

NOTTINGHAM COLLEGE

AUDIT COMMITTEE

Minutes of the meeting held on 11 September 2017

Present: Stephen Russell (Chair))
Richard Donovan) External members
Caroline Mackrory)

In attendance: John van de Laarschot Chief Executive Officer
Jo Clifford Vice Principal Finance
Ian James Clerk to the Corporation
Chris Williams RSM internal auditor
David Hoose Mazars external auditor

APOLOGIES FOR ABSENCE

1 Apologies were received from Richard Cox and Michael Wisher.

DECLARATION OF INTERESTS

2 There were no declarations of interest.

MINUTES

3 **Resolved** that the minutes of the meeting held on 26 June 2017 be approved as a correct record and signed by the Chair

New College External Audit Fee (ref: minute 20)

4 The Chair reported that, following receipt of further details from Mazars, the proposed audit fee had been accepted.

AUDIT COMMITTEE'S ANNUAL REPORT

5 Further to the decision by BDO not to provide an internal audit assurance opinion for New College in respect of 2016/17, the Committee considered what sources of assurance might be relied upon for their Annual Report to be prepared later this term.

6 The Chair had given this matter some thought and he felt that the Committee's main sources of assurance were:

- internal audit reports and the internal auditor's annual report
- external audit reports
- other audit work undertaken
- the quality of management information provided to governors

7 Whilst a good deal of due diligence work had been undertaken as part of the preparation for merger, little assurance could be taken from those exercises as they pre-dated or were very early in the 2016/17 financial year. Due diligence had also been undertaken by the various funders during the merger process and some assurance might be taken from that work in that no serious issues had been raised.

8 For Central College, the Chair was content that all of the sources referred to in minute 6 were available and, subject to the completion of the 2016/17 external audit, gave the assurance required.

9 For New College, whilst there was no internal audit annual report, five internal audit reviews had been undertaken which had produced satisfactory outcomes with the exception of one element of the report on Financial Controls which the auditor had later conceded was adequate. Under 'other' audit work, audits of subcontracting had been undertaken on both colleges with satisfactory results. Prior year external audits on both colleges had raised no significant issues.

10 As a governor of New College, Caroline Mackrory was satisfied that the reporting to the New College governors had been of good quality. However, the Committee acknowledged that there had been a hiatus in reporting to the two pre-merger Boards in the period from around January 2017 whilst a huge amount of management time was being spent on combining financial and other data in preparation for the merger and, in particular, for the bid to the Transaction Unit.

11 The Committee were content that sufficient assurance was available for them to prepare a positive opinion for the Board although there should be a caveat related to the hiatus in reporting referred to in minute 10. The Clerk would draft the report which would come to the November meeting of the Committee.

EXTERNAL AUDIT

12 The external auditor provided a brief update on progress with the external audits of the accounts for Central College and the merged college. There were no issues to report as the audits were currently on track.

INTERNAL AUDIT NEEDS ASSESSMENT & ANNUAL PLAN FOR 2017/18

13 The Committee received the internal auditor's report on the needs assessment and Annual Plan for 2017/18. The draft Plan was discussed in detail and it was felt that the proposed audit of Health & Safety, having been audited in both pre-merger colleges in the previous year, could be deferred until 2018/19. Commenting on each of the proposed areas of audit in turn, the CEO observed that it would be particularly helpful if the audit of capital project controls could focus on the linkage between the City hub and the remainder of the Estates Strategy with a view to improving the College's space utilisation as speedily as possible.

14 The Plan included a sizeable contingency for possible work on harmonisation of systems/processes and the days allocated for Health & Safety would be transferred to the contingency within the significant overall total of 110 days. However, the contingency would not be used unless absolutely necessary.

15 The internal auditor would produce an amended version of the Plan for submission to the Board.

16 **Resolved** that the Board be **RECOMMENDED** to approve the internal audit needs assessment and the annual plan for 2017/18 and to delegate to the Committee the authority to vary the plan during the year should they consider this to be necessary

INTEGRATION OF IT SYSTEMS

17 The Committee had asked for this item to appear on each agenda for the time being and they now received an update on progress. The Vice Principal reported that a Project Board was in place meeting fortnightly and progress had been made as follows:

- enrolment system operational
- data migration completed for continuing students

- enrolment reporting in place with other aspects of reporting under development
- timetabling largely complete
- registration system in place with training being provided
- intranets built and soon to be launched
- single College finance system in place
- network developed although some issues affecting infrastructure had required 'work-arounds'
- emails migrated to Nottingham College accounts although some issues affecting individual accounts were being addressed
- IT specialists were being used where needed

18 Asked about the mood of staff during this process, the Vice Principal commented that there was a general level of understanding that there would be some disruption although some frustration where email migration issues affected individuals.

RISK MANAGEMENT

19 The Vice Principal submitted the current Risk Register together with a covering report providing a full account of changes made to the Risk Register at a meeting of the Risk Management Group held on 25 August 2017. A copy of the minutes of that meeting was also provided as evidence of the rigour of the process.

20 The Committee were satisfied that the risk management process was operating effectively in the College and they asked for two refinements to the information provided:

- definitions for each of the 1-5 scores for 'likelihood'
- a note of the origin of each new risk added to the Register

RECOMMENDATION TRACKING

21 The Committee reviewed the recommendation tracking report noting that the recommendations affecting the two pre-merger colleges had now been amalgamated into one document. Recommendations completed had been removed.

22 The Vice Principal commented that the document now needed a full review to test the recommendations for their relevance to the new College systems. Some would have been overtaken by events whilst others would remain on the tracker until a suitable control was in place. Completion of recommendations would be checked by the internal auditors during their follow up work.

DATES OF FUTURE MEETINGS

23 5.30pm on 9 October and 27 November 2017.

Chair

Date