

MEETING OF AUDIT COMMITTEE**TIME/DATE 5.00PM, Monday 27th NOVEMBER 2017****VENUE CONFERENCE ROOM, (PS108),
PROFESSIONAL STUDIES BUILDING, PARSON'S WALK, WIGAN CAMPUS****ATTENDANCE: Committee Members:**

Governors

Ann Harrison Chair
Jennifer Cockram
Gill Edwards
Susan Loudon

External Co-opted Member

Pauline Hunter

Clerk to the Governing Board

Lorna Lloyd-Williams

Finance Director
Vice Principal College Services
Assistant Principal College IT Services,
MIS and SubcontractingKevin Williams
Louise Brown
Dave Harrison

Internal Auditors (ICCA)

Jonathan Creed

External Auditors (Wylie Bissett)

Scott Gillon

Draft Minutes

Item	The meeting opened at 5.03pm and was quorate with at least 2 members present.	
1	A/17/11/14	<p>CONSULTATION WITH THE AUDITORS –</p> <p>The Chair welcomed Jennifer Cockram, Susan Loudon and Gill Edwards to their first Audit committee meeting. The executive then left the room so that the Committee could meet routinely with the Auditor in the absence of senior management.</p> <p>The committee discussed the number of Finance Directors there had been over the last two years. External auditors commented that despite the changes in personnel they had been happy with the continuity there had always been and had received all the information they should. The Chair thanked the external auditor for his comments and advised this gave the committee assurance.</p> <p>Executive members rejoined the meeting at 5.08pm</p>
2	A/17/11/15	<p>APOLOGIES</p> <p>There were no apologies.</p>
3	A/17/11/16	<p>DECLARATIONS OF INTEREST</p> <p>Susan Loudon made a declaration of interest regarding item 7.2 of the Agenda, Financial Statements. Within the financial statements there is reference to the Greater Manchester Pension Scheme and it was noted that Susan Loudon is a member of this scheme.</p>
4	A/17/11/17	MINUTES OF THE MEETING HELD ON Wednesday 4th October 2017

		These were approved as a true and correct record and approved for signature by the Chair.
5	A/17/11/18	<p>MATTERS ARISING – “Actions” Sheet for formal approval.</p> <p>The Clerk advised that all matters were either completed or on the agenda.</p>
6	A/17/11/19	<p>GENERAL DATA PROTECTION REGULATIONS</p> <p>The Assistant Principal College IT Services, MIS and Subcontracting gave a presentation on the General Data Protection Regulations (GDPR).</p> <p>The core principles of the GDPR were outlined together with the steps college is taking to be ready for when the legislation comes into force on the 25th May 2018. The key changes from the Data Protection Act which will be repealed by the GDPR were explained and Governors were advised that the college will need to be able to demonstrate compliance. It was also explained that the college will need to have a Data Protection Officer. The Assistant Principal took the committee through the actions taken internally and the action plan.</p> <p>Governors sought and received assurance that the college would have enough time to complete all that was required. Governors also wished to know whether the current procedures that are in place allow a response to a data breach within the correct time. It was confirmed that they do but that the procedures are being reviewed. Questions were also asked and satisfactorily answered regarding privacy impact assessments and the issue of consent.</p> <p>The Chair advised that the committee were content with the action being taken and would like to receive an update in February/March.</p> <p style="text-align: center;">Action: Assistant Principal College IT Services, MIS and Subcontracting</p>
7	7.1 A/17/11/20	<p>ANNUAL CYCLE OF AUDIT COMMITTEE BUSINESS</p> <p><u>Annual Internal Audit report</u></p> <p>The internal auditor explained that auditors must present the internal audit annual report before the committee can recommend the accounts. It was explained that the report gives a summary of the year's work and the auditors' opinion on the college framework of corporate governance, risk management and systems of internal control.</p> <p>The internal auditor advised that based on the work they had undertaken during the year they were able to give reasonable assurance that the college's governance, risk management and systems of internal control were operating adequately and effectively and there were no instances where any breakdown of control resulted in a material discrepancy.</p> <p>It was explained that Reasonable is the highest level of assurance that can be given for the annual report and that there were no qualifications i.e. a clean annual internal audit report.</p>

	<p>7.2 A/17/11/21</p>	<p>Governors asked questions about the difference between reasonable assurance and substantial assurance for individual audits and this was explained. Governors also questioned whether the internal audit function can help move the college to outstanding and it was explained that this would depend on the specific audit and scope of the same, an example being given. It was</p> <p>Resolved: to accept the internal audit annual report.</p> <p><u>Financial Statements Audit Management Letter and annual report.(the draft Financial Statements 2016/2017 are also appended for information)</u></p> <p>The external auditors spoke to their report and the following conclusions and key points were noted:</p> <ul style="list-style-type: none"> • An unqualified opinion has been issued on the College accounts for the year ended 31 July 2017. • The auditors are satisfied that the College can continue to operate on a going concern basis. • The college has strong systems in place to comply with governance requirements. • No recommendations have been made in relation to the year ending 31st July 2017. • Wyllie Bissett are satisfied that as external auditors they are completely independent of the college. • The financial statements comply with the Accounts Direction. • There are no concerns re fraud. <p>The committees attention was drawn to the letters of representation and the statements to be made and also to the adjusted errors at Appendix C. Governors raised a number of questions including regarding Appendix a and asked that this be amended to show that the Governing Board was responsible for the financial statements being on the website rather than the maintenance of the website. Governors also asked the external auditor whether it was usual across the sector for no recommendations to be made and it was explained that this was not usual, but there were no recommendations for the college.</p> <p>Discussion then took place about the remit of the Audit committee and Resources committee in relation to the financial statements. It was explained that it was for Audit to consider the auditors opinion and whether they could give an unqualified opinion as to whether the financial statements show a true and fair view of the college's financial position. The remit of Resources is to consider the figures within the statements. After further discussion and subject to the amendments requested to the report it was</p> <p>Resolved: to recommend to the Board the Financial statements, the Financial statements auditors report and letters of representation to the Board for approval and signature.</p> <p><u>Annual Report of the Audit Committee 2016/17</u></p> <p>The Clerk advised that she had made a change to the report regarding Ofsted and advised the committee of the amendment which they were happy with. The committee's attention was also drawn to the paragraph regarding value for money. Subject to these amendments it was</p>
	<p>7.3 A/17/11/22</p>	

		Resolved: to recommend to the Board the Annual Report of the Audit Committee 2016/17.
8	A/17/11/23	SFA ANNUAL SUBCONTRACTING ASSURANCE The report having yet to be received the internal auditor gave a verbal summary. He advised that there were to be 2 or 3 recommendations which had yet to be seen by the Executive. He also advised that they would be able to issue the certificate. It was noted that the report would come to the committee at the next meeting in March.
9	9.1 A/17/11/24 9.2 A/17/11/25	INTERNAL AUDIT REPORTS <u>Corporate Governance</u> This was postponed until the next meeting the audit having only recently been undertaken. <u>Student Journey</u> The internal auditor spoke to his report on the student journey audit which had focused on the systems to capture enquiries, interview and assessment processes, application process and enrolment. Essentially the process of controls from enrolment through the funding qualifying period, the first 42 days for 16-18 year old students. It was noted that auditors had given a substantial assurance opinion with one medium recommendation. This related to enrolment. An analysis of student recruitment by curriculum area had identified a number of curriculum areas which had not yet recruited to their 16-18 target in 2017/18 although the colleges overall enrolment target had been exceeded. Conversion to enrolment for 17 and 18 years olds excluding progression was also below the Key Performance Indicator. Governors asked a number of searching questions and there was a discussion around the curriculum planning process and forecasting numbers. It was highlighted that there are external elements outside of the colleges control such as exam results but that the college tries to mitigate this by making resources for curriculum areas as flexible as possible. The report was duly noted.
10	A/17/11/26	AUDIT IMPLEMENTATION PLAN The Finance Director explained the audit implementation plan for the benefit of new members and the committee then considered the progress of the implementation of internal audit recommendations. It was noted that not including the internal audits reported on at the meeting there were 3 recommendations, of which 1 was an advisory recommendation, 1 recommendation had been implemented, 1 was not due until September 2018 and 1 recommendation had been partially met.
11	A/17/11/27	VALUE FOR MONEY & PROCUREMENT REPORT

		<p>The committee considered the report by Tenet on value for money and procurement and the level of savings already made by Tenet which to date had achieved £108k of savings against a target of £95K.</p> <p>Governors wished to know whether Tenet dealt with all of the procurement and whether there was any shared services element. It was confirmed that some procurement tenders had been conducted with other colleges. College undertakes the contract management. Governors also wished to know whether awarding of contracts was only based on value for money or whether other factors such as using local businesses were considered. The committee were advised that there are a number of criteria that Tenet work with and that college will not automatically award to the cheapest.</p> <p>The report was duly noted.</p>
12	A/17/11/28	<p>RISK MANAGEMENT</p> <p>Risk register update</p> <p>Governors received the updated risk register updated as of November 2017. It was noted that as requested at the last meeting of the committee the risk register had been expanded to incorporate a triangulation between controls, strengths of assurance and sources of that strength assessment. The Finance Director advised that the risk register consists of 20 risks of which 3 have improved and 2 deteriorated and he outlined these in further detail. Governors questioned whether there was a standard college methodology for assessing risk and were advised by the internal auditors that there is no standard methodology or framework for FE. It was also explained that there is substantial Key Performance Indicators monitoring to help identify risks.</p> <p>Governors advised that they were happy with the amendments to the risk register to incorporate triangulation and the report was duly noted.</p> <p>The auditors were thanked for their attendance and left at 6.55pm.</p>
13	A/17/11/29	<p>APPOINTMENT OF EXTERNAL(FINANCIAL STATEMENT) AUDITORS</p> <p>Discussion took place regarding going out for tender for external auditors and the performance of the current auditors. The committee were advised that they could either use the Crescent Purchasing Consortium Framework which would entail procuring tenders from 7-9 audit companies. Alternatively as it falls below the EU threshold the committee could follow a short form process, inviting 3 or 4 audit firms to tender. Tenet could manage this process. After discussion it was</p> <p>Resolved to conduct a process to invite 3 or 4 firms to tender and delegated authority was given to the Chair of the Audit committee to liaise with the Finance Director and Tenet to decide which firms should be approached.</p>
14	A/17/11/30	<p>ANY OTHER BUSINESS</p> <p>There was no A.O.B.</p>
15	A/17/11/31	<p>DATE AND TIME OF NEXT MEETING – Wednesday 14th March 2018 at 5.00 pm at the Wigan Campus.</p>

		Members were thanked for their attendance and the meeting closed at 7.14pm
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