

## MEETING OF AUDIT COMMITTEE

## MINUTES

DATE 5.00PM, MONDAY 13<sup>th</sup> March 2017

VENUE PS108 CONFERENCE ROOM, PROFESSIONAL STUDIES BUILDING , PARSONS WALK, WIGAN CAMPUS

## ATTENDANCE: Committee Members:

Governors

*David Rogers*  
Ann Harrison Chair  
Alison Dann  
Damian Robinshaw

External Co-opted Member

Pauline Hunter

Clerk to the Governing Board

Lorna Lloyd-Williams

Interim Finance Director  
Vice Principal College Services

Ruth Paisley  
Louise Brown

Internal Auditors (ICCA)

Jonathan Creed

External Auditors (Wyllie Bissett)

*Douglas Scott**Italics denote absence*

		The meeting opened at 4.55pm and was quorate with at least 2 members being present
1	A/17/ 03/ 28	<b>CONSULTATION WITH THE AUDITORS</b> – before inviting officers to attend.
2	A/17/ 03/ 29	<b>APOLOGIES</b> Apologies were received and accepted from David Rogers & Wyllie Bissett.
3	A/17/ 03/ 30	<b>DECLARATIONS OF INTEREST</b>  There were no declarations of interest.
4	A/17/ 03/ 31	<b>MINUTES OF THE MEETING HELD ON THURSDAY 28<sup>th</sup> November 2016</b>  These were accepted as a correct record and approved for signature by the Chair.
5	A/17/ 03/ 32	<b>MATTERS ARISING</b> – “Actions” Sheet for formal approval.  The Clerk advised that all matters had been completed and the Interim Finance Director gave a verbal update regarding the query raised in respect of compliance with the OJEU guidelines. It was confirmed that the college had tightened its internal processes and the committee were given an assurance that future tenders would be compliant.  It was noted that the outstanding actions would be for the incoming Finance Director to deal with.

6	<p><b>A/17/ 03/ 33</b></p> <p><b>A/17/ 03/ 34</b></p> <p><b>A/17/ 03/ 35</b></p>	<p><b>INTERNAL AUDIT REPORTS</b></p> <ul style="list-style-type: none"> <li>• Additional Learning Support</li> </ul> <p>Auditors advised that there was a well-designed framework of control and that they have been able to give a substantial assurance opinion. Sample testing had shown a lack of documentary evidence of support for AEB-other learners and for apprenticeships and these were therefore both recommendations.</p> <p>The Vice Principal College Services informed the committee that the Head of Additional Learning Support was undertaking an internal audit to ensure that there was the appropriate documentation. A consultant ex-Ofsted inspector had also been engaged to work with the college in relation to apprenticeships.</p> <p>Governors asked auditors how the college compared to others in the sector in relation to the number of high needs learners and were advised that it was low compared to other colleges. Governors also challenged the auditor regarding the size of the sample taking into account the number where there had been a lack of documentation. They accepted the assurance that size of the sample had been adequate and expressed their thanks to the staff for the care of the learners.</p> <ul style="list-style-type: none"> <li>• Key Financial Controls</li> </ul> <p>Auditors again advised that there was a well-designed framework with good application and therefore they were able to give a substantial assurance opinion. They informed the committee that they had made an advisory point regarding the scheme of delegation and financial regulation limits which in their opinion were low compared to the sector. This was a view endorsed by the Interim Finance Director who also commented there were unusual thresholds regarding purchase orders particularly in relation to those which must be signed by the Chair. She proposed that the schemes of delegation be reviewed as part of the annual review of Financial Regulations and it was agreed that this should be actioned by the incoming Finance Director.</p> <p style="text-align: right;"><b>Action: Finance Director</b></p> <p>Governors queried the number of petty cash flows and suggested the possibility of automated systems. It was explained that the number of petty cash flows is due to the number of sites and that each has a very low level of expenditure. Governors asked the auditors whether they had undertaken any work in readiness for the prompt payment legislation and were advised that they had not. The Interim Finance Director confirmed that college was reviewing it. Governors also queried the aged debtor report and how much related to the student loan company and how that would be received. Having received a satisfactory explanation, thanks were again expressed to the staff.</p> <ul style="list-style-type: none"> <li>• Financial Planning and management</li> </ul> <p>Auditors advised that they were able to give a substantial assurance opinion and had raised two points. The first was advisory regarding the structure of the management accounts and what should be included. The second was regarding the minutes of the Resources committee including more challenge in relation to the management accounts.</p> <p>Discussion followed about the internal audit plan for the remainder of the year. The Interim Finance Director asked for the committee's agreement that the forthcoming apprenticeship audit should be an advisory one. There was also discussion concerning the review of performance management and that it had been previously suggested that if the Ofsted inspection was positive that this could be replaced with a subcontractor audit. Following discussion it was</p> <p><b>Resolved:</b> to recommend to the Board that the apprenticeship audit should be an advisory</p>
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7	A/17/ 03/ 36	<p><b>AUDIT IMPLEMENTATION PLAN</b></p> <p>The Interim Finance Director advised that the recommendations from the audits had been incorporated into the plan and that she did not have any concerns regarding those. Governors raised questions about some of the recommendations in the governance advisory audit which were satisfactorily answered by the Clerk.</p>
8	A/17/ 03/ 37	<p><b>RISK MANAGEMENT</b></p> <p>Risk management update</p> <p>The Interim Finance Director advised that there had not been any changes in the wrong direction and that since Ofsted and the last Audit committee three new risks had been incorporated which were outlined to the Governors. A discussion then took place about the format of the risk register and the Interim Finance Director proposed that there should be a summary document highlighting the key risks with a more detailed summary underneath. Governors agreed with this approach and the Interim Finance director was asked to liaise with the incoming Finance Director in order that this could be presented at the next Audit committee.</p> <p style="text-align: right;"><b>Action Point: Interim Finance Director/ Finance Director</b></p>
9	A/17/ 03/ 38	<p><b>RISK MANAGEMENT POLICY</b></p> <p>The Interim Finance Director spoke to her paper and it was</p> <p><b>Resolved:</b> to recommend the Risk Management policy to the Board for approval and to recommend the following definition of the College's risk appetite:</p> <p>“The College is aware of the need to be clear as to the degree of risk that it will assume as a result of any strategy it adopts and any decisions it makes. The College's risk appetite will vary from time to time and in relation to different activities. Unless otherwise stated, the default position should be that the College will seek to keep all risks low.</p> <p>All strategies and decisions that involve any significant increase in the risk profile will be evaluated in terms of the need to identify risk reduction arrangements that will apply.</p>

		<p>These may take the form of the thorough application of existing and well established procedures or the creation of new procedures specifically designed to address the risk(s) involved. It should be recognised that the Governing Board and the College Executive Team are not always able to determine the level of risk they face as these may relate to external forces, for example, Government policy decisions.</p> <p>The College may, from time to time, undertake specific projects that involve risks that are addressed by the College's annual risk management plan and which need to be managed as part of the delivery of the project. These projects will have separate risk registers and actions will be identified to monitor and manage the risks involved."</p>
10	A/17/ 03/ 39	<p><b>ANTI- FRAUD ANNUAL REPORT</b></p> <p>The Interim Finance Director spoke to her paper and informed the committee that there had been no incidents in college but that there had been a subcontractor incident. The college had undertaken an investigation which had been shared with the SFA and there was no evidence of any malpractice.</p> <p>The report was duly noted.</p>
11	A/17/ 03/ 40	<p><b>WHISTLE BLOWING POLICY</b></p> <p>The Vice Principal College Services spoke to her report and it was noted that it had been updated in line with AoC guidance and in liaison with Eversheds. It was</p> <p><b>Resolved:</b> to recommend the whistleblowing policy to the Board for approval.</p> <p>Thanks were given to the Auditor and to the Interim Finance Director for all her hard work.</p>
12	A/17/ 03/ 41	<p><b>ANY OTHER BUSINESS</b></p> <p>There was no AOB</p>
13	A/17/ 03/ 42	<p><b>DATE AND TIME OF NEXT MEETING</b> – Monday 19<sup>th</sup> June 2017 at 5.00 pm at the Wigan Campus.</p>
		<b>The meeting closed at 6.12pm</b>