

BASINGSTOKE COLLEGE OF TECHNOLOGY CORPORATION

AUDIT COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 30 NOVEMBER 2016

Membership (7):		Charles Cardiff	External Member	Chair
	*	Neale Killick	External Member	
	*	Nicole Martin	Co-opted Member	
	*	Martin Slatford	External Member	
	*	Pamela Woolgrove	External Member	Vice Chair
		Vacancy (MM)	Staff Member	
		Vacancy (SK)	External Member	
Quorum:		3 Members required	4 present at start	Meeting quorate
In Attendance:	*	Anthony Bravo	Principal	
	*	Simon Burrell	Clerk to the Corporation (Clerk)	
	*	Daniel Canham	Mazars (Internal Auditor) (IA)(DC)	
	*	Graeme Clarke	Mazars (Internal Auditor) (IA)(GC)	
	*	Carol Davey	Mazars (External Auditor) (EA)	
	*	Katrina Heath	Health & Safety Officer (HSO)	
	*	David Moir	Deputy Principal Finance & Resources (DPFR)	
	*	Sarah Wright	Finance Manager (FM)	
Present at meeting:	*			

PART 1 – NON CONFIDENTIAL MATTERS

(5.10pm)		ACTION
541.	APOLOGIES FOR ABSENCE Charles Cardiff.	
542.	CHAIR FOR THE MEETING In the absence of the Chair, the Vice Chair took the Chair for the meeting.	
543.	DECLARATIONS OF INTEREST There were no Declarations of Interest made.	
544.	NOTIFICATION OF ANY OTHER BUSINESS There were no items of Any Other Business notified.	
545.	MINUTES OF THE PREVIOUS MEETING The Minutes of the meeting held on 15 June 2016 were confirmed as a correct record, and were signed by the Chair.	

<p>546.</p>	<p>MATTERS ARISING</p> <p>There were no Matters Arising discussed that had not been considered elsewhere at the meeting.</p>	
<p>547. (5.12pm)</p>	<p>HEALTH AND SAFETY ANNUAL REPORT 2015/16</p> <p>A written report was received and considered. The HSO advised that the College's health and safety policy statement had been reviewed and amended recently by Citation Ltd, an external advisor, to reflect changes to legislation. They had also carried-out a detailed inspection in August 2015. It was noted that 97% of the High Priority recommendations, 93% Medium Priority and 79% Low Priority had been completed.</p> <p>The HSO advised further that fire extinguisher training in high risk areas was overdue and should be undertaken during 2016/17 following several changes of personnel in the areas concerned, eg. Hospitality, Motor Vehicle, Engineering, Estates, and Construction, at an estimated cost of £1,200 + VAT.</p> <p>The HSO reported that the number of incidents recorded during the year had decreased from 209 (2014/15) to 108 in 2015/16. However, she felt that this was not the case but was likely to be because of implementation problems following the introduction of a new reporting system. She confirmed that a review was in progress to resolve the matter.</p> <p style="text-align: center;">It was RESOLVED that the Health and Safety Annual Report 2015/16 be received and agreed.</p> <p>(The HSO left the meeting)</p>	
<p>548. (5.22pm)</p>	<p>PROGRESS REPORT ON IMPLEMENTATION OF RECOMMENDATIONS FROM PREVIOUS INTERNAL AND EXTERNAL AUDIT REPORTS</p> <p>A written report was received, considered and noted. The DPFR took the Ctte through the report and updated it on progress with regards to each of the recommendations made at previous audits.</p> <p>A total of 17 recommendations were outlined in the report. The DPFR advised that 10 had been completed, and the remainder were due for completion by March 2017.</p> <p>In reviewing the recommendation regarding social media login/password details being held in a central location, Neale Killick (External member) agreed to meet outside of the meeting to offer advice and guidance to the Marketing and Admissions Team on how to process this matter.</p>	
<p>549. (5.34pm)</p>	<p>INTERNAL AUDIT SERVICE</p> <p>1. Learner Number Systems (09.15/16) (Final)</p> <p>A written report was received, considered and noted. The Internal Auditor (DC) concluded that he could give adequate assurance on the effectiveness of internal controls reviewed. A total of 5 recommendations had been made, 4 graded Priority 2 (significant) and 1 graded Priority 3 (housekeeping), all of which had been accepted by College Management. The Internal Auditor took Members through the report and outlined the reasons behind each of the recommendations made.</p> <p>2. Stock Control – Hospitality, Hair & Beauty, Automotive (08.15/16) (Final)</p> <p>A written report was received, considered and noted. The Internal Auditor (DC) concluded that he could give limited assurance on the effectiveness of internal controls reviewed.</p>	

549.
(cont.)

A total of 5 recommendations had been made, 4 graded Priority 2 (significant) and 1 graded Priority 3 (housekeeping), all of which had been accepted by College Management. The Internal Auditor took Members through the report and outlined the reasons behind each of the recommendations made.

In response to a question from a Member the DPFR advised that he had requested the IA to undertake the review as he was aware of some weaknesses with poor control. He stressed that the level of stock held by each area was small.

3. Nursery Income (10.15/16) (Final)

A written report was received, considered and noted. The Internal Auditor (DC) concluded that he could give substantial assurance on the effectiveness of internal controls reviewed. A total of 1 recommendation had been made, graded Priority 3 (housekeeping), that had been accepted by College Management. The Internal Auditor took Members through the report and outlined the reasons behind the recommendation made.

4. Internal Audit Annual Report 2015/16

A written report was received and considered. The Internal Auditor (GC) took Members through his report. He advised that under JACOP the College had continued to retain a full scope internal audit service provided by an independent internal audit provider.

The Internal Auditor confirmed that the internal audit Plan for 2015/16 had been completed and all reports presented to the Audit Cttee for consideration. A total of 10 reviews had been undertaken with 26 Priority 2 (Significant) and 26 Priority 3 (Housekeeping) being made.

In reviewing his overall opinion, the Internal Auditor could give a clean and unqualified report.

It was RESOLVED to RECOMMEND to the CORPORATION that the Internal Audit Report 2015/16 be received and agreed.

550.
(5.42pm)

FINANCIAL STATEMENTS AND REGULARITY AUDIT 2015/16

A written report was received and considered. The External Auditor took the Cttee through her report. She reminded the Cttee that the financial statements reflected the first year of FRS 102, that all elements of FRS 102 had been included, and that the accounts had transitioned well to the new format.

In reviewing the financial statements, the External Auditor confirmed that she could give a clean and unqualified opinion, confirmed that the College was a going concern, that it was financially strong and had a good cash flow position.

The External Auditor highlighted a key area of management judgement related to the assumptions made by the actuary regarding the local government pension scheme. She felt that the actuary's assumptions were appropriate and were in line with most other colleges in the FE sector.

With regards to the regularity audit, the External Auditor confirmed that she had given a clean and unqualified opinion.

Overall, the External Auditor highlighted 1 Medium and 2 Low recommendations following the audit of the financial statements.

It was RESOLVED to RECOMMEND to the CORPORATION that the External Audit Report on the Financial Statements and Regularity Audit 2015/16 be received and agreed.

<p>550. (cont)</p>	<p>Letters of Representation regarding the financial statements and the regularity audit were received and considered. The External Auditor confirmed that they were both issued in a prescribed format, and that no changes had been made.</p> <p>It was RESOLVED to RECOMMEND to the CORPORATION that the Letters of Representation for the Financial Statements and the Regularity Audit be agreed and signed on behalf of the Corporation.</p>	
<p>551. (6.01pm)</p>	<p>RISK MANAGEMENT</p> <p>A written report was received and considered. The DPFR took the Cttee through the higher-level risks and updated it on progress. He advised that the Risk Register had been updated, and confirmed that nearly all the quality elements were all good. However, he highlighted a high-level risk that learners did not make sufficient progress in English and maths. In addition, he also highlighted the risk associated with learners' experience and any potential negative impact on retention, progression and reputation. He stressed that the risk score had dropped in 2014/15 and had not increased in 2015/16.</p> <p>With regards to the financial elements, the DPFR advised that there were concerns following the lower than anticipated enrolments in September 2016 and the impact of lagged funding in 2017/18 and beyond. He advised further that apprenticeship provision was growing but that increase did not off-set the overall reduction in income.</p> <p>The DPFR advised that the College was required to apply to continue to be on the official register of providers. He had included this as a new risk as the likelihood of not being registered was deemed low, but the impact if not approved was high. He advised also that the College had also submitted a bid for additional apprenticeship funding and if it was not agreed it would have a significant financial impact on the College.</p> <p>It was RESOLVED that the updated Risk Register be agreed.</p>	
<p>552. (6.10pm)</p>	<p>AUDIT COMMITTEE'S ANNUAL REPORT 2015/16</p> <p>A written report was received and considered. The Clerk advised that the Annual Report was based on the format for the previous year (2014/15) updated to reflect the work of the Internal Auditor and the External Auditor during 2015/16.</p> <p>The Internal Auditor suggested that the Annual Report should include reference to the internal control comments made in the Internal Audit Annual Report.</p> <p>It was RESOLVED to RECOMMEND to the CORPORATION that the Audit Committee's Annual Report 2015/16, amended as proposed above, be received and agreed.</p>	
<p>553.</p>	<p>USE OF COLLEGE SEAL</p> <p>The Clerk advised that the Seal had not been used since the last meeting.</p>	
<p>554.</p>	<p>ANY OTHER BUSINESS</p> <p>There were no items of Any Other Business discussed.</p>	
<p>555.</p>	<p>DATES OF FUTURE MEETINGS (<i>Meetings commence at 5.00pm unless stated</i>)</p> <p>Wed 15 Mar 2017 Wed 14 Jun 2017</p>	