



**CONFIRMED MINUTES OF THE AUDIT COMMITTEE
HELD ON 14th JUNE 2018**

Present: Tony Mann (Chair), Andrew Davies, Lorraine Jones, Tim Kelly, Joe McArdle, Nigel Woodcock

In attendance: Sue Higginson, Principal
Michael Norton, Deputy Principal
Michael Harding (RSM), Internal Auditor
Andy King, College Accountant
Ian James, Clerk to the Governors
Louise Kelly, Administrator to the Governors
Paul Smyth, Chair of Governors (observer)

PRE-MEETING WITH AUDITORS

63. There was nothing the Auditor wished to discuss in the absence of managers.

APOLOGIES FOR ABSENCE

64. Apologies were received from Steve Cain, Rory McCall (External Auditor) and Ross McLaughlin (External Auditor).

DECLARATION OF INTEREST

65. Joe McArdle declared an interest in any matters relating to the University of Chester.

MINUTES OF PREVIOUS MEETING

66. **Resolved** that the minutes of the meeting held on 5th March 2018 be approved as a correct record and signed by the Chair.

Matters Arising

67. The Committee discussed minute 57 with regards to adding a 'target risk' column on the Register with quantifiable data to enable the Committee to track progress. The Deputy Principal agreed to explore this suggestion further and to add an extra column to the next version of the Register

INTERNAL AUDIT VISIT 3 2017/18

68. The Internal Auditor presented the following audit reports (copies attached to signed minutes):

- Student Records 16-18 Classroom Based Provision Report
- Progress Report

69. The Internal Auditor commented that he had received good co-operation from the College throughout the audits.

Student Records 16-18 Core Controls

70. This audit had resulted in a 'green' opinion (substantial assurance). During the audit, one error had been noted with regard to coding in the ILR and this had been corrected and precautionary measures put in place to prevent a recurrence. Consequently, there were no audit recommendations emerging.

Progress Report

71. The Progress Report showed that 72% of the planned audits had been completed. There was one audit report outstanding, Academic Quality Assurance Systems. The Internal Auditor commented that the fieldwork for the audit had been completed and the final report would be submitted to the next Audit Committee meeting.

72. The Internal Auditor also provided the following information and guidance reports (copied attached to signed minutes):

- Emerging Issues in FE
- FE Risk Management Risk Management
- A GDPR briefing
- Beyond the Balance Sheet

73. In response to the recent GDPR changes, the Principal advised that all governors would need to use a College email account to ensure that any College related business was accessed via a secure server. Furthermore, a password change would be required when governors logged on to the College email account.

DRAFT INTERNAL AUDIT PLAN 18/19

74. The Internal Auditor provided the Internal Audit Strategy for 2018/19 - 2020/21 including the draft Internal Audit Plan for the next year (copy attached to signed minutes). In addition, the Deputy Principal provided benchmark data that compared the current Internal Auditors' scheduled days and costs compared to the previous auditors and other colleges in the sector (copy attached to signed minutes). The Committee were content that the Internal Auditors' days scheduled and cost were acceptable.

75. The Internal Auditor explained that he had met with the Principal, Deputy Principal and Assistant Principal Finance to create an audit plan that looked into any potential issues that may arise within the sector. The Internal Auditor proposed to audit areas that had not been previously audited such as Health & Safety and Student Records for Apprenticeships.

76. Concern was expressed that the number of audits planned would result in little time spent on each audit. However, the Internal Auditor commented that the plan could be treated flexibly to allow more time to be spent on any areas of concern that emerged during the year.

77. The staff governor questioned if Safeguarding should be an area to audit. The Principal responded that as Safeguarding had already been recently inspected by Ofsted, the Department of Education (Commissioner) and the ESFA in the last 12 months this would be repeating the same process in an area where each of these processes had provided assurance that Safeguarding was functioning well. However, as Safeguarding data was considered to be very sensitive, there were elements of Safeguarding that would be specifically addressed through the GDPR audit. The Committee agreed that Safeguarding had been extensively audited and as a result an audit would be scheduled for a later date.

78. A governor asked if there should be an audit that addressed how well the Board governed the finances. The Deputy Principal explained that the Risk Register and Management Accounts that were presented at each Board meeting enabled governors to track and monitor the finances and challenge any anomalies.

79. A query was raised regarding the impending changes to the Board's governance arrangements with the introduction of the Quality, Standards & Scrutiny (QSS) Committee. The College was departing from the 'carver' model of governance in favour of a bespoke model and it was suggested that the QSS Committee be subject to an audit, in due course, to ensure that governors were receiving appropriate and comprehensive data to enable them to fulfil their function. The Committee agreed with this suggestion which the Internal Auditor would incorporate into the plan.

80. **Resolved** that, subject to the change requested in minute 79 above, the Board be **RECOMMENDED** to approve the Internal Audit Plan for 2018/19 – 2020/21 and to delegate to the Committee the ability to alter the Plan during the year should the need arise

EXTERNAL AUDIT PLANNING TIMETABLE 2018/19

81. The Deputy Principal presented the External Audit Planning Timetable for 2018/19 on behalf of the External Auditors (copy attached to signed minutes). The Deputy Principal also provided 2016-17 ESFA financial benchmarking data which compared the External Auditors' costs to other institutions in the region. The cost appeared to be in line with the expectations of the benchmarking analysis for the sector. The Chair asked that if the External Auditors, who were based in Glasgow, opted to use video conferencing instead of commuting would it reduce their costs. The Deputy Principal said that he would look into it further.

82. A query was raised as to why the External Auditor's Plan made no reference to the question of materiality and the Committee asked for this to be included in a revised version of the Plan to be submitted to the next meeting.

RISK MANAGEMENT UPDATE

83. The Deputy Principal presented the Risk Management Update (copy attached to the signed minutes). Since the previous meeting, there had been one amendment to the Risk Register, which was a reduction to the curriculum risk.

84. The Principal commented that the Senior Leadership Team were in the process of addressing staff utilisation and that the detailed and forensic approach to looking at every aspect of curriculum design and delivery would result in savings being made.

RISK MANAGEMENT POLICY 2017/18

85. The Deputy Principal presented the proposed Risk Management Policy for 2018/19 (copy attached to signed minutes). The Deputy Principal advised that there were no material changes to the previous version. The Committee suggested that the policy should refer to the new QSS Committee.

86. **Resolved** that subject to the inclusion of reference to the Quality & Standards Scrutiny Committee, the Board be **RECOMMENDED** to approve the Risk Management Policy for 2018/19

COLLEGE MONITORING REPORT

87. The Deputy Principal presented that College Monitoring Report (copy attached to signed minutes). All management actions had been completed and closed down and there were no overdue actions. The Audit Committee were pleased with the progress made.

ANY OTHER BUSINESS

Retirement of Andrew Davies, Tony Mann and the Clerk to the Corporation

88. It was the last meeting for governors Andrew Davies and Tony Mann, as members of the Audit Committee. It was also the last meeting of the Committee for the current Clerk to the Corporation, Ian James. The Principal thanked both governors and the Clerk for their valuable contribution to the Committee.

APPOINTMENT OF INTERIM CHAIR

89. As the current Chair of the Audit Committee, Tony Mann, would complete his term of office as a governor on 31st July 2018, a Chair for the period to the next scheduled meeting of the Committee was required.

90. **Resolved** that Joe McArdle be appointed Chair of the Committee until the first meeting of the Committee in 2018/19.

DATE OF NEXT MEETING – Wednesday 5th September 2018