



MINUTES OF THE AUDIT COMMITTEE MEETING

Held At Esher College
Tuesday, 14th June 2016, at 6.00 pm.

Present:

Robin John (Chair)	Simon D'Arcy
Jo Canessa	Ian Leigh
David Lavarack	Lin McGarry

Stephanie Wiles, Director of Finance and Estates (Advising Officer)

Rebecca De'Ath (Clerk)

Guy Biggin (Audit Partner) – virtual attendance via Facetime

1. PRIVATE BUSINESS

The Committee held a Facetime meeting with the Audit Partner, who was unable to attend in person as he was recovering from foot surgery. Items 8 and 9 were thus taken out of agenda order and were discussed with him after this item.

The Director of Finance and Estates left the room for this item.
The Audit Partner had nothing to bring to the attention of the Committee.

8. PLANNING FOR FINANCIAL STATEMENTS AND REGULARITY AUDIT

The College's Audit Partner had written to the Corporation to explain the scope of the forthcoming audit of the College's financial statements to 31 July 2016.

Q: Are there any changes to the audit process that you need to inform us of? No; the financial statements will have to conform to Financial Reporting Standard 102, and the Statement of Recommended Practice (March 2014), which require only cosmetic changes.

Q: Are you expecting the Profit & Loss account or the brought-forward reserves to be impacted by FRS 102? No, other than the holiday pay accruals, where there is a timing difference between the year ending in 31 July and HR contracts ending in 31 August, meaning that the Director of Finance and Estates would prefer to go down the route of not accruing holiday pay. It will be up to her to justify this decision.

Q: Could you remind me if we have already made any decisions in relation to complying with FRS 102? Yes, previously the Committee decided not to revalue assets (*Audit Committee Minutes of November 2014*).

Esher's Audit Partner brought to the meeting's attention the fact that areas of focus for the audit would include:

- Capital Expenditure (no new capital grants were received by the College this year, but there has been some spend); ensure that repairs and maintenance accounts do not include capital items which could impact on the amount of surplus being held);
- Pension scheme deficit is an estimate and the actuarial assumptions must be judged to ensure that they are a reasonable fit with the College's situation;
- The Managements' override of controls will be audited.

Finally, Crowe Clark Whitehill's fees had been reviewed downwards by £4k, on the basis that the College will continue to use this firm for the next 2 -3 years. This was agreed by the Committee (subject to the proviso that we might be a different organisation in the future, depending on the outcome of the area review).

The meeting unanimously approved the planning approach set out in the Crowe Clark Whitehill letter of 1st June 2016.

9. EXTENDED AUDIT ASSURANCE OF FINANCIAL CONTROLS

The College's Audit Partner summarised the key points in his Report and concluded that there were no significant risks to the College. The meeting discussed the medium risk finding: the fact that there was no evidence of a review by the College over the payroll reports through the preparation of the payroll control account reconciliation. Governors queried if Surrey CC as a provider had been reviewed in the recent HR External Assurance report.

ACTION: Guy Biggin to research whether they looked at Surrey CC as payroll provider in their report.

The meeting concluded that this audit had a good outcome and the Report was unanimously approved. The Chair thanked the Audit Partner for his Report.

2. APOLOGIES FOR ABSENCE

Apologies were received from Karin Rowsell and Peter Hickman.

3. BUSINESS INTERESTS IN AGENDA ITEMS

There were no declarations of business interests.

4. MINUTES OF THE LAST MEETING

The minutes of the meeting of 24th February 2016 were agreed as a true record and were approved.

5. MATTERS ARISING

A2-001: IT Director advises that the College has changed the locations used to store tapes, as such no additional action is required to further secure the data on the tapes.

A2-002: Action completed - Strategic Risk Register does now show what wording was to be deleted and what is new.

A3-003: Action completed – see item 9 (extended assurance review) above.

6. RISK MANAGEMENT REPORT

Governors discussed some of the risks presented.

Risk 2 – It was felt that some of the controls should move over to the actions column.

Risk 11 – This should be retained given the impending start of the new Deputy Principal.

Governors were not aware of any issues that had not been already covered in the document.

ACTION: Director of Finance and Estates to arrange for risk 2 to be amended and risk 11 to remain on the Risk Register.

The Risk Management Report was unanimously approved.

7. DISASTER MANAGEMENT STRATEGY

Governors explored whether the Strategy encompassed all aspects of potential terrorist incidents.

Q: Do staff know what to do in the event of a bomb scare? Yes, we have had a meeting with staff to cascade the “Run/Hide/Tell” procedure; they will then follow national police guidance.

Q: How will students know the difference between types of incidents if the fire alarm is used for every occurrence? The IT Department are looking in to the feasibility of messages flashing up on all computer screens to categorise the incident.

The meeting noted that there was a security guard on site who did challenge people.

Governors concluded that the College had a very good Disaster Management Strategy and it was unanimously approved.

10. ANY OTHER BUSINESS

There was none.

11. DATE OF NEXT MEETING – Wednesday, 16th November 2016 tbc

The meeting closed at 6.55 pm.

Attendance was 75% (6 out of 8 members)

Signed.....

Date.....

SUMMARY OF ACTIONS

A3-001	Item 9: Extended Assurance Report – Guy Biggin to research whether the College has already evidenced that it had reviewed external payroll provider in previous report.
A3-002	Item 6: Risk Management Report - Director of Finance and Estates to feedback amendments to risk 2 and 11.

SUMMARY OF GOVERNOR CHALLENGE [C] /SUPPORT [S]

C/S	Item	Topic
C	1	The meeting asked the Audit Partner whether there was anything of concern that he wanted to report to the meeting in private.
C	7	Governors' questioning in order to ascertain how robust the College's disaster management procedures would be in the event of a terrorist incident.
C	8	Audit planning – assurance sought by Governors that the College was compliant with FRS102 and the new SORP.
S	6, 7, 8, 9	The meeting approved the Risk Management Report, the Disaster Management Strategy, the annual audit planning approach and the extended assurance audit of financial controls.