

Scarborough Sixth Form College

**AUDIT COMMITTEE MEETING**  
**Wednesday 13 February 2019 at 5.00pm**  
**MINUTES**

Present: Chairman: Andrew Gregory

Members: Shaun Tymon Gareth Bullen

Also present: Linda Jeffreys (by invitation)

Heather Campbell, Clerk to the Corporation

1 **Apologies for absence**

Apologies were received from Jason Saunby and Phil Rumsey.

The meeting was quorate with 3 members being present.

2 **Declaration of any personal conflicts of interest**

None.

3 **Minutes of the previous meeting.**

a **Agree minutes.**

The Minutes of the meeting held on 3 December 2018 were approved and signed by the Chair at the Corporation meeting 18 December 2018. Members noted the minutes with no matters raised.

b **Updates from Clerk or College Management – None raised.**

c **Action previously agreed.**

The Schedule was noted and item 5 b) 3 December 2018 was still a work in progress with no update or date given when this would be completed. The 3 actions 7 c) (i), (ii) and (iii) would be covered by Linda in Item 7 of the agenda.

d **Matters arising not covered in agenda below**

None raised.

#### 4 **Risk Management and Business Assurance Update**

a) Risk Management Policy Statement

Members considered the Policy Statement and no matters were raised and agreed it was fit for purpose.

b) Risk Register Summary

Members noted the Summary of risks. The Chair and members of the committee observed Phil with CMT had been able to undertake 3 of the longest outstanding reviews from November 2017. This left one review from 2017, two from February 2018 one from May 2012 to be completed. No update was given as to when the remaining reviews would be updated.

c) Individual Risk Management Record(s) reviewed by CMT

Failure to provide site facilities and Services (SSR5)

Members noted the paper and one issue of concern raised was the Current issue of being “Close to capacity for local electricity substation” and the impact this would have on the College and the Disaster Recovery Plan detailed in the Schedule of Audit Recommendations – Work in Progress.

Failure to maintain adequate funding and secure financial health for operations (SSR6)

Members noted the paper and no issues were raised.

Failure to comply with statutory and regulatory requirements and maintain effective governance (SSR7)

Members noted the paper and no issues were raised.

Linda advised that management have taken a fresh look at the individual risks rather than updating from previous years and made changes to the Current Issues in particular which has help to raise new issues.

Gareth observed that he felt the individual records were a good scrutiny of risks that the College might face.

In general, there was good scrutiny of risks and no specific issues were raised. The committee commented about the benefits of getting background of the assessment of the risk in broad brush terms.

5 **Schedule of Audit Recommendations Work in Progress**

Members considered the recommendations and Shaun and the Chair both raised the concern that recommendations had not been completed and no date or timescale given when it would be completed. For example the IT recommendation March 2018 asked for hard copies of the IT Disaster Recovery Plan be kept in appropriate locations and be accessible by any member of staff but the College update details the DR plan being put on a cloud based system. The committee is aware a new IT infrastructure was being looked at but this raised concern that there are a number of recommendations that should be dealt with as a priority but still outstanding.

Linda agreed outstanding recommendations are a concern but there were a number that were not a high priority and current workload for management make it difficult to address what is a priority for management.

Shaun suggested that it might be worth management revisiting the recommendations with the auditors and looking at removing what is not a priority. The Chair agreed and suggested that management look at realistic timelines and provide the committee with a date when the recommendation would be complete.

Linda observed that the risk rate appeared to be the wrong way round as she is aware that Procurement has never been rated a 1 (High) it has always been a 3 (Low). She will follow this up in the reports and with the Clerk.

**ACTIONS AGREED**

- (i) Linda to look at the Risk Rate in the reports and check them with the Clerk
- (ii) Management provide the committee with realistic, fixed dates for completion of the recommendations.

6 **Biennial Review of the Committee’s Performance including Terms of Reference & Report any Changes to Corporation**

The Chair deferred the scoring of the committee’s performance to the end of the meeting and asked members to hand their papers to the Clerk to collate the scores to add to the minutes.

Members had received the papers prior to the meeting and the Clerk obtained the individual scores for each indicator and noted the following:

<b>Indicator</b>	<b>2017/18</b>
1. Achievement of Objectives	1/2
7. Conduct	1/2
8. Clerking Arrangements	2

Members considered the Terms of Reference and agreed these were fit for purpose.

## 7 **Consideration of Re-Appointment of:**

- a) Internal Auditors
- b) External Auditors

Linda tabled a Briefing Paper for the Audit Committee to consider the process of Appointment of College Auditors. She referred to the paper which covered the following:

### **Background:**

Our usual process with internal and external auditors is to go out to tender and appoint for a 3 year period, subject to annual review, with the option to extend for a further 2 years.

Baldwins are our external auditors and were originally appointed (as HLB Vantis) in 2009 to audit the 2009-10 accounts. Their latest 5 year contract ended with the recent audit of the 2017-18 accounts. Prior to this we used Baker Tilly (now known as RSM).

AuditOne are our internal auditors and have been since appointed (as East Coast Audit Consortium) in 1996. Several re-tender processes have taken place since. Their latest 5 year contract ended in 2017-18. The Audit Cm agreed to extend the contract for 1 further year to cover the current year (2018-19). AuditOne took over East Coast Audit Consortium from April 2017.

### **Benchmarking information:**

A query on audit arrangements was submitted to NORVIC Colleges, only 3 responses were received, apart from our own. Details below:

<b>College</b>	<b>External Audit Firm</b>	<b>Cost incl. TPS audit £ (inc. VAT)</b>
S6F	Baldwins, Sunderland	£9,984
A	Murray Smith, Northwich	£12,000
B	RSM, Hull	£15,120
C	RSM, Hull	£17,460

*2 other colleges in Venn Group not listed above also use RSM*

<b>College</b>	<b>Internal Audit Firm</b>	<b>Cost p.a. £ (exc. VAT)</b>	<b>Days p.a.</b>
S6F	AuditOne	£7,219	16
A	AuditOne	£6,840	17
B	None used	Ad-hoc c. £3000	
C	AuditOne	£6,840	Not specified

*1 other college in Venn Group also uses AuditOne and 1 other does not have an internal auditor.*

Benchmarking information is also collated nationally from all colleges via the Finance Record. The latest available is for 2016-17. For audit costs for all sixth form colleges this shows:

- External Audit (incl. VAT): £15,000 average
- Internal Audit (incl. VAT): £8,000 average (with 18 colleges having nil costs).

### **Options:**

- a) Go out to tender using purchasing consortium framework (CPC)
- b) Go out to tender using simplified tender process and selecting auditors based on those on benchmarking list within colleges in this area
- c) Extend with existing auditors on an annual basis, subject to satisfactory quote and then review annually after similar benchmarking process

- d) Get quotation from existing auditors for further 3 year contract, but with usual proviso for annual review.

It was noted that the F&E committee were satisfied that the College did not need to go out to tender for auditors, provided costs were benchmarked, the services were felt to be satisfactory and that there was some process to enable a fresh perspective being taken on a regular basis (e.g. through change of audit staff / managers).

Members considered the proposed options and noted that they were happy with the current Internal and External auditors' performances and going out to tender either through the consortium framework or selecting auditors based on benchmarking through partnership colleges would not be a financial gain for the College.

Members agreed to the following process:

- Appoint the existing Internal Auditors (AuditOne) – on a two year extension subject to satisfactory quote and the proviso of an annual review.
- Appoint the existing External Auditors (Baldwins) on a 3 year basis – subject to satisfactory quote with the usual proviso of an annual review

The Chair asked Linda to request costs from AuditOne and Baldwins and email these to the members of the committee to consider and subject to mutual agreement of the committee members with a recommendation to the Corporation that they approve at their meeting on 26 March 2019 the re-appoint of AuditOne and Baldwins as the College Internal and External auditors.

**ACTION AGREED:**

Linda to request costs from AuditOne and Baldwins and email these to the Audit committee to consider prior to agreeing a proposal to the Corporation.

8 **Any discussion items to be classified as “Confidential & Restricted”**

Members considered their discussions and agreed there were none that came under this category.

9 **Any Other Business**

None.

10 **Date of Next Meeting** 12 June 2019

11 **Confidential Items** – *See Separate Minute*

*There being no further business to discuss the meeting closed at 5.45pm*