

**Minutes of the Meeting of the Audit Committee held on
Wednesday 28 September 2016 at 9.00 am in Room BT28, Flemingate, Beverley**

Committee Members: Lesley Archer, Business Member
 Alex Denholm, Co-opted External Member
 Neil Waterhouse, Business Member
 John Winepress, Local Community Member

Also in Attendance: Derek Branton, Principal
 Katy Doherty, Grant Thornton UK LLP
 John Doris, Vice Principal, Finance & Resources
 Judi Smith, Finance Manager
 Lesley Hill, East Coast Audit Consortium
 Helen Wooldridge, Director of Learner Services, Planning and Diversity
 Janice Sunderland, Secretary to the Corporation

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1058	<p><u>APPOINTMENT OF THE COMMITTEE CHAIR AND VICE CHAIR</u></p> <p>It was agreed that Neil Waterhouse, Business Member, would serve as Committee Chair and Lesley Archer serve as Committee Vice Chair for 2016-2017.</p>		
1059	<p><u>APOLOGIES FOR ABSENCE AND WELCOME</u></p> <p>Apologies were received from Graham Nunns, Grant Thornton UK LLP and Benita Jones, East Coast Audit Consortium.</p> <p>Katy Doherty from Grant Thornton UK LLP, was welcomed to the meeting.</p>		
1060	<p><u>DECLARATION OF INTEREST IN ANY OF THE ITEMS ON THIS AGENDA</u></p> <p>The Chair reminded members of the Committee to declare at the start of the meeting interests held in any matters to be discussed.</p> <p>No interests were declared.</p>		
1061	<p><u>MINUTES OF THE MEETING HELD ON 11 MAY 2016</u></p> <p><u>Minutes of the Meeting held on 11 May 2016</u> The minutes of the meeting held on Wednesday 11 May 2016 were confirmed as an accurate record and signed by the Chair.</p> <p><u>Confidential Minutes of the Meeting held on 11 May 2016</u> The confidential minutes of the meeting held on Wednesday 11 May 2016 were confirmed as an accurate record and signed by the Chair.</p>		

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1062 MATTERS ARISING

The Vice Principal, Finance and Resources confirmed that the waiver from Barclays was received by 31 July 2016 as required and confirmed that Barclays support team would continue to be assigned to the college for the foreseeable future.

ADMINISTRATIVE ITEMS

1063 REPORT FROM THE MEETING OF THE BOARD OF THE CORPORATION HELD ON 13 JULY 2016

The Secretary reported that the minutes of the meeting held on 11 May 2016 were presented to the Board of the Corporation at its meeting on 13 July 2016. The Secretary also confirmed that the reappointment of Grant Thornton as external auditors for year ending 31 July 2016 was approved, together with reappointment of East Coast Audit Consortium as Internal Audit for 2016-17.

It was further noted that, following resignation of the Co-Opted External Member on the Audit Committee, the Corporation agreed not to replace this post at this time and to review the need via the Search, Governance and Development Committee in April 2017.

AUDIT REPORTS

1064 INTERNAL AUDIT

Final Reports

Bursary funds – The Committee NOTED the audit report which provided **substantial assurance** on the controls in place and noted 3 recommendations had been identified which required attention.

Learner records – The Committee NOTED the audit report which provided **substantial assurance** on the controls in place and noted 3 recommendations had been identified which required attention.

Financial planning and budgetary control - The Committee NOTED the audit report which provided **substantial assurance** on the controls in place and noted 1 recommendation had been identified which required attention.

Progress Report

Ms Hill presented the Internal Audit progress report and the Committee NOTED the completion of the 2015-2016 internal audit plan together with the results from the internal audit feedback process.

Annual Internal Audit Service Report of East Coast Audit Consortium (ECAC) - year ended 31 July 2016

Ms Hill briefly outlined the contents of the report and confirmed that, based on the work carried out at the College, ECAC provided an overall opinion on the adequacy and effectiveness of the College's risk management, control and governance processes of 'substantial'. She noted that of the 9 reports issued, 1 required no opinion and 8 were awarded 'substantial' assurance.

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She drew attention to the levels of assurance awarded over the last three years and noted that of the 33 recommendations followed up 28 were fully implemented, 3 partially and 2 remained outstanding.

The client satisfaction survey showed a positive result with 100% of staff 'strongly agreeing' or 'agreeing' to the auditors working positively.

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Internal Audit Plan 2016-2017

Ms Hill presented the Internal Audit Plan for 2016-17 which included the updated strategic audit plan 2013/14 – 2017/18.

The Committee noted the detailed plan which had been drawn from year 4 of the updated strategic audit plan together with the number of days allocated to each review which resulted in 28 days for the 2016-2017 plan.

Ms Hill informed the Committee that the College had a good track record of utilising the Internal Audit service to assess high risk areas. The Committee welcomed this approach and acknowledged that, given this was the case, the Audit results were exceedingly good.

It was AGREED TO RECOMMEND the Internal Audit Annual Plan for 2016-2017 and Internal Audit Strategy 2013/14-2017/18 to the Corporation for approval.

VP Fin &
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12.10.16

Action Plans from Previous Audits – Rolling Update

The Finance Manger outlined the progress being made noting that three of the six recommendations had been closed and that the others were delayed due to technical issues but should be resolved by the year-end.

1065 FUNDING AUDIT

Quality Planning Schedule – Reporting of Data Return Deadlines

The Director, Learner Services, Diversity and Planning reported that all ILR returns and funding claims had been submitted within the EFA/SFA deadlines.

Members NOTED the report.

RISK MANAGEMENT ITEMS

1066 ANNUAL REVIEW OF RISK MANAGEMENT 2015-2016

The Vice Principal, Finance and Resources presented the Annual report. He noted that the Risk Management Policy would be reviewed during 2016-2017.

The Vice Principal, Finance and Resources outlined the residual risk scores in relation to the top 15 strategic risks and a slight increase in the residual risk for 2015-16 was noted. He explained the changes were as a result of the risks associated with completion of the new Beverley campus, the successful Ofsted inspection and the pending

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Area Based Review. Full details of the risks were presented and noted.

The Vice Principal, Finance and Resources reminded members that the Corporation was responsible for ensuring the effectiveness of internal controls and that the Corporation was advised by the Audit Committee in this respect. He added that the guidelines require the Board to review the previous year and examine the College's track record on risk management and internal control; and consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

In light of this he asked the Audit Committee to consider whether the current internal control arrangements were effective, and to make a recommendation to the Corporation. The Committee confirmed that it was sufficiently satisfied with the contents of the report, together with the risk management register and reports received from Auditors.

In considering the Committee's opinion on the adequacy and effectiveness of the College's internal control system, Mr Winepress reminded the Committee of the discussion and agreed revisions made to the wording in relation to this requirement last year. As such the Committee agreed to revert back to this wording and was able to give the Board of the Corporation "reasonable assurance on the adequacy and effectiveness of the College's framework for governance, risk management and control". It was agreed that this statement would be relayed to the Board of the Corporation through the Audit Committee's annual report for its final determination.

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POLICY AND STRATEGIC ITEMS

1067 BUSINESS CONTINUITY PLAN

Minor revisions to the business continuity plan were considered. It was noted that no significant incidents had occurred since 2014 and that site evacuations and ICT failures continued to be tested annually. Members were assured that staff contact details were refreshed annually, that the plan had been tested in the past and that fire alarms had been regularly tested within the new facility at Flemingate.

The Committee APPROVED the revised business continuity plan.

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REVISED SUPPLY CHAIN FEES AND CHARGES POLICY

Revisions to the Supply Chain Fees and Charges Policy were considered. These included updates in relation to Prevent in relation to sub-contractors, an extended review period of 3 years and a change in responsibility for the policy to the Vice Principal, Finance and Resources.

The Committee APPROVED the revised Supply Chain Fees and Charges Policy.

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ITEMS FOR INFORMATION

1069 REVISED JOINT AUDIT CODE OF PRACTICE (JACOP)

The Finance Manager brought to the Committee's attention the revised Joint Audit Code of Practice (JACoP) published in June 2016.

The Committee NOTED that the new version of JACOP was substantially unchanged and that there would be no noticeable impact on the regularity assurance arrangements or financial statements for 2015-2016.

1070 CLOSE

There being no further business the Chair thanked those present for attending and closed the meeting at 10.00am.

Janice Sunderland, Secretary to the Corporation

Signed as a correct record on 16/11/16 Date)

..... *N. W. [Signature]* (Chair)

