

TIME/DATE 5.00PM, Monday 19<sup>th</sup> June 2017

VENUE ROOM PS211  
PROFESSIONAL STUDIES BUILDING, PARSON'S WALK, WIGAN CAMPUS

ATTENDANCE: Committee Members:

Ann Harrison Chair  
*Alison Dann*  
Damian Robinshaw

External Co-opted Member

Pauline Hunter

Clerk to the Governing Board

Lorna Lloyd-Williams

Finance Director  
Vice Principal College Services

Kevin Williams  
Louise Brown

Internal Auditors (ICCA)

Kath Stott

External Auditors (Wylie Bissett)

Neil Clark

Italics denotes absence

## MINUTES

Item	The meeting opened at 5pm and was quorate with at least 2 members present.	
1	A/17/06/43	<b>CONSULTATION WITH THE AUDITORS –</b> The committee first met with the auditors without the attendance of college officers who then joined the meeting at 5.10pm.
2	A/17/06/44	<b>APOLOGIES for consideration by the Committee</b> Apologies were received and accepted from Alison Dann.
3	A/17/06/45	<b>DECLARATIONS OF INTEREST</b> There were no declarations of interest.
4	A/17/06/46	<b>MINUTES OF THE MEETING HELD ON THURSDAY 13th March 2017 –</b> These were approved as a true and correct record and approved for signature by the Chair.
5	A/17/06/47	<b>MATTERS ARISING –</b> The Clerk updated the committee regarding the two outstanding matters.
6	A/17/06/48	<b>EXTERNAL AUDIT</b> Neil Clark from Wylie Bissett gave apologies upon behalf of Scott and Douglas.  He confirmed that the audit team would be the same as the previous year and took the committee through the terms of engagement.  Governors questioned what was meant by a substantive approach and it was explained that the main bulk of the work is in respect of confirming the balance sheet at the year end. Governors queried whether this was thorough enough and received assurance that it was. Governors also raised questions regarding the risk rating for prevention and detection of fraud and corporate governance in the risk matrix. It was agreed that Wylie and Bissett would provide further clarification on this. The committee also queried the level of fees which differed slightly from the original tender and further clarification was requested.  <b>Action: Wylie &amp; Bissett</b>  It was <b>Resolved</b> to recommend the external audit planning memorandum to the Board for approval.

7	<p><b>A/17/06/49</b></p> <p><b>A/17/06/50</b></p> <p><b>A/17/06/51</b></p> <p><b>A/17/06/52</b></p> <p><b>A/17/06/53</b></p>	<p><b>INTERNAL AUDIT REPORTS</b></p> <p>The Committee firstly asked for explanation regarding the grading of internal auditors opinion. It was explained that there are three:</p> <p>Substantial – green, which is the best Reasonable – amber Limited- red, the worse.</p> <p>Auditors give an opinion on the design of the controls and compliance, whether this is good adequate or weak.</p> <p><u>Follow up report</u></p> <p>Auditors advised that they were able to give a substantial opinion and that the two follow up recommendations had been implemented. They also advised that they had checked the accuracy of the audit implementation plan and could confirm that this was accurate which in their experience was not always the case.</p> <p><u>Internal Audit Report on Mock Funding Assurance review</u></p> <p>Auditors advised that this audit was good on design and reasonable on compliance. They advised that an error had been identified of 0.32% where there was funding for functional skills which had not yet started but that this error was resolved straight away. The auditor commented that all other tests had been really good and that this error was quite a minor thing. It was also drawn to the committee's attention that the error had occurred in an area which was still on an improvement journey and the committee received assurance that there was lots of effort going into this area.</p> <p>Governors questioned what processes were in place to ensure that this didn't happen again. The executive outlined the measures being taken and the committee were satisfied with this.</p> <p><u>Internal Audit Report on Apprenticeship Growth Strategy</u></p> <p>It was explained that this was about the introduction of the apprenticeship reforms and the auditors advised they were able to give a substantial assurance with no recommendations. They commented that the college had really effective planning, was in a good place and "ahead of the game".</p> <p>The Chair gave her thanks and commented that this was very encouraging.</p> <p>Governors questioned how college was dealing with its own contribution as a levy payer. It was confirmed that plans are in place regarding the levy spend both in relation to current staff and bringing in apprentices and this is monitored on a monthly basis.</p> <p><u>Internal audit risk management</u></p> <p>It was highlighted to the committee that this was a draft document as it had just been received and not yet considered by the executive team. Auditors advised that they were able to give a substantial assurance with two recommendations which would be considered by the executive team the following day. Auditors commented that it was very unusual to give 4 substantial audits, a view that was endorsed by the external auditor. It was agreed that the final version of the audit would be issued with the minutes.</p> <p><b>Action: Clerk</b></p>
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	A/17/06/54	<p><u>Internal Audit Annual Plan 2017/18</u></p> <p>The internal auditor advised that the plan broadly followed what had been agreed for the 3 year period. A strategy document would be scoped over the summer which would need to be seen by the committee. Governors questioned whether there was anything in the audit plan regarding the new data protection legislation due to be introduced in May 2018. Discussion took place regarding the timing of this and it was agreed that the beginning of the academic year 18/19 would be appropriate. It was</p> <p><b>Resolved:</b> to recommend the internal audit plan for 17/18 to the Board.</p>
8	A/17/06/55	<p><b>AUDIT IMPLEMENTATION PLAN</b></p> <p>The Finance Director spoke to his report and advised that at June 2017 there were 10 recommendations on the log:</p> <ul style="list-style-type: none"> <li>- 5 recommendations have been implemented</li> <li>- 2 are not yet due</li> <li>- 2 will be actioned following committee and Board meetings in June and July 2017; and</li> <li>- 1 is late but is due for completion imminently.</li> </ul> <p>Governors questioned when the recommendation in relation to the Colleges Learning Agreement would be completed and were advised by the end of June. In relation to a link governor scheme governors asked about the difference between this and link visits which was satisfactorily explained by the Clerk</p> <p>Governors noted the report.</p>
9	A/17/06/56	<p><b>RISK MANAGEMENT</b></p> <p>Risk Register update</p> <p>The committee noted that no risks had escalated and commented that they liked the way in which the risk register was set out. Governors questioned whether the new data protection legislation, the GDPR should be added into the risk register and it was agreed that it would be factored into next year's risk register.</p> <p style="text-align: right;"><b>Action: Finance Director</b></p>
10	A/17/06/57	<p><b>RISK MANAGEMENT PLAN AND STRATEGIC RISK REGISTER 2017-18</b></p> <p>Governors questioned the high risk rating for some of the quality risks on the register and commented that there needed to be controls over them for example the risk regarding English &amp; maths. It was explained that whilst there are controls in place these risks are external risks subject to environmental and political factors which the college does not have control over and are a national problem for FE colleges hence the higher risk rating. The committee were satisfied with this explanation but also challenged the risk regarding apprenticeship provision and whether this was too high. It was explained that this areas requires improvement but that the committee could take assurance from the auditor's report that much was being done. It was</p> <p><b>Resolved:</b> to recommend the risk register 17/18 and risk management plan to the Board</p>
11	A/17/06/58	<p><b>GOVERNANCE</b></p> <p>Committee Performance Review</p> <p>The committee discussed both the rag rated document and the soft skills questionnaire. In relation to the former it was agreed that those matters which were still a work in progress would be rag rated amber. In relation to the latter it was agreed that:</p>

		<ul style="list-style-type: none"> <li>the committee requires some further training and icca will provide this at the September meeting</li> <li>another member is required for the committee to ensure that it has the appropriate skills and expertise.</li> <li>the committee need to obtain feedback on its work from both the Board and the internal and external auditors.</li> <li>the Clerk to ensure that relevant briefings are also sent to the co-opted advisor.</li> </ul> <p style="text-align: right;"><b>Action: Clerk</b></p>
12	A/17/06/59	<b>INTERNAL AUDIT</b>  KPI's for Internal Auditors – review of performance 16/17 and KPIs for 17/18  These were reviewed and rated by the committee.
13	A/17/06/60	<b>EXTERNAL AUDIT</b> Financial Statement Auditors KPIs  These were reviewed and rated by the committee.
14	A/17/06/61	<b>ANNUAL CYCLE OF BUSINESS</b>  Annual Cycle of Business and programme of meetings  <b>Resolved:</b> The annual cycle of Business and Programme of Meetings for 17/18 was approved with an additional meeting to be included in the autumn term.
15	A/17/06/62	<b>ANY OTHER BUSINESS</b> <ul style="list-style-type: none"> <li>Regularity and Propriety audit- delegated authority to the Chair</li> </ul> <p>The Clerk explained that from correspondence received from Peter Lauener, of the Education and Skills funding agency it appeared that the audit committee must now oversee the process for the regularity self-assessment questionnaire. As this would need to be approved by the Board in October the committee were asked to delegate authority to the Chair to work with the Clerk and Finance Director on this.</p> <p>It was</p> <p><b>Resolved:</b> to grant delegated authority to the Chair of Audit to oversee the process in relation to the regularity self-assessment questionnaire</p>
16	A/17/06/63	<b>DATE AND TIME OF NEXT MEETING –</b> 5pm 4 <sup>th</sup> October 2017