## 

## MEETING OF THE AUDIT COMMITTEE

**TIME/DATE 1.00pm Thursday 24TH May 2018**

**VENUE ST HELENS BOARDROOM**

**PRESENT:**

Philip Han External Governor

Paul Christin co-opted Member

Keith Sanderson (Chair) External Governor

Alison Canon External Governor

*Julia Tinsley External Governor*

**IN ATTENDANCE**

Rob Molloy CFO

Stuart Arnfield Director of Finance

Jette Burford CEO

Jonathan Creed ICCA

Kath Stott ICCA

Lorna Lloyd-Williams Clerk to the Governing Board

# Part 1 Draft Minutes

***Italics denotes absence***

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|  | **The meeting opened at 13.10** |
| **3**  **A/05/18/13** | **APOLOGIES**  Apologies were received and accepted from Julia Tinsley. |
| **4**  **A/05/18/14** | **NOTIFICATION OF URGENT ISSUES (Confidential)**  This item was considered to be confidential by the Audit committee and the details are therefore recorded within the confidential minutes of this meeting.  **13.30 the CEO left the meeting and Jonathan Creed from ICCA joined the meeting.** |
| **5**  **A/05/18/15** | **DECLARATION OF INTERESTS** –  There were no declarations of interest. |
| **6**  **A/05/18/16** | **OPEN MINUTES OF THE MEETING HELD ON 8th February**  The minutes of the meeting on 8th February 2018 were approved as a true and correct record and authorised for signature by the Chair. |
| **2**  **A/05/18/17** | **ASSURANCE MAPPING TRAINING SESSION**  Rather than a training session there was discussion led by Jonathan Creed from ICCA as to what the committee thought assurance risk mapping was. |
| **7**  **A/05/18/18** | **MATTERS ARISING** –  The Clerk advised that save for one item all matters were either completed on the agenda or outstanding. |
| **8**  **A/05/18/19** | **INTERNAL AUDIT REPORTS**   * Advanced Learning Loans   Jonathan Creed from ICCA spoke to his report and advised that they were able to give substantial assurance with 1 low recommendation which related to the review of processes in relation to the monitor and return of attendance data via the SLC portal He explained the ESFA requirements in this regard and that an action plan had been recommended with an agreed implementation date of 31st July. |
| **9**  **A/05/18/20** | **INTERNAL AUDIT RECOMMENDATION TRACKER**  The committee noted that 4 recommendations had been brought forward from both colleges, 2 of which have been completed. The outstanding two recommendations will form part of the overall review of policies for September. |
| **10**  **A/05/18/21** | **RISK MANAGEMENT REGISTER**  The committee considered the risk register and the Clerk advised it would be good practice to have it as a standing item at each audit committee which was accepted. The Director of Finance advised that a risk management group will be set up to review risk on a termly basis.  Jonathan Creed commented that there were 20 key risks to the future of the organisation. Discussion took place about how does the audit committee know whether the controls are effective as the committee is charged with responsibility for oversight of the effectiveness of the College’s control system. Where can the committee see triangulation and how can the committee identify whether the control is reasonable or more is required. Where can the committee get its assurance. Governors asked about seeing the direction of travel within the risk register and it was agreed that in summary the committee is looking to have a board assurance framework.  The internal auditor advised there are two key questions that the committee needs to consider   1. Can we confirm controls are adequate and the net score is correct? What are we going to do to obtain assurance? 2. Direction of travel   Governors discussed the matrix for scoring. The CFO and Director of Finance were asked to prepare a first draft of a revised register for discussion at the September meeting when they will also take the committee through some examples of how matrix scoring operates. The committee advised they wished to see red rag rated examples and also R19. The final version of the risk register would then come back to the committee for approval in November. The CFO asked and it was agreed that information would continue to be included in relation to matters that are not strictly controls.  **Action: CFO & Director of Finance**  . |
| **11**  **A/05/18/22** | **PERFORMANCE SCORECARD FOR THE COMMITEES ACCOUNTABLE SECTIONS OF THE RF BID**  The Director of Finance advised that scorecards had come from the RF bid and that he and the CEO had drafted a scorecard for the committee but there were only 2/3 items which didn’t really fit the committee. The committee having taken advice from the internal auditors agreed that this was not something that was required going forward. The risks in the risk register could link to KPIs. |
| **12**  **A/05/18/23** | **RISK MANAGEMENT POLICY**  The Director of Finance advised this was the first policy for the merged group and having considered and reviewed both college policies he had updated the previous version from St Helens. The committee was taken through the policy in summary. The committee considered the risk management policy and the risk appetite which would need to be determined by the committee. In relation to the latter governors commented that it was in fairly general terms as currently drafted.  The Internal auditor’s advice was sought and he advised there needs to be the debate and a common understanding as to the risk appetite of the college. Governors raised questions about compliance and processes for this, how is risk appetite implemented in reality. It was confirmed that the College is risk adverse. It was agreed the Director of Finance would look at the underlying approach to risk management and the risk appetite and bring the draft policy back to the committee at its next meeting.  **Action: Clerk and Director of Finance** to consider Risk Management policies from other colleges and AoC to see how general or specific the policy should be and to report back to the next meeting.  The committee also asked to see some form of report/analysis to assist in monitoring risk.  **Action: CFO** |
| **13**  **A/05/18/24** | **GOVERNANCE**   * Schedule of Business and meetings for 18/19   The committee considered the schedule of business for the next academic year and it was  **Resolved** to approve the schedule of business for 2018/19.  Governors asked to see the external audit planning memorandum before the year end  **Action: Director of Finance and Clerk**   * Statement of reported incidents of Fraud/Whistleblowing   The Clerk reported that there had been no incidents of whistleblowing but that she would need to double check regarding incidents of fraud and report back to the committee.  **Action: Clerk**   * Annual identification of development needs for the Committee * Annual review of priorities of Audit Committee   The committee Chair asked that Governors let the Clerk know if there was anything. |
| **1**  **A/05/18/25** | **CONSULTATION WITH THE AUDITORS in the absence of College Officers**  The CFO and Director of Finance left the meeting so auditors could speak with Governors directly. Internal auditors advised they do have open access to the Chair and gave an overview of how ICCA works at the college. They advised that there were delays in the delivering of the post-merger new audit plan. There was discussion regarding the internal audit plan and the Auditors advised that you would expect to see it linked to the risk register or a statutory requirement.  Action Internal audit plan to go to committee.  **Action: Clerk**  **Jonathan Creed left the meeting** |
| **14**  **A/05/18/26** | ANY OTHER BUSINESS (CONFIDENTIAL)  Part of this item was considered to be confidential by the Audit committee and the details are therefore recorded within the confidential minutes of this meeting.  The CFO and Director of Finance re-joined the meeting. Following the workshop when there had been discussion regarding the action plan on cash flow and forecasting, committee members wished to know the current position on cash flow going towards year end. The CFO advised committee members of the current position and there was also discussion regarding the working relationship with the Bank. |
| **15**  **A/05/18/27** | DATE OF NEXT MEETING –  TBC |
|  | Thanks were expressed to governors and to the Chair who was standing down from the committee.  The meeting closed at 14.54 pm. |