

CARDINAL NEWMAN COLLEGE BOARD OF GOVERNORS - AUDIT COMMITTEE

A meeting of the above Committee will be held at **4.00 p.m.** on **Wednesday 24th February 2016** in **the Conference Room at the College.**

Members present:

Peter Halpin, Chair
John Calvert
Father Tim O'Sullivan
Peter Towers

Officers in attendance:

Bob Deed, Acting Clerk
Katie O'Reilly, Director of Corporate Resources

Apologies:

None received

Others in attendance:

Gareth Hitchmough, Mazars

MINUTES

The meeting commenced with a prayer

Minutes **MINUTES OF LAST MEETING**

The minutes of the meeting of the Committee held on Wednesday 21 October 2015 are attached.

A There are no items for inclusion in this section of the agenda.

B

1. **MATTERS ARISING FROM THE MINUTES**

The Risks Presentation programme was discussed. The Clerk confirmed that the programme had started with each Committee receiving a presentation on risks within their remit by the relevant risk "owners".

2. **RISK REVIEW PRESENTATION**

Gareth Hitchmough from Mazars presented a Discussion Paper on General Risks facing the FE Sector:

- Area Reviews: the slippage in the Greater Manchester review was noted; the reviews do not appear to be developing a "one size fits all" approach; the workload generated by the reviews on governors and senior managers at colleges was observed.
- Funding: the level of funding was put in the context of the demographic downturn.
- Student experience: increasingly students are becoming demanding consumers.

- Financing: the banks are putting some colleges under pressure.
- FRS102: there is likely to be less comparability in accounts as there will be diverging treatments; it was noted that the implications for the College were probably limited to the treatment of holiday pay accrual.
- Governance and board assurance: the increasing importance and workload of governance was highlighted.

The Members discussed the absence of FRS102 and Governance on the risk register. The Director of Corporate Resources explained that FRS102 is not a significant risk. The Committee discussed the merit of including governance problems on the risk register. Currently only the absence and loss of key governors was scored. The Committee raised whether there was due recognition of the possible effect of terms of office ending.

3. **UPDATE ON DISASTER RECOVERY**

The Acting Clerk, Bob Deed, in his capacity as Director of Corporate Resources presented the update report on both the disaster recovery plan and emergency planning. The Committee was informed of a recent visit by Lancashire police on how to respond to a severe situation. The College was planning to take this forward by developing command and control arrangements for such unlikely events. Governors asked about how the College was planning to disseminate messages to staff and students. The Director of Corporate Resources said that it was intended to show all staff the video. Management were still discussing plans in relation to students.

The Committee discussed whether these risks were covered by the “intruders on site” risk on the risk register. The Director of Corporate Resources indicated that this risk reflected historic concerns rather than more recent ones. The risk would require updating.

4. **ROLLING AUDIT ACTION PLAN: UPDATE REPORT**

The Director of Corporate Resources, Katie O’Reilly, updated the Committee on the four audit recommendations awaiting implementation:

- The Staffing and Remuneration Committee had been consulted on health & safety reporting. So the first listed recommendation had been implemented.
- The tracking of health & safety training requirements was in process of implementation but had been delayed by a postponed meeting with the College’s online training provider. The second recommendation would be implemented before the next meeting.
- The update of the health & safety policy for the minor changes coming out of the assurance review are being rolled into a comprehensive biennial review in the autumn term.
- The re-naming of admin accounts had been attempted several times and it had been complicated by legacy systems. However, the fourth recommendation has been implemented since the Committee papers had been circulated.

5. **NEW AUDIT REPORTS**

The Director of Corporate Resources noted that the data mining report by RSM identified no issues or cause for concern. The report was the output of the first part of the overarching Key Financial Controls review.

6. **RISK MANAGEMENT: TERMLY UPDATE REPORT**

The Committee noted that the overwhelmingly “green” nature of residual risks. The Director of Corporate Resources stressed that a number of critical risks had eased with funding changes. In addition, the risk managers had been working on lowering risk levels. The Committee asked about the appropriate means of focusing.

The Chair asked that the risk register should note when risks had been presented upon. (Action – Director of Corporate Resources BD)

The Members suggested that the Committee might focus on some of the red gross risks.

The Committee requested that the governance risk should be broadened to cover broader risks to governance. (Action – Acting Clerk)

7. **BOARD ASSURANCE FRAMEWORK: UPDATE REPORT**

The Acting Clerk introduced the update on Assurance work. He informed the Committee that the second part of the Key Controls review would take place in the Spring and the Safeguarding review would also take place this College year.

The Committee discussed what risks might arise if the Acting Clerk was appointed as the permanent clerk whilst having senior management responsibilities. The Acting Clerk suggested that the College could put in safeguards including a policy on the clerk’s independence and an annual review of clerking arrangements. He also highlighted the need for the Chair of the Governing Body and the Chair of the Committee to have a direct link with the external auditors.

The external audit partner said that he had not seen the clerk role undertaken by a postholder with senior management responsibilities. He planned to consult colleagues on this arrangement.

The Committee noted that the job-split of the Director of Corporate Resources role ensured that there were checks and balances. The Director of Corporate Resources said that it was intended that she would present most papers at future meetings of the Audit Committee rather than the Acting Clerk with the probable exception of the assurance plan.

The Committee enquired about the internal review of governance review by the Acting Clerk discussed by the Audit Committee. The Clerk said that the review was intended to include the self-assessment exercise undertaken in previous years but also an assessment of governance in the light of governance best practice such as the Association of Colleges' foundation code of governance where appropriate.

The Committee agreed:

- An in-year review of the Assurance Plan at the next meeting of the Audit Committee.
- The deferral of any work on Area Reviews.
- The internal review of governance review by the Acting Clerk for the Search Committee should be considered to be part of the assurance framework.

8. **DATE AND TIME OF NEXT MEETING**

The next ordinary meeting of the Committee is scheduled to take place at **4.00 p.m.** on **Wednesday 8th June 2016.**