



**MINUTES OF THE TRC
AUDIT COMMITTEE MEETING**

MONDAY 1 DECEMBER 2014

PRESENT

Ms J Collier (Chair); Dr R J G Bloomer; Mr B Owen; Ms A Todd

In Attendance:

Mrs S Martin (Clerk); Mr M Patterson, Vice Principal Finance & Resources
Mr J Ward and Mr D Jones, Grant Thornton UK LLP

The following members of the Resources committee were in attendance from Minute 14.49:
Mr S Kirk; Mr J Ellis; Mr P Jagger; Mr T Grice; Mr R Williams.

14.39 The Chair explained that Item 9 of the Agenda was to be taken with members of the Resources Committee present.

APOLOGIES

14.40 Apologies were received from Ms R Hill and Mr M Chaudhary

DECLARATIONS OF INTEREST

14.41 Members were reminded of the need to declare any interests. No interests were declared in respect of agenda items however, members reserved the right to declare an interest at any stage of the meeting.

MINUTES

14.42 The Minutes of the meeting held on 23 June 2014 (Part I) were agreed as a true and accurate record and were signed by the Chair.

14.43 The Minutes of the meeting held on 23 June 2014 (Part II) were agreed as a true and accurate record and were signed by the Chair.

MATTERS ARISING

14.44 The committee received a list of actions arising from the previous meeting. There was just one action arising and this had been completed.

ANY OTHER URGENT BUSINESS

14.45 The Chair informed members that the Audit Committee Terms of Reference states that 'the recommended numbers are three to five' whilst currently there are six members on the committee. Discussion followed regarding the most appropriate number of members for the committee, with the advantages and disadvantages of each option being considered. It was proposed that the Terms of Reference be amended to state that 'the recommended

numbers are four to six' ready for recommendation to the next meeting of the Full Corporation.

RESOLVED 14.45 **That the Terms of Reference be amended as necessary for presentation to the next meeting of the Full Corporation.**

RISK MANAGEMENT MONITORING REPORT

14.46 The VP F&R referred to the paper distributed prior to the meeting, commenting on the updated items highlighted in bold. The new item regarding security issues caused by unauthorised visitors to the site was discussed in more detail. The VP F&R reassured members that additional security staff have been put in place and any problems are quickly identified and reported to the police. Discussion is ongoing with SMT to determine any additional control measures to be implemented.

The Report was noted and received.

INTERNAL AUDIT PLAN 2014/15

14.47 The VP F&R confirmed that no changes to the plan had been made since the previous update and that Allotts would undertake the audit during February 2015. Discussion took place with regard to the flexibility of days allocated and that the VP F&R should inform the Committee if it was likely this could be reduced to achieve further savings.

The Report was received.

ANNUAL REPORT OF THE COMMITTEE TO THE CORPORATION AND ACCOUNTING OFFICER

14.48 The Annual Report of the Committee to the Corporation and Accounting officer was presented for consideration. The Chair was content with the report which provided assurance to the Corporation on the opinion of the internal and external auditors with regard to the adequacy and effectiveness of the College's assurance framework and internal controls.

RESOLVED 14.48 **That the Annual Report of the Committee to the Corporation and Accounting officer be recommended to the Corporation.**

FINANCIAL STATEMENTS AND AUDIT FINDINGS FOR YEAR END JULY 2014

14.49 J Ward (Grant Thornton) referred to the overview of audit findings which demonstrated a clean report with no significant findings. He added that only one matter remained outstanding which related to the signed management representation letter. The Chair confirmed that this would be on the agenda for the next full corporation meeting.

14.50 The Committee were referred to the CleanMail Solutions Fraud commentary within the audit findings and J Ward confirmed that this issue has now been resolved. The VP F&R informed members that the insurance company have re-imbursed the college as agreed and the overall cost to the college, including legal costs, is £15,500. The Chair commended the VP F&R and all involved for the significant work put into this case and for keeping members up to date throughout the process.

14.51 J Ward referred to the regularity findings within the report. He confirmed the unqualified regularity audit opinion whilst highlighting the recommendation to update the College Tender Policy document to reflect the appropriate course of action where tenders are received electronically via email.

RESOLVED 14.51 **That the VP F&R amend the Tender Policy document in response to the audit recommendation.**

14.52 Grant Thornton advised members of the new accounting requirements, included in the Financial Reporting Standard 102 and that these will apply to the financial statements of the college for 2015/16. The key proposed differences compared to the existing reporting framework relate to; Capital grants, holiday pay accruals, fair values, classification of tangible fixed assets and deficit recovery schemes for defined benefit pension schemes. J Ward recommended that finance staff prepare a report, to be presented to the audit committee that determines how the new accounting requirements will be implemented within the timescale required. Grant Thornton will provide the VP F&R with the FRS guidance booklet specific to colleges, which can then be distributed to all members.

RESOLVED 14.52 **That the VP F&R will produce a report to present to the Audit and Resources Committees, with the Clerk to include this as an item on the relevant agendas in June 2015.**

14.53 Grant Thornton reported that the Audit of the Financial Statements for year ending 31 July 2014 recorded an operating deficit of £197k. J Ward stated that the accounts are not a cause for concern and an unqualified opinion had been provided. It is understood that the lagged funding in relation to student numbers will have a positive impact by increasing income in future years. The VP F&R confirmed that a surplus budget is anticipated for the next three years, provided that there were no further large funding cuts.

14.54 T Grice referred to the Statement of Corporate Governance and Internal Control and Requested that his formal initials of Mr A E Grice be used within the list of corporation members rather than Mr T Grice. Dr RJG Bloomer raised the point that upon his retirement from the corporation in 2015, he would prefer to be documented within the report as retired as opposed to resigned. The Chair noted that Mr J Clark had been listed as resigned when he too should have shown as retired and requested that this be amended.

RESOLVED 14.54 **That Grant Thornton make the requested amendments.**

14.55 The Committee were content with the Letters of Representation and the Statement of Corporate governance and controls, for recommendation to the Corporation.

14.56 The Chair of Audit concluded that the Audit findings and financial statements represented a true and fair position of the College's financial position and thanked Grant Thornton for Auditors' report and for attending. Thanks were to be conveyed to finance staff for their contribution to the process.

RESOLVED 14.56 **That the Financial Statements and Auditors Report for year ending 31 July 2014, together with the Letter of Representation be recommended to the Corporation for approval.**

DATE AND TIME OF NEXT MEETING

14.57 The next meeting would be held on Monday 16 March 2015 at 5.30 pm.

Members of the Audit Committee, and Grant Thornton, remained to observe the Resources Committee consider the 2013/14 Financial Statements and Audit Findings.

Signed _____

Date _____