

CORPORATION OF RICHMOND UPON THAMES COLLEGE

AUDIT COMMITTEE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON

WEDNESDAY 26 NOVEMBER 2014 AT 4.45PM IN ROOM D4

PRESENT:

Colette Wilson	Chair, Independent member of the Corporation
Bose Dada	Independent member of the Corporation
Paul Leonard	Independent member of the Corporation
Lucy Watson	Independent member of the Corporation
Diana Pogson	Interim Deputy Principal
Robin Ghurbhurun	Chief Executive/Principal (Agenda item 3.0)
Jackie Miles	Head of Finance
Emma Crook	Baker Tilly
Vikram Sandhu	Buzzacott LLP
Debbie Parkes	Clerk to the Corporation

1.0 Apologies for absence

There were no apologies for absence.

2.0 Declaration of Interests

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

3.0 Risk Register and Management Plan

The Committee had received the Risk Register and Management Plan dated October 2014 in the pack of papers for its meeting that had been postponed in October. A recently updated plan was tabled, and the Committee noted that the Corporation Board would receive this copy at its meeting on 3 December 2014.

The Principal advised that each Department of the College now has its own risk plan, and that risks would be monitored through the performance monitoring process. The Principal also advised that he would run a risk workshop for Department Managers in January; he noted that this was an area that staff had not made a major contribution to in the past.

A discussion took place in response to a governor's question about teaching and learning in the risk register. Members noted that a separate document, the Quality Improvement Plan, tracked the teaching and learning issues raised by Ofsted. The QIP had been sent to Ofsted, who were content with the information they had been given.

The Chair drew members' attention to the risk 'Delivery of Richmond Education and Enterprise Campus Project'/'Delivery of management time and budget on the project does not lead to successful application to LEP'. The Principal advised that currently his own time was spent on the project and that it is not detracting from other managers' work. All staff were engaged, however, through regular updates on the project. The Chair noted the risk that this, in itself, presented, and advised that work on the project should be spread across the senior staff as soon as possible. The Committee noted that there is a separate Risk Register

for the Richmond Education and Enterprise Campus Project, which would be monitored by the College Redevelopment Project Monitoring Group of the Corporation.

The Committee questioned the inclusion of 'Health and Safety' and 'Safeguarding' in the Risk Register, however it was noted that these areas reflected Ofsted's concerns. The Committee felt that the risks related to Compliance, Challenge and Board Assurance belonged in a quality improvement plan, rather than in the Risk Register.

The Committee welcomed the Risk Heat Map as a useful tool to show risk movement and risk that can be tolerated.

The Committee agreed to recommend the Risk Register and Management Plan dated November 2014 to the Corporation Board. **AGREED**

ACTION: AUDIT COMMITTEE

The Principal left the meeting.

4.0 Minutes of the Audit Committee meeting held on 17 June 2014

The Committee received and approved the previously circulated minutes of the Audit Committee meeting held on 17 June 2014. **APPROVED**

4.1 Matters arising from the minutes of the Audit committee meeting held on 17 June 2014

The report on the action points arising from the minutes was noted. The Committee also noted that further work would be undertaken on the Board Assurance Framework by the new Deputy Principal who takes up post in January 2015.

4.1.1 Internal Audit Strategy 2014/2015-2016/2017

Baker Tilly advised that audits reviewing the Post Inspection Action Plan and Promonitor would be carried out before the end of this term.

The Chair drew attention to the Post Audit Management Report's references to the College as a 'Going Concern', and advised that the Committee would continue to expect Financial Controls audits and may need to refocus on where the College spends audit days. This may require a refocusing of internal audit effort during the remainder of this year.

5.0 Internal Audit Reports

5.1 Board Assurance Framework

The Committee received the previously circulated report 'Board Assurance Framework'. The report raised four medium priority recommendations and members' attention was drawn to the Action Plan.

The Committee noted that the updated terms of reference at agenda item 7.2 addressed the risk that governors who sit on the Audit Committee are not aware of their responsibilities in relation to Board Assurance.

The Chair noted that further work on Board Assurance was required and that this should include a review of a means whereby members would be able to ensure that mitigating actions were taking place.

5.2 Course Costing

The Committee received the previously circulated report 'Course Costing'. The conclusion of the audit was that Baker Tilly had no significant concerns regarding the design of the College's course costing system. Members' attention was drawn to the two recommendations made.

During a discussion about the possible use of course costing to identify reductions in staff costs, the Interim Deputy Principal noted that this audit had only addressed the costing mechanism for courses and had not covered teacher utilisation or the size/number of groups per subject. The Committee noted that these areas may be addressed in a future audit.

6.0 Internal Audit Annual Report

The Committee received the previously circulated report 'Internal Audit Annual Report'. The report provided a summary of all the audit reports received through the year.

The Committee noted the opinion of Internal Audit that 'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Richmond upon Thames College's arrangements. In our opinion Richmond upon Thames College has adequate and effective governance, risk management and control processes to manage the achievement of its objectives'.

The Committee noted that fourteen audit recommendations remained outstanding and the Follow Up Audit would look at how many of those recommendations were still valid. In response to a requirement from the Chair, Baker Tilly confirmed that the Follow Up Audit would come to the June audit committee meeting at the latest.

ACTION: BAKER TILLY

7.0 Internal Audit Performance Indicators

The Committee received the previously circulated report 'Internal Audit Performance Indicators'. The Committee noted the evaluation provided.

8.1 Assessment of the Performance of the Audit Committee 2013/2014

The Committee received the previously circulated report 'Assessment of the Audit Committee 2013/2014'.

Members noted the items of business covered in the academic year 2013/2014.

Members noted that the Committee included two accountants in its present membership and that governors brought their individual skills and experience to the audit reports.

Turning to the annual business programme, the Chair requested that the Committee's consideration of fraud risk is included in the cycle. The Chair also recommended that the Committee should meet with the auditors without the presence of management at its autumn term meeting.

ACTION: CLERK TO THE CORPORATION

8.2 Terms of Reference for the Audit Committee

The Committee received the previously circulated report 'Terms of Reference for the Audit Committee'.

The Committee noted that the amendments to its terms of reference related to its responsibility for monitoring the Board Assurance Framework on a termly basis. The Audit Committee agreed to recommend its updated terms of reference to the Corporation Board for approval. **AGREED**

ACTION: AUDIT COMMITTEE

9.0 Audit Committee Annual Report 2013/2014 to the Corporation and the Principal/Chief Executive

The Committee received the previously circulated report 'Audit Committee Annual Report 2013/2014 to the Corporation and the Principal/Chief Executive'.

The Committee agreed to recommend the Audit Committee Annual Report 2013/2014 to the Corporation and the Principal/Chief Executive. **AGREED**

ACTION: AUDIT COMMITTEE

10.0 Regularity Self Assessment

The Committee received for information the previously circulated report 'Regularity Self Assessment'. The information contained in the report was provided to the financial statements auditors as part of the financial statements audit.

Governors noted the completed self assessment and that no significant issues had been identified.

11.0 Review of Risk Management Strategy

The Committee received the previously circulated report 'Review of Risk Management Strategy'. Members noted that a key change in the Strategy was the introduction of department level risk registers which would feed into the whole College Risk Register. In addition internal audit's recommendation relating to Board Assurance had been implemented.

The Audit Committee approved the revised Risk Management Strategy. **APPROVED**

12.0 Board Assurance Framework

The Committee received the previously circulated report 'Board Assurance Framework'.

The Committee noted the Framework and processes identified which contribute to mitigating the key risk areas.

The Committee agreed that the College should continue to commission internal audit activity on an annual basis using a risk based approach. The Committee noted that this may result in fewer audits being carried out each academic year as any areas found to be Green (i.e where substantial assurance has been provided) may move to every alternate year.

13.0 Going Concern Review Documentation

The Audit Committee noted that the following documents which had, or would be received, would enable them to express an opinion about whether the College is a going concern when considering the financial statements:

- Revenue Budget for 2014/2015 – received by Corporation 2/7/2014
- Two year financial forecast – received by Corporation 2/7/2014
- Management Accounts to 31 May 2014 – received by Corporation 2/7/2014
- Management Accounts to 31 October 2014 – to Audit Committee 26/11/2014
- Treasury Management Report to 31 October 2014 – to Audit Committee 26/11/2014
- Analysis of Outturn for 2013/2014 – to Joint Audit and Finance and Resources Committee 26/11/2014
- Accounts for the year ended 31 July 2014 – to Joint Audit and Finance and Resources Committee 26/11/2014
- Financial Objectives Report – to Audit Committee 26/11/2014

14.0 Any other Business

There was no other business.

15.0 Date of Next Meeting

WEDNESDAY 11 MARCH 2015 AT 6PM

The meeting closed at 6.10pm