

NOTTINGHAM COLLEGE

AUDIT COMMITTEE

Minutes of the meeting held on 9 April 2018

Present: Stephen Russell (Chair))
Caroline Mackrory) External members
Michael Wisher)

In attendance: Jo Clifford Vice Principal Finance
Ian James Clerk to the Corporation
Chris Williams RSM (internal auditor)
David Hoose Mazars (external auditor)

PRE-MEETING WITH AUDITORS

The Committee met with the auditors in the absence of College management to provide an opportunity for the auditor to raise any issues of concern with the Committee. The auditors raised no issues.

APOLOGIES FOR ABSENCE

68 Apologies were received from Richard Donovan and John van de Laarschot (CEO).

DECLARATION OF INTERESTS

69 There were no declarations of interest.

MINUTES

70 **Resolved** that the minutes of the meeting held on 16 October 2017 be approved as a correct record and signed by the Chair

Financial Statements (ref: minute 44)

71 The Committee had been advised at the previous meeting that there was a mismatch between the net book value of grant funded assets and the deferred capital grant income. This needed further investigation although it did not affect the accounts. The Vice Principal undertook to provide a report for the Committee's next meeting.

Cyber Security & Information Risk - National Audit Office Guidance to Audit Committees (ref: minute 51)

72 The Committee would receive a full report on this guidance at the next meeting which would be attended by a representative from the College's IT staff. The outcome of an internal audit on the College's IT infrastructure would also be coming to that meeting.

73 The Vice Principal updated the governors on the College's preparations for the introduction of the General Data Protection Regulation (GDPR) in May 2018. The Committee would receive an internal audit report on this matter at the next meeting.

INTERNAL AUDIT

Progress report

74 The internal auditor updated the Committee on progress with the internal audit plan which was currently on schedule. Two reports were submitted to this meeting as follows:

Capital Projects

75 This report provided a 'green' audit opinion (substantial assurance) with two medium and one low priority recommendations which had been accepted by management.

76 With regard to the forthcoming major capital project to construct the City Hub building, the governors queried how the College would ensure the accuracy of accounts received from the contractor so that there was no over-payment. The Vice Principal assured the Committee that there was sufficient expertise in the Capital Project Board and Project Management Team to safeguard against this possibility.

Governance – succession planning

77 This report provided a 'green' audit opinion (substantial assurance) with three low priority recommendations two of which had already been implemented and one (relating to the diversity of the Board) was on-going.

FRAUD RISK ASSESSMENT

78 The Vice Principal submitted a report advising the Committee of the College's arrangements for managing the risk of fraud. The report also included the relevant section of the Financial Regulations together with the Fraud and Theft Response Procedure in place for the merged College. No frauds had been recorded although there were occasional attempts which required vigilance on the part of College staff.

79 The risk of fraud was considered to be relatively low although it was acknowledged that the City Hub project resented a potential new risk in that context.

80 The Chair commented that the policy on prosecution of offenders was unspecific and the Committee were of the view that the College should always press for prosecution unless, in particular cases, there were very good reasons for not so doing.

RECOMMENDATION TRACKING

81 The Committee received the tracking report noting that, of 18 current recommendations, seven had been completed and would now be removed from the report leaving 11 as outstanding.

82 The Vice Principal explained the position with each of the outstanding recommendations and the Committee noted that, as some of the recommendations originated from the pre-merger colleges and covered similar issues, the recommendations would gradually be addressed through the implementation of the merged College's systems and procedures. The Committee were satisfied that acceptable progress was being made.

RISK MANAGEMENT UPDATE

83 The Vice Principal submitted the Risk Management update highlighting new risks added to the Register and where risk scores had changed. The minutes of the Risk Management Group held on 21 March 2018 were also received for information.

84 In addition, the Committee received a colour-coded matrix indicating the risk positioning of 17 key risks. They asked for this to be submitted to the Board and for the 'risk owner' to be added to future versions.

INTEGRATION OF IT SYSTEMS

85 The Committee had asked for this item to appear on each agenda for the time being and they now received an update on progress and were reassured that satisfactory progress was being made.

APPOINTMENT OF INTERNAL & EXTERNAL AUDITORS

86 The Committee received a report setting out the proposed timetable for the retendering of the internal audit service from 2018/19 and providing an assessment of the performance of the financial statements and regularity auditor with a view to reappointment for a further year.

87 The governors were content with the timetable and to recommend the reappointment of the financial statements and regularity auditor whose contract had a further year to run.

88 A query was raised as to how the governors would be able to monitor the College's progress during the summer as there were no meetings during August. It was acknowledged that it was likely to be problematic to achieve a quorum during the holiday period and the Vice Principal was asked to consider with the SLT whether a regular information bulletin could be provided.

89 **Resolved** that the Board be **RECOMMENDED** to reappoint Mazars as financial statements and regularity auditor for 2018/19

DATE OF NEXT MEETING

5.30pm on Monday, 4 June 2018

Chair

Date