

CONFIRMED MINUTES

AUDIT COMMITTEE

Minutes of the Meeting held on Wednesday, 5 December 2018 at 6.00 pm In the Boardroom at the Paddington Green Campus

PART ONE

Attendance

Present

John Petrie (Chair of Committee)

Jan Knight

(Quorum confirmed).

Also in Attendance

Amanda Thorneycroft, Chief Operating Officer

Katherine Patel, Buzzacotts Financial Statement Auditors (Items 1-11 & Item 13)

Chris Grubb, BDO Internal Audit Service (Items 1-8 & Item 13)

Steven Taylor, BDO Internal Audit Service (Item 1-8 & Item 13)

Natalie Watt, Interim Clerk to the Corporation (Minutes)

*Agenda items were taken in the order of the minutes below.

1. **Attendance and Apologies for Absence** **Action**

Brenda Goring Moore
2. **Declarations of Interest**
There were no declarations of interest.
3. **Health and Safety Announcements**
Standard arrangements in place for CWC venue.
4. **Minutes of the Meeting held on 13 June 2018 Part one & Part two.**
 - **Part one** – The minutes were **APPROVED** as a true and fair record of the meeting.
 - **Part Two** – Confidential – The minutes were **APPROVED** as a true a fair record of the meeting.
 - Noted that matters arising were on the agenda
5. **Review of Cash Flow & Banking Covenants - CONFIDENTIAL**
Subject to a Part Two Confidential Minute.
6. **Internal Audit Service Findings Reports**
 - i) **Recommendations Follow Up Report**
 - The Auditors confirmed to the Committee that the follow up recommendations report addressed the final year, pre-merger, for both CNWL and CWC.
 - Attention was drawn to the executive summary and the overall assessment.
 - The Committee noted that of the 36 recommendations that were reviewed, 17 had been implemented at the time of checking. Of the remaining 19, 13 had been assessed as partially implemented and none were of high significance. 6 other recommendations have either been superseded or risks have been accepted.

- The interim Clerk advised the Auditors to review the outstanding items with the Director of Governance and the COO as the recommendations no longer applied to the merged Board of UCG. Noted.
- The Auditors expressed the view that the rate of clearance was good.
- The Chair of the Committee requested that where recommendations were still in the process of being implemented that revised completion dates be inserted.
- It was noted that this applied to recommendations on pages 12, 16, 27, 29 specifically.
- Members noted the outstanding recommendation on enrolment and challenged the COO on the current position, it was noted that this would be dealt with under a later agenda item. However, Members were assured that a joint UCG enrolment form had now been introduced. Discussion followed on the challenges around this implementation.

The Committee **RESOLVED** to **RECEIVE** and **APPROVE** the Follow Up Report.

ii)Bursary Payments – Follow Up Report

- BDO presented the report. The Committee were informed that the management response had been positive. Discussion followed on the concerns raised in year and the actions taken during the year and for the start of 2018/2019.
- BDO noted that system had been strengthened and that one overarching policy and Head of Service was now in place across all of UCG.
- The Chair sought assurance from the COO that recommendations had been delivered, noting that one was due to be completed as at 31 October 2018. The COO confirmed that to her knowledge all actions had now been completed.
- The Committee were informed that the timing of the audit had been early so further follow up was planned for 2019.

The Committee **RESOLVED** to **RECEIVE** and **APPROVE** the Bursary Follow Up Report.

iii)MIS Effectiveness Report

- BDO presented the report to the Committee. Attention was drawn to the summary and the recommendations made.
- Detailed discussion followed on the ILR testing and how the sample was selected.
- Further discussion took place on the resourcing of MIS and the concerns around the vulnerabilities within the area, due to pressure on existing staff.
- The COO provided a re-assuring update on the plans that were in place currently and the proposals coming forward to address this issue.
- The Committee discussed the student's journey, the plan for merging systems, what systems had been centralised and streamlined and the need for additional and ongoing training.

The Committee **RESOLVED** to **RECEIVE** and **APPROVE** the MIS Audit Report.

iv)Financial Controls

- BDO presented the report and drew Members attention to page 3 of the report. Detailed discussion followed on the findings and lack of evidencing of actions which it was accepted were probably happening (but not evidenced).
- Members discussed the sampling used for journals and the range of transactions covered.
- Discussion also followed on the risk based approach adopted to sampling. The Committee noted the differences between the findings at CWC and CNWL

during the year and discussion followed on the need to embed the harmonisation of support staff and centralising of systems.

- It was acknowledged that the actions identified would provide a more robust checking environment. The Committee discussed other ways in which IT evidence could be triangulated and their experience in other organisations.
- Discussion followed on the move of Finance to the CWC site and the reasons for this were discussed.

The Committee **RESOLVED** to **RECEIVE** and **APPROVE** the Financial Controls Audit Report.

v) Student recruitment & Enrolment

- BDO presented the report to the Committee. Members noted that similar issues to those raised under the previous reports were identified regarding MIS systems and roles and responsibilities.
- Discussion followed on the different approaches at CNWL and CWC. The COO reassured the Committee that a short life working group had been established that was looking at longer term resolutions for this area,
- It was anticipated that there would be one student journey through the enrolment process within UCG from 2020.
- The Chair of the Committee requested that an implementation date be provided and reported to the next meeting of the Committee.
- Detailed discussion followed on the time frame and response rates. The Committee expressed concern at the 20-22 days identified for the enrolment process to be completed.
- The Auditors were probed about any contextual information they could provide regarding the London Colleges and within the sector generally.
- It was agreed that where possible this contextual aspect would be included in future reports. Further discussion followed on the impact on business and retention given the lengthy time frames involved.
- Members discussed the feedback reported from applicants. BDO reported that the information was not comparable as there was inconsistency in the questions asked, to survey the applicants and some evidence was not available.

The Committee **RESOLVED** to **RECEIVE** and **APPROVE** the Student Recruitment & Enrolment Report.

vi) Data Protection & GDPR

- BDO presented the audit report and confirmed to the Committee that the main focus of the audit was on the preparedness of UCG for GDPR.
- The Committee noted that the organisation received a moderate level of assurance for this area.
- The Internal Auditors, BDO, drew Members attention to the areas of good practice also identified on page 5 of the report.

The Committee **RESOLVED** to **RECEIVE** and **APPROVE** the Data Protection and GDPR.

7. Internal Audit Annual Report 2017/18

- The Internal Auditors summarised the plan and confirmed that all work had been undertaken and delivered against the approved plan.
- It was noted that the scheduling of the work would be reviewed for 2018/2019 to ensure that where possible it was spread through the year.

BDO

- The Committee welcomed this proposal noting the high number of audit reports that had been on the agenda for the evening.
- Page 6 of the report was drawn to the Committee's attention and the Committee were assured that the Internal Auditors were confident in giving a clean audit opinion for their annual report.
- The Chair asked the Auditors to identify any underlying concerns they had. BDO noted that there were more issues arising at CNWL in relation to MIS systems, however, one year post merger the emphasis for the future would be on cross organisational UCG systems.

The Committee **RESOLVED** to **APPROVE** the Internal Audit Annual Report and **RECOMMEND** it to the Corporation for **APPROVAL**.

8. **Audit Committees Annual Report to the Corporation 2017/18**

Subject to a Part two Confidential Minute.

9. **External Auditors Report: Financial Statements Audit and Regularity Audit Findings 2017/18**

Subject to a Part two Confidential Minute.

10. **Financial Statements 2017/18**

Subject to a Part two Confidential Minute.

13. **Internal Audit Plan 2018/19**

- BDO informed the Committee that they had met with the SLT and discussed the proposed plan which the SLT had considered against risk registers. Priority areas had been identified and were proposed in section 2.
- The Committee noted the total numbers of days allocated was 58 and queried whether this was sufficient?
- Discussion followed on the Capital Project on the horizon and the need to ensure that the right controls and systems were in place to monitor the project and the financial costs, risks and impact on the organisation.
- Discussion followed over the need for clear project management and clear governance oversight. The COO assured the Chair that specific risk registers were already in place to address the delivery of the project.
- The Chair proposed that the Internal Auditors meet with the SLT in the New Year to discuss the scope of the project and what if any value they could add to mitigate risks and ensure appropriate systems and processes were in place.
- The Chair informed the Internal Auditors that should this incur additional time then this should be flagged up the Committee so that consideration could be given to increasing the number of days for the year. Noted.
- The Internal Auditors agreed to meet with the SLT to discuss the matter and noted the flexibility referred to, however, they indicated that the additional word could be achieved in year subject to the parameters agreed.
- Discussion followed on the key importance of managing UCG's cash flow throughout the project. The COO provided the Committee with an example of the additional cash flow monitoring sheet produced for FGP.
- The Audit Committee were assured that the FGP Committee would be undertaking a robust monitoring of the cash flow and that monthly management accounts that included a cash flow projection were being circulated to them.

The Committee **RESOLVED** to **APPROVE** the Internal Audit Plan for 2018/19 to the Corporation for **APPROVAL**.

11. **Sub-Contracting Audit Report**

- This item was presented by Buzzacotts. The Committee were advised that as the subcontracting level had exceeded £100k in one year there was a requirement for the area to be audited.
- The Committee were informed that guidance around the audit had been issued late and there was only a 12 week period in which to undertake and report on the work.
- The work commenced after the last Audit Committee had met, hence the delay in the report coming forward. The Committee were informed that a letter of findings had been submitted to UCG. There were a number of small observations and suggestions that had been made to strengthen the systems in place and these had been acknowledged by the management team.
- The Committee were advised that the CEO had signed the appropriate documentation within the time frame required.

The Committee **RESOLVED** to **RECEIVE** and **APPROVE** the Sub Contracting Audit Report subject to the COO circulating it post meeting.

12. Whistleblowing Annual Report

- The Committee received the report noting that there were no incidents of Whistleblowing to report for the 2017/2018 academic year for UCG.

The Committee **RESOLVED** to **RECEIVE** the report.

14. Risk Management Report and Risk Registers

Subject to a Part Two Confidential Minute.

15. Review of Audit Committee Terms of Reference & Work Plan

- The Interim Clerk confirmed to Members that the Audit Committee Terms of Reference were being administratively updated to reflect changes in roles and consistency purposes.

The Committee **RESOLVED** to **APPROVE** the proposed changes to the Terms of Reference to the Corporation for **APPROVAL**. The Committee further **RESOLVED** to **RECEIVE** the Audit Committee Annual Work Plan for 2018/19.

16. Date of Next Meeting

- Monday 25 March 2019 at 6pm

17. Any Other Items of Urgent Business

Risk Management Policy.

- The COO reminded the Committee that the Risk Management Policy had been delayed last academic year and had only been approved in March 2019.
- As this was less than 6 months ago it was recommended that no revisions take place and the policy for UCG be carried forward.
- The Interim Clerk proposed that the policy review should remain in the Autumn Term to ensure that the schedule and business process could be re-aligned.

The Committee **RESOLVED** to **APPROVE** the proposal to review the Risk Management Policy in the Autumn Term 2019.

18. Issues of Confidentiality

Items 5,8,9,10,17 AoB proposed as confidential -

Signed: _____
Chair

Date: _____