## 

## MEETING OF THE AUDIT COMMITTEE

**TIME/DATE THURSDAY 29TH NOVEMBER 2018 2pm**

**VENUE ST HELENS BOARDROOM**

**PRESENT:**

Philip Han External Governor(Chair)

Paul Christian Co-opted Member

Alison Cannon External Governor

**IN ATTENDANCE**

Rob Molloy CFO

Stuart Arnfield Director of Finance

Jette Burford CEO

Kath Stott ICCA

Amanda Latham KPMG

Gordon Haworth KPMG

Lorna Lloyd-Williams Clerk to the Governing Board

**Italics denotes absence MINUTES**

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| **Item** | **The meeting was quorate with at least 3 external members present and the meeting opened at 14.09pm** |
| **1**  **A/29/11/19** | **APOLOGIES**  Apologies were received and accepted from Mr Jonathan Creed of ICCA |
| **2**  **A/29/11/20** | **NOTIFICATION OF URGENT ISSUES**  There were no urgent issues. |
| **3**  **A/29/11/21** | **DECLARATION OF INTERESTS**  There were no declarations of interest. |
| **4**  **A/29/11/22** | **OPEN MINUTES OF THE MEETING HELD ON 21ST September**  Subject to one amendment the minutes of the meeting of the 21st September were approved as a correct record for signature by the Chair. | |
| **5**  **A/29/11/23** | **MATTERS ARISING** –  The Clerk advised that  The Risk Management Policy was before the committee for approval and recommendation to the Board.  The Committee had been provided with a report from the CEO regarding apprenticeships and actions taken to reduce risks.  In relation to a presentation regarding cyber security the Clerk asked whether this was still required and it was noted that this had been completed.  The Clerk advised that other matters were either ongoing or for later in the cycle of business. | |
|  | **MATTERS FOR APPROVAL** | |
| **6**  **A/29/11/24** | REGULARITY AND PROPRIETY QUESTIONNAIRE  The committee further considered the regularity and propriety questionnaires for both Knowsley and St Helens which the committee had already seen and commented on. It was noted these were part of KPMG’s regularity audit and supported the financial statements audit review process. The Audit Committee accepted the Regularity Audit Self-Assessment reports as presented, which would be signed by the CEO/Principal and by the Chair of the Corporation. | |
| **7**  **A/29/11/25** | Ms A Latham of KPMG advised that work was still outstanding and should be finished by the end of the following next week but that there was nothing that was causing auditors concern. The Auditors advised that they had not identified any major issues or concerns but there were some adjustments around merger in relation to fixed value assets. The Auditor took the committee through the adjustments and the significant risks and the management and other areas of audit focus.  Governors asked about the Knowsley accounts and the book value. Ms Latham provided a detailed explanation and advised that this was a technical adjustment. In relation to significant risks, Governors asked for more background about testing on fees and the auditors took the committee through this. Governors questioned whether the accounts had been prepared on an acquisition accounting basis and KPMG confirmed that they had. Governors commented that it would be helpful for the accounts to say that this was the approach. Governors also asked where the acquisition figures were and KPMG advised that this was a part of their outstanding work.  Governors asked to see the final report and asked that the “going concern” further information be added as had previously been asked for. Governors also gave further feedback and expressed concern that the report was not finished. It was agreed that the final version of the report would be sent to audit committee members at the end of the following week together with the management representation letter.    ACTION: CFO  The rest of this agenda item was considered to be confidential by the committee with the details therefore recorded within the confidential minutes of this meeting.  The Report and Financial Statements for the Year-Ended 31 July 2018 were noted by the Audit Committee. | |
| **8**  **A/29/11/26** | ANNUAL REPORT OF THE AUDIT COMMITTEE  The Clerk presented the draft annual report of the Audit Committee for 2017/18, which was primarily based on ICCA’s annual report.    Governors questioned the statement regarding no audits at Knowsley between 1st August 2017 and 11th December 2017 and whether there was anything they should be looking for instead for assurance. The CFO and Director of Finance confirmed there were no internal audits in the period referred to in the report. After lengthy discussion it was agreed that Mr G. Haworth of KPMG would check whether it was necessary to include the comment about Knowsley prior to the merger with St Helens within the annual audit report. It was agreed that the Clerk would liaise further with audit committee members once advice from KPMG had been received.  ACTION: Clerk | |
| **9**  **A/29/11/27** | RISK MANAGEMENT POLICY  The committee had before it a paper setting out the definition of risk appetite which the CFO advised was good practice from other colleges. Governors questioned the risk appetite category of 3 regarding working with others in light of recent experiences with subcontractors. The committee noted that the Governing Board had agreed that the amount of subcontracting the college should enter into should be low. It was agreed that for this category, category 6, the risk appetite category should be changed to 2, a lower risk appetite. Governors also raised questions about the scoring of risks and the thresholds for financial gradings. After discussion it was agreed that these should remain as in the proposed policy.  In relation to the risk register Governors asked about assurance comments being missing in the assurance section. The CFO explained that assurances will be added once the risk management group has been through all of the risks and that at each meeting of the risk management group a small number of risks are considered in detail. The committee were advised that in terms of expanding on this there is to be an assurance mapping exercise undertaken by internal auditors this year. It was  Resolved to recommend the risk management policy and risk appetite to the Governing Board for approval subject to the amendment to the score for risk appetite category 6. | |
|  | **MATTERS FOR DISCUSSION** | |
| **10**  **A/29/11/28** | **INTERNAL AUDITS**   * Strategic Business planning   Kath Stott of ICCA advised that auditors were able to give a substantial level of assurance. The committee’s attention was drawn to the recommendation that there was underperformance in relation to loans and full cost income against the plan and there was discussion regarding this and the reasons. Governors asked about a comparator from last year in relation to the summary of findings. It was agreed ICCA would include this and reissue the report.  **Action: ICCA**  The committee asked to be updated at the next meeting regarding performance against plan of advanced learner loans and full cost provision.  **Action: CFO** | |
| **A/29/11/29** | **Consultation with the auditors in the absence of college officers should it be required**    This was not required. | |
| **11**  **A/29/11/30** | **TENDER FOR EXTERNAL AUDITORS AND INTERNAL AUDITORS APPOINTMENT TO TENDER PANEL.**  The committee discussed the performance of both the internal and external auditors and the length of contracts. After discussion it was agreed that the Governing Board would be asked to agree an extension of one year in relation to both external and internal auditors. | |
| **12**  **A/29/11/31** | **INTERNAL AUDIT RECOMMENDATION TRACKER**    The Director of Finance advised that of the 9 outstanding recommendations 5 had been completed. The 4 incomplete recommendations had been reset for completion early in the new year. | |
| **13**  **A/29/11/32** | **RISK REGISTER**  The Risk register had been discussed earlier in the agenda. | |
| **14**  **A/29/11/33** | ANY OTHER BUSINESS  There was no A.O.B. | |
| **15**  **A/29/11/34** | ANY MATTERS TO BE REFERRED TO ANOTHER COMMITTEE?  There were no matters to be referred to another committee. | |
| **16**  **A/29/11/35** | DATE OF NEXT MEETING –  Thursday 21st March 2pm Knowsley | |
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