



CONFIRMED MINUTES OF THE AUDIT COMMITTEE HELD ON 5th SEPTEMBER 2018

Present: Joe McArdle (Chair), Somnath Saha, Nigel Woodcock

In attendance: Sue Higginson, Principal
Michael Norton, Deputy Principal
Steve Cain, Assistant Principal Finance
Michael Harding (RSM), Internal Auditor
Rory McCall, (Wylie & Bisset) External Auditor (minutes 1 to 21)
Lesley Venables, Clerk to the Governors
Louise Scott-Kelly, Administrator to the Governors

PRE-MEETING WITH AUDITORS

1. The Committee met with the auditors in the absence of management and were advised that there were no significant issues they wished to raise.

APOLOGIES FOR ABSENCE

2. Apologies were received from Joanne Finnerty and Tim Kelly.

APPOINTMENT OF CHAIR

3. **Resolved** That Joe McArdle be appointed as Chair of the Committee for 2018/19.

4. In response to questions from governors on the skill requirements for the Audit Committee, the Clerk advised that the current regulations stated that as a collective, members should have recent and relevant experience of finance, audit or risk management. There was no stipulation that the Chair of the Committee should be a qualified accountant.

DECLARATION OF INTEREST

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

MINUTES OF PREVIOUS MEETING

6. **Resolved** That the minutes of the meeting held on 14th June 2018 be approved as a correct record and signed by the Chair.

MATTERS ARISING

7. The Audit Committee discussed the matters arising from the previous meeting; A Risk Appetite column had been incorporated into the Risk Register and the College and Internal

Auditors considered an audit of the Quality & Standards Scrutiny (QSS) Committee (minute 12-16).

INTERNAL AUDIT VISIT 3 2017/18

8. The Internal Auditor presented 3 internal audit reports (copies attached to signed minutes).

Academic Quality Assurance Systems

9. This audit had resulted in a 'green' opinion (substantial assurance) with one 'low' management action on ensuring that the Quality Assurance Framework documented the quality activities completed between July and August in each academic year.

Follow Up Report

10. The Follow Up Audit was in relation to recommendations made in 2016/2017 by the previous firm of internal auditors.

11. The Committee was informed that, of the twenty two management actions, only one 'medium' action had not been implemented. This was due to the manager who was originally assigned to the action leaving the College. Their successor had been allocated to the action and a new timescale for implementation had been agreed. Overall, the Follow Up Report indicated a good level of progress.

Progress Report

12. The Internal Auditor explained that 100% of the 2017/18 Internal Audit Plan had been completed and the auditor was satisfied with the College's responsiveness to any recommendations made.

INTERNAL AUDIT ANNUAL REPORT 2017/18

13. The Internal Auditor presented the Annual Report for 2017/18 (copy attached to signed minutes). The Internal Auditor had observed effective systems of risk management, governance and internal controls and, as a result, had graded the College's systems as providing 'substantial' assurance.

14. Formal benchmarking information to be released later in 2018/2019 would enable the College to compare its performance with that of other institutions.

INTERNAL AUDIT STRATEGY 2018/19 – 2020/21

15. The Internal Audit Strategy 2018/19 – 2020/21 had been presented at the previous Committee meeting, at which it had been suggested that the newly established QSS Committee should be added to the Strategy. An updated version of the plan was provided to the Committee, together with any additional costs (copy attached to signed minutes).

16. The Audit Committee discussed the appropriateness and timeliness of a QSS audit and whether it would be cost effective, taking into consideration that the Quality Framework had only recently been audited and had been given a 'green' rating

17. Furthermore, the recently appointed Clerk to the Corporation would be conducting a full review of governance processes and the effectiveness of each committee and would provide the Board with an evaluation report, along with comparisons to national benchmarks (where available).

18. The Principal also shared future plans that would help monitor the progress of the QSS such as, planned training events and forums with other colleges to share good practices and attending national updates to measure the College's position against national benchmarks.

19. As a result, the Audit Committee agreed that a QSS audit would be a duplication of the Clerk's planned work over the current year. Such a review would not be appropriate or cost effective at this stage and further discussion would be postponed until a later date.

EXTERNAL AUDIT PLANNING TIMETABLE 2018/19

20. Following the absence of the External Auditors at the last meeting and governors' request for further information on materiality, the External Audit Planning Timetable for 2018/19 was re-presented to the Committee (copy attached to signed minutes).

21. Governors were advised that the level of materiality was calculated on an individual college and its associated risks. It would be based upon the College's income level as reported in the Financial Statements and should be similar to the previous year's figure. Furthermore, any material adjustments would be referred to in the Letters of Representation, which would be received at the next committee meeting in November 2018. The Committee was content with the proposed process.

REGULARITY SELF ASSESSMENT 2017/18

22. The Assistant Principal Finance presented the Regularity Self-Assessment (copy attached to signed minutes). The Self-Assessment questionnaire was issued by the Education & Skills Funding Agency and was used as part of the External Auditor's work on the Regularity Audit. The Regularity Self-Assessment required annual approval from the Audit Committee, which would then be signed by the Principal and the Chair.

23. **Resolved** That the Regularity Audit Self-Assessment questionnaire be approved and signed by the Principal and the Chair of the Board.

AUDIT AND RISK MANAGEMENT BRIEFING

24. The Clerk to the Corporation suggested that it would be appropriate for the Internal Auditors to undertake a training session for the Committee on Audit and Risk Management.

25. **Resolved** That the Internal Auditors agreed to provide an Audit and Risk Management briefing to governors prior to the next meeting.

RISK MANAGEMENT UPDATE

26. The Deputy Principal provided a Risk Management Update (copy attached to signed minutes). There were no changes to the levels of risk since the last meeting. Following a request at the previous meeting an additional column had been added to the report on Risk Appetite. The Audit Committee noted its content.

MONITORING OF PREVIOUS RECOMMENDATIONS

27. The Deputy Principal presented a report on progress against previous audit recommendations Report (copy attached to signed minutes). There had been two internal audits since the previous meeting which had resulted in two new recommendations, which were included in the report.

28. Governors noted that there were no recommendations outstanding from 2017/2018.

TERMS OF REFERENCE

29. The Clerk provided the Audit Committee with updated Terms of Reference (copy attached to signed minutes). These had been updated to reflect the requirements of the Post-16 Audit Code of Practice, in that staff and student governors should not be members of the Audit Committee.

30. **Resolved** that the Board be **RECOMMENDED** to approve the revised Audit Committee Terms of Reference.

TIMETABLE OF BUSINESS

31. The Audit Committee received a revised Timetable of Business for 2018/19 (copy attached to signed minutes) and suggested the addition of a review of the Committee's terms of reference on an annual basis.

32. **Resolved** That the revised Timetable of Business for the Audit Committee for 2018/19 be approved, subject to the above amendment.

ITEMS TO BE REPORTED TO THE BOARD

33. The Chair summarised the main points of the meeting which would be reported to the Board at its meeting on 1st November 2018:

- Internal Audit Annual Report 2017/2018
- External Audit Annual Plan for 2018/2019
- Revised terms of reference

DATE OF NEXT MEETING – Wednesday 21st November 2018