

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 27TH NOVEMBER 2017

Present:	Neil McGrath	External (Chair)
	Tom McLnerney	External
	Lynn Pegler	External
In attendance:	Julie Holland	Deputy Principal (Finance & Resources)
	Richard Lee	KPMG (minutes 30 to 40)
	Lesley Venables	Clerk to the Governors

APOLOGIES FOR ABSENCE

30 Apologies for absence were received and accepted from Val Allen (External), Karen Banks (External) and Sue Suchoparek (KPMG).

DECLARATION OF INTERESTS

31 No declarations of interest were received.

MEETING WITH AUDITORS

32 The Committee met with the Auditor in the absence of senior management and was advised that there were no significant issues to report.

MINUTES OF MEETING HELD ON 25TH SEPTEMBER 2017

33 **Resolved -** That the minutes of the meeting held on 25th September 2017 be approved as a correct record and signed by the Chair.

MATTERS ARISING

34 The Committee received a list of actions resulting from the previous meeting and noted that all items were either in progress or had been completed.

FINANCIAL STATEMENTS 2016/2017

35 Governors received the draft Financial Statements for 2016/2017, together with the Management Letter issued by the Auditors.

36 The Auditor advised that an unqualified opinion had been issued for both the Financial Statements and the Regularity audits.

37 Assumptions relating to the College's contribution to the Local Government Pension Scheme had been reviewed, particularly the figure quoted for future salary growth. The Auditor had concluded that performance was in line with KPMG's own range of assumptions.

38 Two low priority recommendations had been raised during the audit.

39 The Committee noted that the College's financial health rating remained as 'outstanding' and there had been full compliance with the bank covenants on its existing loans.

40 **Resolved -** That, subject to any further minor typographical amendments and receipt of the reconciliation statement from the Education & Skills Funding Agency, the Financial Statements for 2016/2017 be submitted to the Board for approval

Richard Lee left the meeting at this point.

RISK MANAGEMENT UPDATE

41 The Deputy Principal presented an update on risk management issues that had occurred in the Autumn Term.

42 Following a request at the September meeting, all 10 key risks had been mapped against external sources of assurance and no significant gaps had been identified.

43 Governors were advised that there had been no amendments to the scoring of any risks and no new sub-risks had been added to the risk register.

44 All recommendations resulting from the Auditor's Extended Assurance work had been included in the Risk Management Action Plan.

AUDIT COMMITTEE'S ANNUAL REPORT 2016/2017

45 The Committee received a draft of its Annual Report to the Board and to the Principal (in her capacity as Chief Accounting Officer) for 2016/2017. The Report summarised the work of the Committee in 2016/2017, along with the outcome of the various audits. It concluded that, in the Committee's opinion:

- i) the College's systems of internal control are adequate and effective

- ii) the College's arrangements for risk management, control and governance framework and processes for securing economy, efficiency and effectiveness are adequate and effective.

46 It was noted that a total of 3 recommendations had been made by the Extended Assurance Auditor during 2016/2017, none of which had been classified as 'high priority', 1 of which had been graded as 'medium priority' and the remaining 2 as 'low priority'. One 'medium priority' and two 'low priority' recommendations had been made by the Financial Statements/Regularity Auditor.

47 The Report had been prepared in line with the requirements of the Post-16 Audit Code of Practice and the English Colleges' Code of Good Governance. The Clerk had also updated the Committee's terms of reference to align them to the new Post-16 ACOP.

48 Extended Assurance reports on Human Resources and Financial Controls were appended to the Committee's Annual Report. These had been discussed in previous meetings but, due to the timing of the work undertaken, had not been available for presentation to the Committee until now.

- 49 **Resolved -**
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| 1 | That the Audit Committee's Annual Report for 2016/2017 be submitted to the Board for information and sent to the Education & Skills Funding Agency with the Financial Statements |
| 2 | That the Board be RECOMMENDED to approve revised terms of reference |

ITEMS TO BE REPORTED TO THE BOARD

50 The Chair summarised the key points that would be reported to the full Board at its meeting on 18th December 2017:

- Financial Statements and Representation Letter recommended for approval by the Board
- Risk Management update – procedures reviewed to map external assurance sources against key risks
- Audit Committee's Annual Report – to be submitted to the Board for information when considering the Financial Statements.
- Extended Assurance Reports on HR (one medium and one low priority recommendation) and Financial Controls (no recommendations) were received

DATES OF FUTURE MEETINGS

5th March 2018 at 5.00 p.m.
25th June 2018 at 5.00 p.m.