

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 23RD SEPTEMBER 2019

Present:	Karen Banks	External
	Neil McGrath	External (Chair)
	Tom McInerney	External
	Lynn Pegler	External
In attendance:	Julie Holland	Deputy Principal (Finance & Resources)
	Rachel Pearson	KPMG (minutes 1 to 10)
	Lesley Venables	Clerk to the Governors

APOLOGIES FOR ABSENCE

- 1 Apologies for absence were received and accepted from Valerie Allen (External).

DECLARATION OF INTERESTS

- 2 No declarations of interest were received.

APPOINTMENT OF CHAIR

- 3 **Resolved -** That Neil McGrath be appointed as Chair until the first meeting of the 2020/2021 academic year

MEETING WITH AUDITORS

- 4 The Committee met routinely with the Auditor in the absence of senior management and was informed that there were no issues to raise as a result of their work since June 2019.

MINUTES OF MEETING HELD ON 24TH JUNE 2019

- 6 **Resolved -** That the minutes of the meeting held on 24th June 2019 be approved as a correct record and signed by the Chair.

MATTERS ARISING

7 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.

EXTENDED ASSURANCE REPORT

8 The Committee received for information an Extended Assurance Report on Key Financial Controls. The Auditor explained that this was an annual audit and that a significant number of areas of good practice had been identified during the review.

9 Two low priority recommendations had been made, both of which had been accepted by management and were being implemented.

10 In response to questions from governors the Auditor commented that in other client colleges there was a higher frequency and monetary value attached to any errors that were identified during the audit process. The overall assessment of the College's processes was that procedures were robust and operated effectively.

Rachel Pearson left the meeting at this point.

RISK MANAGEMENT/MONITORING OF PREVIOUS RECOMMENDATIONS

11 Governors received for information the annual report for 2018/2019 on risk management.

12 The College's risk management processes comprised three elements – the Risk Management Group, the Risk Register and the Risk Management Action Plan.

13 The Risk Register continued to be updated through consultations at the half-termly Risk Management Group meetings. This provided a comprehensive tool for management and enabled the Audit Committee to monitor the effectiveness of the College's internal control systems.

14 A total of 2 new sub-risks had been identified. The risk scores and the control status of the sub-risks in the risk register had been recently reviewed but no changes had been made.

15 The items on the Risk Register were reviewed by the Risk Management Group and the Audit Committee on a cyclical basis. A list of 10 of the most significant risks was linked to the College's strategic objectives. The Committee would continue to receive an annual report on the full Risk Register, with intervening reports focusing on changes or improvements made.

16 Progress on the implementation of all recommendations made by Auditors was monitored by management and the Committee through the Risk Management Action Plan.

17 It was noted that the Risk Management Policy reflected the Extended Assurance process in operation at the College and any previous recommendations made by the Auditors, such as incorporating a statement on the College's risk appetite.

18 Governors questioned whether there were procedures for testing the College's Disaster Management Plan. It was agreed that a high level report on the DMP would be presented for information to the Committee's December 2019 meeting.

- 19 **Resolved -**
- 1 That the Board **be RECOMMENDED** to approve the Risk Management Policy for 2019/2020
 - 2 That a report on the Disaster Management Plan be presented to the December 2019 meeting
 - 3 That the information contained in the Annual Risk Management Report be noted

ASSESSMENT OF CONTROLS ON FRAUD & IRREGULARITY

20 The Deputy Principal (Finance & Resources) presented a report on the assessment of controls on fraud and irregularity. The Committee was advised that, under the International Standard on Auditing (240), the Board was required to make representations on fraud and irregularity and the controls in place to mitigate them, when approving the Financial Statements for 2018/2019.

21 A review of the likely areas where fraud or irregularity could occur had been undertaken, with an assessment of all relevant controls to address any potential weaknesses. Each possible area of fraud had been linked to a specific risk(s) on the risk register. A full risk and sensitivity analysis had been carried out as part of the Financial Plan for 2019/2020.

22 It was noted that controls were in place to reduce the possibility of fraud or irregularity in each of the areas identified. All governors would be asked to complete a fraud awareness questionnaire. Together with the fraud and irregularity self-assessment summary and the assessment of anti-fraud measures (from Annex D of the Post-16 Audit Code of Practice), this should provide sufficient assurance to enable the Chair to sign the letter of representation relating to the financial statements for 2018/2019 at the December 2019 Board meeting.

23 The Committee received the Regularity Self-Assessment for 2018/2019, which required approval by the full Board.

24 The Clerk reported that ensuring that colleges had robust frameworks to identified and address fraud and irregularity issues was a high priority for the sector and its regulators. It was suggested that governors complete the electronic training module on Anti-Fraud and Anti-Bribery to provide a clear understanding of their responsibilities in this area.

- 25 **Resolved -**
- 1 That individual governors be asked to complete the fraud and irregularity questionnaire
 - 2 That the self-assessment of controls on fraud and irregularity be approved
 - 3 That the Board **be RECOMMENDED** to approve the Regularity Self-Assessment for 2018/2019

- 4 That governors complete training on Anti-Fraud and Anti-Bribery

ITEMS TO BE REPORTED TO THE BOARD

26 The Chair summarised the outcomes of the meeting and identified the following matters which would be brought to the attention of the Board at its meeting on 14th October 2019:

- Appointment of Chair
- Risk Management Policy, Regularity Self-Assessment, Annex C and Annex D of the Post-16 Audit Code of Practice were recommended for approval by the Board
- Governor training on anti-fraud and anti-bribery recommended for all governors

DATE OF NEXT MEETING

2nd December 2019