

**Corporation Board of Richmond upon Thames College
Minutes of Audit Committee Meeting
14 October 2015 at 6pm, Room E20B**

Present: Michael Morley (Chair), Lucy Watson

In Attendance: Emma Crook (Baker Tilly), Nanda Ratnavel, Clare Thornes

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| 1 | <p>Apologies for Absence</p> <p>Apologies were received and accepted from Rob Pope and Lesley-Jane Eales-Reynolds.</p> |
| 2 | <p>Declarations of interest in Agenda items</p> <p>None.</p> |
| 3 | <p>i. Approve Minutes of the Audit Committee Meeting held on 17 June 2015</p> <p>The minutes were agreed to be accurate and were approved.</p> <p>ii. Any matters arising</p> <p>There were no matters arising</p> |
| 4 | <p>Internal Audit</p> <p>i. Internal Audit Reports since 17 June – there were none.</p> <p>ii. Internal Audit Annual Report</p> <p>Emma Crook ran through the Annual Report (which covers the whole year 2014/15), and drew Members’ attention to the Unqualified Opinion on page 3. She noted that the overall opinion on Internal Controls was Amber, because reviews of both <i>Key Financial Controls</i> and <i>Learner Number Systems</i> found that whilst some assurances could be taken on controls being in place, further action was required</p> <p>Q: <i>Why is there deterioration from last year?</i> (Internal Controls received a Green opinion last year) A: Because different areas are being reviewed and comparisons are not like-with-like.</p> <p>iii. Actions on Internal Audit Reports 2014/15</p> <p>A new summarized table of agreed actions being taken on recommendations had been circulated. NR noted that some actions were in progress, and some had been completed. There were no questions.</p> <p>iv. Internal Audit Performance Assessment 2014/15</p> |

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| | <p>Members had received the Performance Assessment in advance. Noted that the internal audit team has a good depth of experience, reliability and that no delays were experienced during the audit.</p> <p>There was discussion of the staggered nature of the internal and external auditors' terms (ie. their contracts do not run out simultaneously). It was noted that if both sets of auditors' terms finished simultaneously, that in itself would present a risk.</p> <p>The tender process for next year's internal auditors will start in spring 2016. Normal practice is to change internal audit company, not simply assign a different partner, when the contract finishes.</p> <p>AGREED: the Performance Assessment was agreed, and the decision to appoint Baker Tilly for 2015/16 was confirmed.</p> <p>At the last Committee meeting there was a discussion regarding the use of Audit days and making best use of the budget and the proposed days set aside for the auditing of the College Marketing department.</p> <p>Baker Tilly pointed out that a new SFA requirement to audit all subcontracts valued at over £100,000 would have to be added to the schedule requiring additional budget or reallocation of budgeted auditing days.</p> <p><i>Q: Why does marketing form part of the internal audit programme?</i> A: The suggested audit is very specific, looking at the use of postcode data to target marketing, and the success of that strategy. The audit has been requested because Finance cannot assess value for money of the marketing strategy, due to a lack of comparables.</p> <p>Members suggested that <i>data analysis</i>, rather than audit, is required. College needs to analyse where students are coming from (area/schools etc) and the current effectiveness of where the money is being spent in order to market intelligently.</p> <p>There are two questions (i) Is the marketing strategy effective? And (ii) is money spent on marketing providing value for money? The proposed internal audit would not answer either question, thus weakening the argument for spending Audit resources on such work, particularly as new SFA requirements to audit subcontracting have been imposed.</p> <p>It was agreed that the best option as this time is to propose that a Marketing presentation with time for Q&A be incorporated into a corporation board meeting. The Clerk was asked to bring this request of the Committee to the attention of the Corporation Chair.</p> <p>Action: NR to reconsider the internal audit programme and notify committee members of any revision to the schedule including the new SFA requirement.</p> |
| 5 | Regularity Self-Assessment |

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| | <p>A new framework for Regularity SA is under development. The current SA uses the old framework.</p> <p>Members suggested that at item 1.3, “the Corporation shall properly manage and develop its property ...”, an additional strand of Supporting Evidence should be the existence of the Corporation’s College Redevelopment Monitoring Group.</p> <p>Action: Update the Regularity SA with reference to College Redevelopment Monitoring Group (Jackie Miles)</p> <p><i>Q: In item 3.1 “Clear protocols to mitigate against corruption ...”, should the duty to declare gifts or hospitality extend beyond senior post-holders?</i> A: The college always uses purchasing frameworks, where they are available. Moreover, all purchase orders are signed off by NR as Deputy Principal, Finance and Resources. Thus the risk of corruption is low.</p> |
| 6 | <p>Risk Register</p> <p>The whole process of Risk Management has been overhauled. Risks are now attached to individual senior post-holders and in some cases members of the wider College Management Team. The risks listed on the main register are drawn from departmental registers.</p> <p>Members observed that the quality of the main register is dependent on the quality of input from departmental registers.</p> <p><i>Q: Does maintenance of the risk register form part of departmental managers’ KPIs?</i> A: Yes.</p> <p><i>Q: Can the Committee review the underlying registers to see what is being elevated and what is left out?</i> A: Yes. Note that low risks are dealt with by the departments themselves; only medium and high risks are to be elevated to the master Risk Register.</p> <p>Action: NR to consider how Committee can access/see a sample of the underlying risk registers.</p> <p>In terms of the risks listed on the master Register, the following points were made:</p> <ul style="list-style-type: none"> • New risks have been added – for example, Risk 16, (staff recruitment retention and development), Risk 17 (influencing relationships with key stakeholders) and Risk 18 (quality assurance of data). • Risk 16 (see above) <i>Q: Is there any succession planning in the senior management team?</i> A: No; it can be difficult to identify key staff, as the role descriptions change so often. Action: Add succession planning to the Action column. • <i>Q: Is there overlap between Risk 2 (declining Success Rates) and Risk 20 (failure to improve the quality of T&L and thus outcomes)?</i> A: There may be overlap, |

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| | <p>but there are also two possible causes – poor teaching and learning, and poor students. These represent two different risks.</p> <p>It was noted that the risk register / actions are ‘pre-emptive’ in nature, and the objective is to foresee risks, and reduce the likelihood of the risks occurring. Thus it is inappropriate to create ‘thresholds’ where matters need urgently reporting.</p> <p>Timeframe; the register is updated once a term ready for the College Management Team meeting.</p> <p><i>Q: Who will own the Actions?</i> A: They will be owned by the relevant CMT member, and overseen by the relevant Corporation Committee. Committees will receive only those sections of the register covered by their Terms of Reference. They will need to receive them in the same cycle of meetings as the Audit Committee, otherwise the time delay will make the process redundant.</p> <p><i>Q: How will the Actions be implemented?</i> A: They will be added to the annual development plans which underpin the strategic plan.</p> <p>Governors noted the considerable improvements in the implementation of the mitigation actions identified in the risk register since the last Audit Committee meeting. Thanks to be conveyed to NR and Chair of Governors.</p> |
| 7 | <p>Performance of the Audit Committee 2014/15</p> <p>This is a statutory report that is required to be sent to the SFA, and will be signed off by the Chair of the Audit Committee in December. Members suggested some minor amendments.</p> |
| 7 | <p>Any other business None.</p> |
| 8 | <p>Future Audit Committee Meetings</p> <p>Wednesday 9 March 2016 Wednesday 15 June 2016</p> <p>The meeting closed at 7.30 pm</p> |

Actions

| Ref | Item | Action | Responsibility |
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| A | 4 | NR to reconfigure the internal audit schedule and notify committee members of the revised schedule | NR |
| B | 5 | Update 1.3 of the Regularity SA report with details of College Redevelopment Monitoring Group | Jackie Miles |

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| C | 6 | NR to consider how the Audit Committee can access/view underlying risk registers. | NR |
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| D | 6 | Risk register point 16 – add Succession Planning to the column of Actions | NR |

Minutes taken by Clare Thornes (Clerk to the Corporation)

Signed **Date:**

Michael Morley, Chair of Audit Committee