

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 19TH SEPTEMBER 2016

Present:	Valerie Allen	External
	Wesley Rourke	External (Chair)
	Melanie Simmonds	External
	Denise Whitney	Staff
In attendance:	Julie Holland	Deputy Principal (Finance & Resources)
	Richard Lee	KPMG
	Lesley Venables	Clerk to the Governors

APOLOGIES FOR ABSENCE

- 1 Apologies for absence were received and accepted from Neil McGrath (External), Tom McInerney (External) and Sue Suchoparek (KPMG).

DECLARATION OF INTERESTS

- 2 No declarations of interest were received.

TERMS OF REFERENCE

- 3 The Clerk presented revised terms of reference for the Committee, which reflected the current membership. The remaining amendment related to the Vice-Chair of the Board being able to be allocated to the Audit Committee (as opposed to the Chair of the Board, for whom this was not possible under the Joint Audit Code of Practice).

- 4 **Resolved -** That the Board **be RECOMMENDED** to approve revised terms of reference for the Audit Committee

APPOINTMENT OF CHAIR

- 5 **Resolved -** That Wesley Rourke be appointed as Chair until the first meeting of the 2017/2018 academic year

MEETING WITH AUDITORS

6 The Committee met routinely with the Auditor in the absence of senior management. The Auditor had no issues to raise.

MINUTES OF MEETING HELD ON 20TH JUNE 2016

7 **Resolved** - That the minutes of the meeting held on 20th June 2016 be approved as a correct record and signed by the Chair.

MATTERS ARISING

8 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 – FINANCIAL CONTROLS

9 Governors received for information an Extended Assurance report on Financial Controls. The Auditor had graded the College's processes and procedures as providing significant assurance with no recommendations.

RISK MANAGEMENT / MONITORING OF PREVIOUS RECOMMENDATIONS

10 Governors received for information the annual report for 2015/2016 on risk management.

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

12 Risk management processes had been reviewed and a number of minor amendments had been made to align these with best practice.

13 The Risk Register continued to be updated through consultations at the Risk Management Group meetings. A total of 3 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.

14 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 had been prepared and 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.

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

16 The College believed itself to be fully compliant with the Turnbull risk management requirements. This meant that governors needed to have received assurance that there

were sufficient internal controls in place that operated effectively and reduced any risks to an acceptable level, prior to approving the annual Finance Statements.

- 17 **Resolved -** That the Board **be RECOMMENDED** to approve the Risk Management Policy for 2016/2017

ASSESSMENT OF CONTROLS ON FRAUD & IRREGULARITY

18 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 2015/2016.

19 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 2015/2018.

20 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, this should provide sufficient assurance to enable the Chair to sign the letter of representation relating to the financial statements for 2015/2016 at the December 2016 Board meeting.

21 The Committee received the Regularity Self-Assessment for 2015/2016, which required approval by the full Board.

- 22 **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 2015/2016

ACCOUNTABILITY REVIEW

23 The Deputy Principal (Finance & Resources) presented the draft Accountability Review document. This provided a base and supporting evidence in preparation for any visit by the Skills Funding Agency's Provider Financial Assurance Team.

- 24 **Resolved -** That the Board **be RECOMMENDED** to approve the Accountability Review document

JOINT AUDIT CODE OF PRACTICE

25 The Clerk provided an overview of the changes that had recently been made to the Joint Audit Code of Practice issued by the Skills Funding and Education Funding Agencies.

26 All amendments were relatively minor and sought to clarify certain statements contained within the JACOP. The self-assessment questionnaire (Annex C) must be signed by the Chair of the Board and the Principal prior to the report on the year end audit work, ie before the financial statements were submitted for approval at the December 2016 Board meeting.

- 27 **Resolved -**
- 1 That the content of the revised JACOP be noted
 - 2 That the Board **be RECOMMENDED** to approve the completed Annex C and then signed by the Chair and Principal

SKILLS FUNDING AGENCY REVIEW OF 2015/2016 FUNDING

28 The Deputy Principal reported that the College was one of approximately 30 nationally that had been selected for a funding audit in relation to 2015/2016. Work would commence on 26th September and a report on the findings would be provided to the Committee's next meeting, with an interim report to the Board in October.

ITEMS TO BE REPORTED TO THE BOARD

29 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 17th October 2016:

- Extended Assurance report on Financial Controls
- Risk Management Policy, Regularity Self-Assessment, Accountability Review and Annex C to the Joint Audit Code of Practice were recommended for approval by the Board

DATE OF NEXT MEETING

28th November 2016