

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

**Committee Members:** 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  
Ellie Gray-McCulloch (observer), TIAA (from item 9)  
Ashley Hepton, RSM UK Audit LLP (from item 9)  
Andrew McCulloch, TIAA (from item 9)  
Steph Rushton, Finance Manager  
Mike Welsh, Principal  
Helen Wooldridge, Assistant Principal, Information, Planning, Learner Experience, Inclusion and Curriculum Operations  
Janice Sunderland, Secretary to the Corporation

**Min.  
No.**

**1149 APOLOGIES FOR ABSENCE**

Apologies were received from Richard Lewis, RSM UK Audit LLP.

**1150 DECLARATION OF INTEREST IN ANY OF THE ITEMS ON THIS AGENDA**

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.

**1151 MINUTES OF THE MEETING HELD ON 28 FEBRUARY 2018**

The minutes of the meeting held on 28 February 2018 were confirmed as an accurate record and signed by the Chair.

**1152 MATTERS ARISING**

There were no matters arising.

**1153 REPORT FROM THE MEETING OF THE BOARD OF THE CORPORATION HELD ON 26 MARCH 2018**

The Secretary reported that the unconfirmed minutes of the committee meeting held 28 February 2018 were presented to the Board of the Corporation at its meeting on 26 March 2018.

**ITEMS FOR APPROVAL**

**1154 PERFORMANCE REVIEW OF AUDITORS (CONFIDENTIAL)**

This item is recorded as a confidential item.

ACTION by whom	DATE by when

1155	<b><u>ANNUAL APPOINTMENT OF THE COLLEGE'S FINANCIAL STATEMENTS AND REGULARITY AUDITORS FOR 2018-2019</u></b>	Audit Chair	11.7.18
	It was agreed to recommend to the Board that RSM be re-appointed to complete the 2017-2018 financial statements.		
1156	<b><u>ANNUAL APPOINTMENT OF THE COLLEGE'S INTERNAL AUDITORS FOR 2018-2019</u></b>	Audit Chair	11.7.18
	It was agreed to recommend to the Board that TIAA be re-appointed for internal audit services in 2018-2019.		
	<i>Auditors joined the meeting at this point</i>		
1157	<b><u>FINANCIAL STATEMENTS AUDIT PLAN FOR YEAR ENDING 31 JULY 2018 AND EMERGING ISSUES</u></b>	VP, F&R	As req'd
	Ashley Hepton, RSM, presented the financial statements audit plan for the College and its subsidiary for the year ending 31 July 2018. The plan explained the scope of the audit of the financial statements and regularity assurance engagement, the timetable and communication plan and highlighted the key risks that audit work would be focused on. Through discussion of the report it was confirmed that:		
	<ul style="list-style-type: none"> <li>• A VAT refund would be made to the College in relation to the Flemingate build. The refund would hopefully be made in-year and it was confirmed this would be received via East Riding College Ltd (ERCL) so financial statements would be required for ERCL.</li> <li>• RSM would be introducing an online portal in connection with the delivery schedule and it was noted that separate terms and conditions would need to be signed by the Principal and Chair. Further information would be provided in the near future.</li> <li>• Members were not aware of any fraud issues within the College.</li> </ul>		
	The financial statements audit plan was approved.		
1158	<b><u>TENDERING PROCEDURES</u></b>		
	The Finance Manager presented minor changes to the College's tendering procedures which were approved.		
1159	<b><u>ANNUAL REVIEW OF TERMS OF REFERENCE</u></b>	Secretary	11.7.18
	The Secretary proposed revisions to the Committee terms of reference which were agreed for recommendation for approval to the Board at its meeting to be held on 11 July 2018.		

## ITEMS FOR INFORMATION

### 1160 COMMITTEE SELF-ASSESSMENT

The Secretary reminded members to complete and return the committee self-assessment as soon as possible. Members were reminded that actions identified for improvement were considered as part of the development of the Governance Quality Improvement Plan.

Members

asap

### 1161 INTERNAL AUDIT

Andrew McCulloch, TIAA, presented the internal audit reports and findings as follows:

#### a) Final Reports

- ICT cyber crime

Members were informed that the audit of ICT cyber crime resulted in *substantial* assurance being provided. Three routine and one operational action were identified.

- Key financial controls

It was reported that the key financial controls audit provided *limited* assurance with 4 urgent and 1 important recommendations. The Vice Principal confirmed that 3 of the 4 urgent actions had been completed and informed members he felt the assessment was overly severe.

- Follow up

TIAA had undertaken a review to clarify the management action that had been taken in respect of the recommendations arising from previous internal audit reviews. It was confirmed that out of the 10 recommendations made, 7 had been implemented, 1 was in the process of being implemented and 2 had revised target dates.

Members expressed concerns regarding the recent work undertaken by TIAA which would be covered through a follow-up meeting with the Vice Principal, Finance and Resources.

VP, F&R

asap

#### b) Internal Audit Progress Report to 9 May 2018

Members received the internal audit progress report to 9 May 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 noted the inclusion of auditor's closure within the reports which would be updated regularly.

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

### 1162 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 63 reports aimed at identifying potential data or funding errors, 22 of these reported no potential errors. She presented the issues which had been raised on the remaining 41 reports and confirmed that the vast majority had been investigated and found to be correct, detailing those issues which had required corrective action and reported on corrective action required. A summary of the results of the funding monitoring reports was also provided.

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.

**1163 POST 16 AUDIT CODE OF PRACTICE**

Members noted the post 16 audit code of practice which had been revised for 2017-2018.

**1146 RISK MANAGEMENT**

**a) Termly report on risk management**

The Vice Principal, Finance and Resources, presented the risk register for term 2 2017-2018. He confirmed that there were no fundamental changes or new risks in this review and presented the minor changes.

Members noted the risk management report.

**b) Deep dive risk area – Risk of not meeting the College's bank covenants**

The Vice Principal, Finance and Resources, provided a high level summary of the risk and actions currently outlined within the risk register in relation to the risk of not meeting the College's bank covenants. Members discussed the risk in detail, together with the score, impact, controls, assurances and mitigating actions. Through discussion it was confirmed that:

- Selection for a provider to undertake the independent business review was in progress.
- There was a good level of consistency in relation to the team fielded by Barclays which included members of their Business Support Team.

- The timetable for the IBR to report and covenants to be re-negotiated allowed for amendments to be agreed by 31 July 2018.

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

26.9.18

**1148 CLOSE**

There being no further business the Chair thanked those present for attending and closed the meeting at 10.07 am.

J Sunderland, Secretary to the Corporation

Signed as a correct record on ..... *K.P. Keel* ..... (Date)

..... *26/9/2018* ..... (Chair)

