## MEETING OF THE AUDIT COMMITTEE

**TIME/DATE 26th September 2019 2pm**

**VENUE ST HELENS BOARDROOM**

**PRESENT:**

Paul Christian Co-opted Member

***Alison Cannon External Governor***

Debbie Calderbank (Chair) External Governor

John Heritage External governor

**IN ATTENDANCE**

Rob Molloy CFO

***Stuart Arnfield Director of Finance***

Patrick Clark ICCA

Rashpal Khangura KPMG

Lorna Lloyd-Williams Governance Director

**Italics denotes absence MINUTES**

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|  | **The meeting opened at 14.01 and the meeting was quorate with at least three Governors present the majority of whom were external Governors** |
| 1 |  **APOLOGIES** Apologies were received and accepted from Mrs. A Cannon and Mr. J Creed. |
| 2 | **DECLARATIONS OF INTEREST**Declarations of Interest were received from the auditors in relation to agenda item 9 and it was agreed that they would leave the meeting prior to this item number.  |
| 3 | **Minutes of the meeting held on the 26th June 2019**Governors requested a number of amendments to the minutes of the meeting on the 26th June 2019.  |
| 4 | **MATTERS ARISING**In relation to outstanding actions:1. The Clerk advised that the risks from section 11 of the recovery plan had been incorporated into the risk register.
2. The CFO clarified that there were only attempted payroll frauds and staff can only change personal details offline or face to face.
3. 3. The action in relation to English and maths remains outstanding.
4. The CFO updated the committee regarding the action in relation to the bank covenants.
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| 5 | **INTERNAL AUDITS 18/19**Learner records review Mr. Clark of ICCA took the committee through the minor recommendations and advised there was nothing fundamental that the committee needed to be concerned about. The committee noticed that a substantial assurance opinion was given. Student journeyThe auditor explained the scope and that auditors were able to give substantial assurance with no recommendations.Follow-up of Previous Internal RecommendationsMr. Clark took the committee through the report and advised that one anomaly had been found in the tracking of audits and the recommendation tracker and advised any outstanding recommendations would be rolled over into this academic year. Governors questioned the 54% compliance and what could be done to improve it and were informed that the number of recommendations overall for the college was low and that the auditors were confident that the recommendations would be undertaken. Governors also asked about management visibility of the audit recommendation actions and the CFO outlined the procedure in the college with the Committee receiving assurance that audit actions are tracked at Senior Leadership Team(SLT).Upon being asked, auditors clarified that there is one outstanding audit from 18/19 and that therefore the annual internal audit report would not be received until the next meeting of the committee. The Chair asked that going forward, ICCA provide a progress report against the internal audit plan.**ACTION: ICCA** |
| 6 | **INTERNAL AUDIT RECOMMENDATION TRACKER**The CFO advised the committee of the following:* Maths and English recommendations are outstanding
* Board assurance framework – an outline assurance map will be completed in time for the end of the year

In relation to the management comment on Maths and English, Governors asked about the GCSE results analysis and when this would be done. The CFO advised that he was unable to answer. Governors also asked about the penetration testing which took place in August and whether the committee could see the results of this. It was agreed this would come before the committee once the report was received.**ACTION:CFO** |
| 7 | **RISK REGISTER**The CFO advised of the changes made to the risk register following review by the risk management group and explained the rationale for the changes. The committee were advised of the appointment of the interim CFO. Governors asked whether there was any intention to look at target scores and how long the process had been running and after discussion it was agreed that the process should continue as is. The CFO advised that the risk management group was very representative of the college. The Governance Director advised that the risk management group worked well compared to what she had seen in other colleges and this was echoed by the internal auditors. The committee questioned the current financial position of the college. The CFO advised that it was improving and that the college was successfully negotiating some of the issues. The CFO gave further detail particularly around the cash situation, classroom sizes and the pension position. It was noted that the cash position was improving with the cash low point in March 2020 now expected to be a cash deficit of £200k. It was confirmed by KPMG that going concern would be an area of increased audit focus.  |
|  | **EXTERNAL audit** Mr. Khangura of KPMG updated the committee of the work that had been done since the last committee meeting regarding the financial statements. He spoke to the committee about the risks with the change in financial personnel and advised that if there were any concerns he would come back to the committee though the Chair. The CFO advised how the college had mitigated this risk with recruitment of new finance staff and gave details of their experience.  |
| 8 | **POLICIEs- for recommendation to the Board*****Whistleblowing Policy, Fraud & Corruption Policy AS PART OF FINANCIAL REGULATIONS*** The Governance Director having explained why these policies come before this committee and the need for the delayed financial regulations to be approved as soon as possible, it was agreed the two policies could be circulated by email for recommendation to the Board.**The auditors left the meeting at 14.45** |
| 9 | **APPOINTMENT OF INTERNAL AND EXTERNAL AUDITORS CONFIDENTIAL** The committee discussed the appointment of auditors as it was noted that the term for both firms was due to come to an end in summer 2020. It was noted that Governors had previously been involved in the tender process. Following discussion it was agreed to postpone the issue of performance and tender to the November meeting.  |
| 10 | **GOVERNANCE** 10.1 Review of Confidential Items 18/19*(confidential minutes of 21st September)*This item was postponed until after the Office for Students visit.  |
| 11 | **ANY OTHER BUSINESS**There was no A.O.B.  |
| 12 | **ANY MATTERS TO BE REFERRED TO ANOTHER COMMITTEE**There were no matters to be referred to another committee.  |
| 13 | **REFLECTION ON COMMITTEE PERFORMANCE**The committee were satisfied that all relevant matters had come before the committee and that there had been sufficient time to discuss these.  |
| 14 | **DATE OF NEXT MEETING***Thursday 28th November 1pm Knowsley Boardroom* |
|  | **The meeting closed at 14.55.**  |