



**MINUTES**  
**of the Audit Committee**  
**held on Monday 20 November 2017**

Present: - Mr Norman Moon (Chair)  
Cllr Sebastian Bowen  
Ms Sally Cassels  
Mr Kevin Tong (Co-opted Member)

In attendance: - Mr Edward Gwillim (Director of Finance)  
Mrs Linda Watkins (Clerk to the Corporation)  
Ms Louise Tweedie (RSM)  
Mr Jon Marchant (Mazars)  
Ms Carol Davey (Mazars)

The meeting was quorate as four members were present. Introductions followed and Kevin Tong was welcomed to the meeting.

	<b>Action</b>
<p>5. <b>Apologies for Absence</b> Mr Tony Ford and Mrs Shirley Coultas (Finance Manager).</p>	
<p>6. <b>Declarations of Interest</b> No declarations.</p>	
<p>7. <b>I. Approval of the Minutes of the Meeting</b> The Chair signed the minutes of the meeting held on 12 June 2017 as a true and accurate record.</p>	
<p><b>II. Matters Arising</b></p> <p>A. The Estates and IT Manager would attend the next meeting as the date for the IT audit had been deferred.</p> <p>B. Risk management training had been provided to assist managers to prepare departmental risk registers. The Director of Finance would attend the Operational Management Team (OMT) meeting to embed this practice.</p> <p>C. The Estates and IT Manager is responsible for IT and Data Protection but would not be the Data Protection Officer for the purposes of GPDR.</p> <p>D. Louise Tweedie confirmed that the Audit Strategy had been revised.</p>	
<p><u>The Committee agreed:</u> -</p> <ul style="list-style-type: none"><li>To approve the minutes</li></ul>	E Gwillim

**8. PWC Auditor's clearance letter**

Mazars confirmed that they had received professional clearance from PCW. The Director of Finance would check that the completion letter had been signed.

E Gwillim

It was noted that Keith St Peter Ltd was a subsidiary company which had ceased trading on 31 May 2017.

The Committee agreed: -

- To note correspondence which was presented for information

**9. RSM Internal Auditor's annual report**

Louise Tweedie presented the annual report which provided an overall positive opinion that the College had an adequate and effective framework for risk management, governance and internal control. The second level of opinion was given as some further enhancements had been recommended in some audit reports during the year.

The Chair referred to the recommendation tracker commenting that these did not appear to compare with recommendations in the auditor's report. Louise Tweedie explained that different comparisons were made as the 2016/17 tracker and audit report had also followed up recommendations from the previous year.

The auditor's benchmarking report will show how the number and level of recommendations made compares across the sector. A Governor asked if the trend identified anything specific each audit focused on different aspects. The College had been given a band 2 opinion from the assurance framework which was not based on the number of recommendations but the overall level of assurance.

The Committee agreed: -

- To recommend the Board approve the Internal Auditor's Annual Report to 31 July 2017

**10. Financial Statements Auditor's Report**

**I. Members' Report and Financial Statements for the year ended 31 July 2017**

Jon Marchant outlined the management letter which covered the purpose of the financial statements audit, financial performance, significant risks, accounting and audit issues to provide assurance for the Corporation to sign off the financial statements to 31 July 2017.

Appreciation was recorded to the Director of Finance and Finance Manager for their cooperation during the first audit conducted by Mazars.

Outstanding matters at the time of preparing the report were outlined which included bank letters and final confirmation on clawback.

Attention was drawn to significant findings confirming that

there was no evidence of overriding routine controls or issues regarding accounting estimates. Income recognition had been tested with no issues of concern. The Chair asked if the level of accrual for clawback was acceptable; this had been set based on funding returns. The Director of Finance had been in discussion with ESFA regarding potential clawback.

The sale of land at Holme Lacy was completed post-year end with exchange pre-year end. The disposal is being recognised post-year end on completion. Cash earned was similar to the allocation in the balance sheet. There is a post balance sheet event note.

The Chair asked for conclusions to be presented against significant findings.

Key judgement areas had been tested. The financial statements confirmed that the College was a going concern and Mazars would issue an unqualified opinion.

The actuary department had confirmed reasonable assumptions had been made for the LGPS. This was confirmed by benchmarking data provided showing comparison against other organisations.

Internal control recommendations were noted, none of which were high priority or significant.

The summary of misstatements was not material totalling £75,000, no adjustments were proposed.

## **II. ACOP Self-assessment**

The representation letter was presented for approval to be signed by the Chair of the Corporation and Principal along with the ACOP regularity self-assessment which provided further evidence to areas tested by Mazars.

### The Committee agreed: -

- To note the management letter confirming that Mazars had given HLC and KSP Ltd an unqualified audit opinion
- To approve the letter of representation
- To recommend that the Chair of the Corporation and Principal sign the regularity audit self assessment which Mazars had tested
- To thank the Finance Director and Finance Manager for their role to prepare the financial statements

## **11. Audit Committee's Annual Report to 31 July 2017**

The Committee is required to present an annual report to the Board to advise on the adequacy and effectiveness of the College's internal control systems in accordance with the Audit Code of Practice. This was a factual report detailing the work of the Committee in 2016/17.

### The Committee agreed: -

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- To recommend that the Board endorse the Audit Committee's Annual Report which would also be submitted to ESFA along with the Members' Report and Financial Statements.

**12. Value for Money Annual Report to 31 July 2017**

Members noted the Annual Value for Money Report outlining procurement processes to ensure value for money. This evidenced the College had satisfactory arrangements to promote economy, efficiency and effectiveness.

The Committee agreed: -

- To recommend that the Board endorse the value for money annual report 2016/17

**13. Internal Audit Progress Report**

Louise Tweedie presented the progress report. The IT audit had been deferred which would be available at the next meeting. GDPR and cyber-crime briefings had been provided.

The Committee agreed: -

- To note the internal auditor's reports and sector briefings

**14. Audit Recommendation Tracking Report**

The Committee agreed: -

- To note the tracking report which would be updated to include recommendations from Mazars

E Gwillim

**15. GDPR**

The Director of Finance had attended briefings on GDPR with the IT and Estates Manager confirming that the College was in a positive position to comply with GDPR. AoC are providing guidance for colleges. The College would need to identify a Data Protection Officer and provide staff training. Progress would continue to be reported to the Board and Committee. The timing of the internal audit was raised noting that this could not be completed until the College had sufficient time to plan for GDPR.

The Committee agreed: -

- To note progress to prepare for GDPR

**16. Risk Management**

I. **Risk Management Register:** Members noted the risk register with the following specific discussion: -

Assurance of robust arrangements to manage apprenticeships delivered in Wales was requested based on the recent apprenticeships levy; this was confirmed.

Data recovery was raised with a suggestion to do an exercise to test effectiveness and identify any necessary improvements.

The leases for Ludlow College were near completion

with no issues identified from either party.

It was confirmed that the College has robust health and safety procedures. The Health and Safety Advisor prepares regular reports to the F&E Committee. These are available for all Governors to access on Moodle. Staff training is provided online.

It was confirmed that NMite no longer require the College to consider acting at its public account body which had been removed from the Risk Register.

II. **Risk Management Annual Report 2016/17:** The report was a key part in establishing compliance with the Turnbull requirements for corporate governance. Processes had been changed following the internal audit of risk management with a new format introduced for the risk register. OMT would be required to take ownership of risk management and embed within their departments.

III. **Risk Management Policy:**  
A suggestion was made to consider including training provided for staff in the policy.

The Committee agreed: -

- To note the risk register
- To recommend that the Board endorse the risk management annual report 2016/17
- To recommend that the Board approve the Risk Management Policy

17. **Any Other Business**  
There were no items.

18. **Date and time of next meeting**  
The next meeting of the Audit Committee was arranged for Monday 26 March 2018 commencing at 4.00 pm.

**Signed as a true record of proceedings**

**Chair:** ..... **Date:** .....