

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 24TH JUNE 2019

Present:	Valerie Allen	External
	Karen Banks	External (minutes 115 to 121)
	Neil McGrath	External (Chair)
	Tom McInerney	External
	Lynn Pegler	External
In Attendance:	Julie Holland	Deputy Principal (Finance & Resources)
	Robert Jones	KPMG (minutes 97 to 114)
	Lesley Venables	Clerk to the Governors

APOLOGIES FOR ABSENCE

97 There were no apologies for absence.

MEETING IN ABSENCE OF MANAGEMENT

98 Governors met in the absence of management and were advised that there were no issues to report. Following a restructuring of KPMG's audit services, a different Audit Manager had been assigned who had had previous experience of the College's operations.

99 The majority of the extended assurance visits had now been undertaken for 2018/2019. However, following discussions with management and at the Committee's March 2019 meeting, it had been agreed to postpone the proposed visit on work experience to 2019/2020.

DECLARATION OF INTERESTS

100 No declarations of interest were received in respect of any agenda items.

MINUTES OF MEETING HELD ON 4TH MARCH 2019

101 **Resolved** - That the minutes of the meeting held on 4th March 2019 be approved as a correct record and signed by the Chair.

MATTERS ARISING

102 The Committee received a list of actions resulting from the previous meeting and noted that these were all completed.

EXTENDED ASSURANCE REPORT – SUB-CONTRACTING

103 The Extended Assurance Auditor presented a report on Sub-Contracting, which was required annually by the Education & Skills Funding Agency as a condition of funding.

104 One minor recommendation had been made on ensuring that the wording of legal contracts with third parties complied with the model contract issued by the ESFA. Governors noted that the ESFA had only issued the guidance after the contracts had been prepared and signed, which meant that management had not been able to implement the changes in a timely manner, but that this was currently being actioned.

105 The Auditor commented that the report showed that the College's internal controls were effective and the outcomes compared favourably to other colleges in the sector, particularly given the number of records that had been audited.

RISK MANAGEMENT

106 The Deputy Principal presented an update on recent discussions at the Risk Management Group.

107 Following a request at the previous Committee meeting, the risks on the Risk Register had been re-ordered so that the most significant risks appeared at the beginning. This had prompted some changes to the scores for several sub-risks and a review of current risks to ensure all internal and external factors were captured and had mitigating controls.

108 The Risk Management Action Plan that was used to track progress against audit recommendations contained only one item: the amendment of sub-contracting contracts (as outlined in an earlier agenda item).

EXTENDED ASSURANCE PLAN FOR 2018/2019

109 The Extended Assurance Auditor presented the draft plan for 2019/2020, which was based on discussions with management, previous requests by the Committee and current practice within the public sector.

110 **Resolved -** That the Board **be RECOMMENDED** to approve the Extended Assurance Plan for 2019/2020.

AUDIT STRATEGY & PLANNING MEMORANDUM FOR FINANCIAL STATEMENTS 2018/2019

111 The Financial Statements Auditor presented a plan for the work to be undertaken for the 2018/2019 financial statements.

112 The plan had been prepared following discussions with management on the key risks facing the College. Work would also be carried out during the audit to test whether the College had used the funds provided by Government in accordance with the principles of regularity.

113 The total fees excluded the separate audit of the Teachers' Pension Scheme. Any issues arising from the interim audit scheduled for July/August 2019 would be reported to the Committee's September meeting.

114 **Resolved -** That the Board **be RECOMMENDED** to approve the Audit Plan for the Financial Statements for the 2018/2019 financial year.

Rob Jones left the meeting and Karen Banks joined it at this point.

POLICIES

115 The Committee received several policies that had recently being updated to reflect legislative/regulatory changes and staff titles.

116 **Resolved -** That the Board **be RECOMMENDED** to approve policies on:

- Whistleblowing
- Anti-Bribery
- Anti-Fraud & Corruption
- Anti-Money Laundering

BENCHMARKING REPORT

117 Governors received for information a report that benchmarked the College against the rest of KPMG's clients within the further education sector for 2017/2018. It was noted that levels of performance exceeded the benchmark in most areas and that the College's finances were robust.

TERMS OF REFERENCE

118 The Clerk reported that further minor amendments had been made to the Committee's terms of reference to align them to the content of the Post-16 Audit Code of Practice. A further review would be undertaken over the summer with any updates submitted to the September 2019 meeting.

119 **Resolved -** That the Board **be RECOMMENDED** to approve the revised terms of reference.

COMMITTEE SELF-EVALUATION

120 The Clerk presented a draft of the Committee's Self-Evaluation of its performance in 2018/2019, which was then discussed by governors. It was agreed that the overall performance should be graded as a '2'.

ITEMS TO BE REPORTED TO THE BOARD

121 The following items would be reported to the Board at its meeting on 8th July:

- Extended assurance report on Sub-Contracting had been received
- Update on risk management activities.
- Financial Statements Audit Plan for 2018/2019 and Extended Assurance Plan for 2019/2020 were recommended for approval by the Board.
- Policies and revised terms of reference recommended for approval by the full Board, with a further review being undertaken over the summer.
- Self-evaluation of the Committee's performance had been discussed and graded as a '2' for 2018/2019.

DATES OF FUTURE MEETINGS

23rd September 2019, 5.00 p.m.

2nd December 2019, 5.00 p.m.

2nd March 2020, 5.00 p.m.

22nd June 2020, 5.00 p.m.