

**Minutes of the Meeting of the Audit Committee held on  
28 February 2018 at 9.00 am in Room BT28, Flemingate, Beverley**

**Committee Members:** Lesley Archer, Business Member  
 Alex Denholm, Co-Opted External Member (from item 8)  
 Kevin Hall, Local Authority Member (from item 9)  
 Neil Waterhouse, Business Member (Chair)

**Also in Attendance:** John Doris, Vice Principal, Finance & Resources  
 Richard Lewis, RSM UK Audit LLP  
 Dave Robinson, TIAA (from item 9)  
 Steph Rushton, Finance Manager  
 Mike Welsh, Principal  
 Helen Wooldridge, Director of Learner Services, Planning and Diversity  
 Janice Sunderland, Secretary to the Corporation

Min. No.		ACTION by whom	DATE by when
1136	<b><u>APOLOGIES FOR ABSENCE</u></b>  Apologies were received from Andrew McCullough, TIAA.		
1137	<b><u>DECLARATION OF INTEREST IN ANY OF THE ITEMS ON THIS AGENDA</u></b>  The Chair reminded members of the Committee to declare at the start of the meeting interests held in any matters to be discussed. No interests were declared.		
1138	<b><u>MINUTES OF THE MEETING HELD ON 22 NOVEMBERE 2017</u></b>  The minutes of the meeting held on 22 November 2017 were confirmed as an accurate record and signed by the Chair.		
1139	<b><u>MINUTES OF THE JOINT MEETING OF THE AUDIT COMMITTEE AND REMUNERATION, FINANCE AND HUMAN RESOURCES COMMITTEE HELD ON 22 NOVEMBER 2017</u></b>  The minutes of the joint meeting held on 22 November 2017 were confirmed as an accurate record and signed by the Chair.		
1140	<b><u>CONFIDENTIAL MINUTES OF THE JOINT MEETING OF THE AUDIT COMMITTEE AND REMUNERATION, FINANCE AND HUMAN RESOURCES COMMITTEE HELD 22 NOVEMBER 2017</u></b>  The confidential minutes of the joint meeting held on 22 November 2017 were confirmed as an accurate record and signed by the Chair.		
1141	<b><u>MATTERS ARISING</u></b>  There were no matters arising.		

## **1142 REPORT FROM THE MEETING OF THE BOARD OF THE CORPORATION HELD ON 13 DECEMBER 2017**

The Secretary reported that the unconfirmed minutes of the committee meetings held 22 November 2017 were presented to the Board of the Corporation at its meeting on 13 December 2017. The Board received the Auditor's findings and approved the financial statements alongside the regulatory assurance statements and the letter of representation for the year ending 31 July 2017 for signature.

### **ITEMS FOR APPROVAL**

#### **1143 FINANCIAL PROCEDURES**

The Finance Manager confirmed the financial procedures had been reviewed and as a result a number of minor revisions were recommended.

Members approved the revised financial procedures.

### **ITEMS FOR INFORMATION**

#### **1144 INTERNAL AUDIT**

David Robinson, TIAA, presented the internal audit reports and findings as follows:

##### **a) Final Reports**

- **Assurance review of apprenticeship arrangements**

Members were informed that the audit of apprenticeship arrangements resulted in *reasonable* assurance being provided. One routine and five priority 2 actions were identified reflecting the new and complex requirements. Members acknowledged this area had been targeted as an identified area of risk and were pleased to see the assurances and actions reported.

- **Governance – strategic controls**

It was reported that the Governance – strategic controls audit provided *substantial* assurance with 2 priority 3 recommendations.

- **Risk management arrangements**

It was reported that the risk management audit provided *substantial* assurance with 3 priority 3 recommendations.

- **Sub-contractor provision**

It was reported that the sub-contractor provision audit provided *substantial* assurance with 2 priority 3 recommendations. It was noted that the ESFA guidance document had been used to assess whether the College was meeting the requirements.

Members received confirmation that all actions were discussed at exit meetings with College Managers and noted the internal audit reports. The importance of prompt management responses was acknowledged.

Members noted the internal audit reports including the recommendations and management responses.

**b) Internal Audit Progress Report to 28 February 2018**

Members received the internal audit progress report to 28 February 2018.

**c) Action Plans from Previous Audits – Rolling Update**

The Finance Manager outlined the progress being made in relation to outstanding actions from both internal and external audit report actions. Members requested that future reports included assurance of both management closure and external/internal audit closure.

Fin Mgr

May 2018

Members noted the report and the good progress being made in implementing audit actions.

**1145 FUNDING AUDIT (ILR)**

**a) Verification of student records data – termly report**

The Director of Learner Services, Planning and Diversity reported on the outcome of the DSAT reports confirming that of the 60 reports aimed at identifying potential data or funding errors, 22 of these reported no potential errors. She presented the issues which had been raised and confirmed that the vast majority had been investigated and found to be correct, detailing those issues which had required corrective action. A summary of the results of the funding monitoring reports was also provided.

Richard Lewis, External Audit, informed members this report provided excellent assurance which was acknowledged by Members.

The Committee noted the findings of the DSAT review and funding rules monitoring reports and the corrective action taken.

**b) Quality planning schedule – reporting of data return deadlines**

The Director of Learner Services, Planning and Diversity confirmed that all data return deadlines since the last meeting had been met and outlined the returns due before the next meeting.

The Committee NOTED the report.

**1146 RISK MANAGEMENT**

**a) Termly report on risk management – autumn term 2017-2018**

The Vice Principal, Finance and Resources, presented the risk register for the autumn term 2017-2018. He confirmed that following review two new risks had been included to cover “failure to meet revised bank covenants” and “failure to meet the requirements of the new GDPR arrangements”. The risks associated with the “continuing reduction in 16-18 and non-apprenticeship audit funding, in real terms as the rate of inflation increases” and “failure to deliver the strategic growth objectives in HE” had been removed.

Members noted the risk management report.

**b) Deep dive risk area – failure to provide accurate, regular, timely and relevant MIS output**

The Vice Principal, Finance and Resources, provided a high level summary of the risk and actions currently outlined within the risk register. Members discussed the risk in detail, together with the score, impact, controls, assurances and mitigating actions. Through discussion it was agreed that the risk should in future include:

VP, F&R May 2018

- Recognition of the pace of change and associated complexities and unpredictability of funding rules within the descriptor.
- Third party assurance to be strengthened to include ESFA funding audit, annual statement on ILR data, HE return etc.
- Controls could be strengthened to include the reports received by Governors. It was noted that the annual statement from External Audit would report on any irregularities found.
- The impact should include risk of insolvency.

It was also agreed that management would re-assess the risk score.

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It was confirmed that late returns of data had never been an issue at the college and that late returns could result in payments being withheld, reductions in funding or removal of the contract.

Members agreed to continue with a deep dive into one risk area at future meetings. It was agreed that the risk relating to meeting the GDPR regulations would be included on the agenda for the next meeting and that the Director of Human Resources would be invited to attend for that item.

Secretary May 2018

**1147 ANNUAL REPORT ON SUB-CONTRACTOR ACTIVITY 2016-2017**

This item was recorded as a confidential minute.

**1148 CLOSE**

There being no further business the Chair thanked those present for attending and closed the meeting at 10.20 am.

J Sunderland, Secretary to the Corporation

Signed as a correct record on  (Date)

9/5/18 (Chair)