

**CORPORATION OF RICHMOND UPON THAMES COLLEGE**

**AUDIT COMMITTEE**

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON**

**Tuesday 11 March 2014 at 6.00pm in Room D6**

**PRESENT:**

Colette Wilson	Chair, Independent member of the Corporation
Bose Dada	Independent member of the Corporation
Shereen Sameresinghe	Deputy Principal
Mike Cheetham	Baker Tilly
Debbie Parkes	Clerk to the Corporation

**1.0 Apologies for absence**

Apologies for absence were received from Paul Leonard.

**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 15 October 2013**

The Committee received and approved the previously circulated minutes of the Audit Committee meeting held on 15 October 2013. **APPROVED**

**3.1 Matters arising from the minutes of the Audit committee meeting held on 15 October 2013**

**Risk Register**

The Deputy Principal advised that the date that risks first appeared on the risk register would be incorporated in the report to the Corporation Board on 26 March 2014.

**ACTION: DEPUTY PRINCIPAL**

**4.0 Minutes of the Audit Committee Meeting held on 26 November 2013**

The Committee received for information the previously circulated record of the Audit Committee meeting held on 26 November 2013

**4.1 Matters arising from the minutes of the Audit Committee meeting held on 26 November 2013**

There were no matters arising not covered by the agenda.

**5.0 Internal Audit Reports**

**5.1 Internal Audit Progress Report**

The Committee received the previously circulated internal audit report 'Internal Audit Progress Report'.

The Committee noted that five internal audit reports would be presented at the meeting in June. The Committee agreed to consider the reports of the three audits currently being carried out by email. Queries would be forwarded via the Chair in order to save time at the June meeting.

**ACTION: CLERK TO THE CORPORATION**

## **5.2 Learner Journey**

The Committee received the previously circulated internal audit report 'Learner Journey'. Baker Tilly drew members' attention to the six recommendations, all of which had been agreed by management. The Committee noted that the overall audit opinion was 'Green'.

Members noted that the audit covered the first six weeks of the learner journey. The Chair asked how the College's 52% conversion rate compared to other colleges. Baker Tilly advised that it was somewhat lower, however it was difficult to compare like with like, competition in the area had to be taken into account and multiple applications were on the increase. The Deputy Principal noted that the College was currently on target to meet its planned learner numbers. A discussion took place about when and why students withdraw their applications and the Deputy Principal advised that the College monitors this information.

The Committee noted that enrolment was a standing item at College Management Team meetings and questioned whether a report on enrolment should be made to a Corporation Committee. It was agreed that, in the first instance, this report should be presented to members of the Curriculum, Quality and Standards Committee who could monitor that the College is doing the right things to attract students.

**ACTION: CLERK TO THE CORPORATION**

The Chair noted that if the Corporation Board moves to a smaller governance model, a report on enrolment may be provided to the Corporation Board.

The Chair suggested that a further audit might take account of the learner journey from the first six weeks until the end of the student's time at the College and the Deputy Principal advised that it may be possible to report on personal tutoring in the summer term.

**ACTION: BAKER TILLY/COLLEGE MANAGEMENT**

## **6.0 Risk Register and Management Plan**

The Committee received the previously circulated report 'Risk Register and Management Plan', together with the 'Heat Map' RuTC Key Risk Movements'.

Particular attention was drawn to the update on the following Key Strategic Risks:

- 2.1 Industrial action by staff leading to negative/detrimental impact on reputation and staff recruitment (the Committee noted that a ballot for staff action had been held by the Unions).
- 1.2 Under achievement of single adult funding allocation for 2013/2014 (the Committee noted that the probability of this had reduced).
- 4.3 Failure to fully meet the requirement of Study Programme.

In response to a question from the Chair, the Deputy Principal advised that there was not, as yet, an identified risk relating to the College Development Project specifically. This position would change, however, once the College gets the final 'go-ahead' for the project.

In response to a member's question the Deputy Principal advised that, as a result of investment in its infrastructure, the College had not experienced a network failure for some time.

A governor asked when the audit committee would consider whether or not it should adopt the Audit and Accountability Annex to the Foundation Code of Governance and it was noted that this issue would be brought to the June Audit Committee meeting.

#### **ACTION: COLLEGE MANAGEMENT**

#### **7.0 Performance Indicators for External Audit 2012/2013**

The Committee received the previously circulated report 'External Audit Performance Indicators 2012/2013': The report provided an analysis of staff assessment of the work undertaken by the College's external auditors in relation to the annual audit of the accounts year ended 31 July 2013. The Deputy Principal advised that the issue of the College's overdraft facility was discussed by the external auditors, however this matter had now been resolved. In relation to the satisfaction rating for question 6 'Did the audit team comprise staff of sufficient seniority, experience and expertise?', members noted that the Head of Finance had felt that audit staff had asked the same question too often.

The Committee noted that the external audit strategy 2013/2014 would be brought to the next Audit Committee meeting.

#### **8.0 Audit Code of Practice: Board Assurance Three Lines of Defence Model**

The Committee received the previously circulated report 'Board Assurance Framework'. The Committee noted that the Joint Audit Code of Practice published in July 2013 confirmed that it is not mandatory to appoint an independent internal audit service to carry out the evaluation of internal financial and other controls, rather it is for each college corporation, on the advice of the audit committee, to determine for itself how best to fulfil its obligation to secure the proper, economic, efficient and effective use of its resources and to safeguard the College's assets. As a result, the Audit Committee is now required to advise the Board on the adequacy and effectiveness of the Board's Assurance Framework.

Slides titled: 'What is Board Assurance', 'Three Lines of Defence Model', 'Risk/assurance mapping – where does assurance come from?' and 'Actions on gaps identified in risk/assurance mapping', were tabled for members' information.

The Audit Committee Chair explained that by adopting the Three Lines of Defence Model, the Corporation would gain assurance that would enable it to judge whether the College has 'an adequate and effective framework for governance, risk management and control'. The Three Lines of Defence model was an extension of risk management and the Chair drew members' attention to the three key groups in the model: those that own and manage risks on a day to day basis, those that oversee risks and external organisations that provide independent assurance. The Corporation Board was seen as the 'fourth line of defence'.

The Chair advised that there was no recommendation to remove the College's internal audit service, albeit the internal audit plan would be reviewed to ensure that it provides best value for money.

The Committee noted that the Board Assurance model must be fully operational in 2014/2015 and agreed that the completed Three Lines of Defence register should be presented to the Audit Committee at its June meeting for recommendation to the Corporation Board for approval in July.

**ACTION: DEPUTY PRINCIPAL**

## **9.0 Tendering of the Internal and External Audit Services**

The Committee received the tabled report 'Tendering of the Internal and External Audit Services'. The Deputy Principal advised that the original contracts for the College's internal and external audit services had been agreed as follows:

- External audit, 36 months to 31 July 2013 (with the potential to extend for up to three further years)
- Internal audit, 36 months to 31 July 2012

A decision had been taken by the Audit Committee to continue with the current internal audit provider pending any changes signalled by the Joint Audit Code of Practice. The Deputy Principal advised that Tenet had identified that the College's costs on its internal and external audit service were average for the sector and that very little, if any, savings would be made from retendering this service.

The Committee agreed that the contracts for internal and external audit are extended to July 2015 with a tender process to be carried out during the academic year 2014/2015 for both contracts.

**AGREED**

**ACTION: COLLEGE MANAGEMENT/AUDIT COMMITTEE**

## **10.0 Any other Business**

**11.0 Date of Next Meeting: TUESDAY 17 JUNE 2014 AT 6PM**

