Buckinghamshire College Group

Minutes of the Audit Committee Meeting held on 13 June 2018 at 5.30 pm in Room 1-03

Present: Mr A King, Mr S Griffin, Mr S Terry and Mr E Weiss (Chair)

In Attendance: Mr J McGrath (Vice Principal, Corporate Services), Mrs K Mitchell (Principal and Chief Executive), Mrs L Fitzgerald (Assistant Clerk), Ms R Murray (MIS), Mr K Scribbins (Clerk), Mrs A Smith (Administrator).

The Auditors (RSM) were represented by Sarah Mason and Lorna Raynes.

1 APOLOGIES FOR ABSENCE AND PRELIMINARY MATTERS

Apologies for absence were **RECEIVED** from Ms R Bhati, Mr M Farmer and Ms C Guildford.

There were no new declarations of interest.

It was **CONFIRMED** that the size of the Committee was six members plus one co-optee (Mr Hailey having left the Committee).

A particular welcome was extended to Rachael Murray (the Director of MIS and Planning for the college) who was in attendance to support the internal audit assignment report on Learner Number Systems.

2 MINUTES OF THE MEETING HELD ON 12 MARCH 2018

The minutes were **APPROVED** as a correct record with no matters arising. The minutes had been **ADOPTED** by the Corporation.

3 EXTERNAL AUDIT PLANS

Members considered the proposed plans which covered BEST and the Buckinghamshire College Group and referred to:

- Engagement Objectives
- Audit and Regularity Approach
- Risks

- Fees
- Matters brought forward
- Appendices e.g. governance control and independence

Reference was made to the Post 16 Audit Code of Practice and the RSM approach to the scope and timetable, both planning and fieldwork. The focus would be on income recognition, the pension scheme, going concern considerations, management override risks, the merger and loans. The plans set out the fees. The Corporation was recommended to adopt the plans and fees.

4 INTERNAL AUDIT ASSIGMENT REPORTS

The Committee considered:

The Learner Number Systems – internal audit, final version. This covered four funding streams of Aylesbury and Amersham and Wycombe Colleges and 80 learner files. There was one 'high', three 'medium' and eleven 'low' priority issues. The management gave positive responses to all the recommendations. The high recommendation covered plans for learner job hours. The report was **NOTED** and the recommendations were **ADOPTED**.

A brief oral report was also given on the **Financial Control Audit** for which the assignment report was due imminently. It was not expected that there would be any negative conclusions of significance. The recommendations in the report were likely to focus on continuing to evidence value for money in procurement procedures.

5 SCHEDULE OF OUTSTANDING RECOMMENDATIONS

There were no outstanding recommendations.

6 ACCOUNTING FOR MERGER

Members studied a paper by John McGrath on the approaches which could be adopted in respect of the accounting treatment in 2017-18 and beyond. In essence, two approaches could be applied – merger accounting and 'gift in substance' accounting.

The paper analysed the pros and cons of both methods and set out the criteria to be used to determine the method. The key criteria were (for merger accounting):

- No party to be portrayed as acquirer or acquiree
- No change in classes of beneficiaries
- Board members participate in determining management structure

It was felt that these criteria applied and, hence, merger accounting was appropriate. This was **RECOMMENDED** to the Corporation.

7 RISK MANAGEMENT REPORT

John McGrath introduced his updated report and this was **ADOPTED**. The report described the risk register and the College's approach to risk. The Committee concentrated on high level risks e.g. recruitment and student retention. GDPR was outlined as the emerging risk. Members felt that there was a need for an informal Financial Scrutiny Committee.

The Corporation was **RECOMMENDED** to set up such a committee.

8 AUDIT APPOINTMENTS

It was **AGREED**

that: Internal Audit should be reviewed with a view to tender

that: External Audit should be tendered next year (early 2019)

9 ANY OTHER BUSINESS

The new Joint Audit Code of Practice was **NOTED** as was its provision that staff should not serve on the Audit Committee.

Steve Terry, who was retiring, was thanked for his service.

Lucy Fitzgerald and Keith Scribbins were also thanked for their sterling service over the years. This was their last meeting.

Approved as an accurate record of discussions.

Signed:..... Date: 28.11.2018.....