery Plan should not be confused with a Business Continuity Plan. The Deputy Principal said that the draft was a 'work in progress' and that conversations with local partners about co-ordinating activities/space in the event of a disaster were still to take place. A governor noted that the acquirement of physical space in the event of a disaster was not a necessity with current technology. The Chair noted the importance of regularly updating backup documentation by remote means.

7.0 Risk Register and Management Plan

The Committee received the previously circulated document 'Risk Register and Management Plan 2014/2015 Updated June 2015'. The Deputy Principal advised the Committee about any changes to the Residual Risk status.

Members requested that further narrative is provided in relation to the role of marketing in addressing under recruitment but also commented that some narrative was excessive.

The Committee was aware that declining success rates represented a huge risk for the College going forward and sought assurance that the remedial actions were correctly targeted.

The Deputy Principal advised that it had been possible to reduce the residual risk impact for 'Systems Failure' as the College was now working with IT Consultants and had appointed a Director of IT.

Turning to the risk 'No improvement in Ofsted grade', members recorded that the Progress and Update column repeats the actions urged by Ofsted and requested that this section provides a progress report on these actions.

ACTION: DEPUTY PRINCIPAL

The Deputy Principal to amend actions to provide concise details on progress made.

ACTION: DEPUTY PRINCIPAL

Attention was drawn to the 'RuTC Key Risk Heat Map'. The Committee asked why some areas, for example 'Failure to meet the requirements of Study Programmes' were not in the 'High' category and questioned the validity of this exercise. The Deputy Principal explained that the likelihood and impact of this occurring are both medium thus making the overall risk medium rather than high.

The Committee agreed to recommend the Risk Register report to the Corporation.

ACTION: AUDIT COMMITTEE

7.1 Board Assurance Framework

The Committee received the previously circulated report 'Board Assurance Framework'. The report updated members on the development of the Board Assurance Framework. The Deputy Principal drew members' attention to the changes that had been made to the previous version of the three lines of defence model, noting that the Audit Committee is now the third line of defence and another appropriate College Committee is the second line of defence committee.

The Audit Committee agreed to adopt the Board Assurance Framework as presented.

AGREED

8.0 RuTC Financial Regulations

The Committee received the previously circulated report 'Review of Financial Regulations'. Members noted that no major changes were proposed for this year and that title changes only had been made.

The Committee was content to recommend the amended Financial Regulations to the Finance and Resources Committee as presented.

ACTION: AUDIT COMMITTEE

9.0 Appointment of Internal/External Audit Service

The Committee received the previously circulated report ‘Appointment of Internal and External Audit Service’.

The Deputy Principal advised that Baker Tilly provides the College’s internal audit service and was commissioned to provide this service for a period of three years from 1 August 2010. An extension for one year could be agreed. The external audit service is provided by Buzzacott, commissioned to provide this service for three years from 1 August 2010. Provision also exists to extend Buzzacott’s services for a further year to July 2016. The Deputy Principal advised that reviews of both services had been positive.

The Deputy Principal noted that the Principal and senior postholders were relatively new to the College and recommended that there should be continuity in the provision of internal and external audit services.

The Committee approved the reengagement of Baker Tilly and Buzzacott to provide the internal and external audit services respectively for the year commencing 1 August 2015.

APPROVED

The Committee agreed that tendering for both these services should take place for the period commencing 1 August 2016 during the spring of 2016.

AGREED

ACTION: DEPUTY PRINCIPAL

10.0 Any Other Business

The Chair noted that the Clerk would retire at the end of August 2015 and advised that the College should consider the possibility of retaining some elements of her expertise while the new Clerk adapts to her role.

11.0 Date of Next Meeting

WEDNESDAY 14 OCTOBER 2015 AT 6PM

[Minutes taken by Debbie Parkes]

Signed Date:

Michael Morley, Chair of Audit Committee