

Audit Committee

Minutes of the meeting held on 14 June 2017

Present: Stewart Edwards, Chris Gurevitch, Paul Simpson (Chair)

In attendance: Stephen Brown (Observer), David Cooper (Principal), Richard Lewis (RSM UK Audit LLP), Sarah Wall (Acting Clerk), Julie Wilson (College Accountant)

32. Apologies for absence (agenda item 1)

Resolved: Apologies for absence were received from Steve Cook and Stephen Hawkins.

33. Declarations of interest (agenda item 2)

Resolved: Richard Lewis declared his interest for agenda items 9 (Review of performance of external auditors for 2016/17) and 10 (Appointment of external auditors for 2017/18). It was agreed that Richard Lewis will leave the meeting for those items.

34. Minutes of the last meeting held on 8 March 2017 (agenda item 3)

Resolved: The minutes of the meeting held on 8 March 2017 were accepted as a correct record and signed by the Chair.

35. Matters arising from the minutes/action schedule (agenda item 4)

- The safeguarding contract does contain a disclaimer, but the College is receiving safeguarding updates from the service purchased, and has had valuable guidance regarding a current matter.
- The excess amount on the insurance policy against financial mismanagement is £1,000.

Resolved: David Cooper confirmed that actions from the action schedule have taken place:

36. Audit Committee commissioned business – Personal Development, Behaviour and Welfare (agenda item 5)

It was agreed that minute 36 should be classified as confidential in accordance with Clause 17 (2) of the Instrument of Government for a period of one year.

37. Rolling implementation plan of audit recommendations (agenda item 6)

Julie Wilson submitted the college's rolling implementation plan of audit recommendations. She noted:

- There were no new recommendations.
- Status has been updated for current recommendations.

All have been actioned in line with recommendation.

Recommended: The rolling implementation plan of audit recommendations was received.

38. Audit Plan for the year ended 31 July 2017 (agenda item 7)

Richard Lewis submitted the Audit Plan for the year ended 31 July 2017. He noted its contents:

- Introduction and engagement objectives
- Audit and regularity approach, scope and timetable
- Key risks affecting the audit plan
 - Richard Lewis noted the ongoing issue of pensions.
 - Richard Lewis stated that Governors must assess whether the college is a going concern when signing the year-end financial statements. At present he believes this to be the case. He said that now the ABR process has been completed, this should be taken into account when looking at the college as a going concern.
- Fees
- Audit engagement team
- Other matters relating to audit and regularity scope, approach and reporting
- Pro forma audit and regularity reports (unmodified)
- Governance, control and independence
- Financial reporting developments

Richard Lewis noted details of training provided by RSM UK Audit in July 2017, and this has been circulated to Governors by the Clerk.

The Committee thanked Richard Lewis for this thorough and detailed report.

Recommended: The Audit Plan for the year ended 31 July 2017 was received.

39. Update / emerging issues (agenda item 8)

Richard Lewis explained the national issues from audit findings, including:

- Off payroll working (IR35 legislation). David Cooper confirmed that only one person was affected by this and they have now moved onto payroll.
- VAT on catering. Richard Lewis confirmed that this is not an issue to the college as goods are only sold to staff and students, not the general public.

Resolved: The update on emerging issues was received.

40. Review of performance of external auditors for 2016/17 (agenda item 9)

Richard Lewis was not in attendance for this item.

Governors confirmed that performance of RSM UK Audit was discussed in more detail at the previous meeting. Governors agreed that they are very happy with the service, their advice is helpful and reassuring. David Cooper noted that Richard Lewis also deals with the other federation colleges, and this was helpful in giving common and consistent guidance to the group.

Recommended: The review of performance of external auditors for 2016/17 was received.

41. Appointment of external auditors for 2017/18 (agenda item 10)

It was agreed that minute 41 should be classified as confidential in accordance with Clause 17 (2) of the Instrument of Government for a period of one year.

42. Board Assurance Framework and Risk Register (agenda item 11)

David Cooper submitted the college's Risk Register, which ensures the college is compliant with appropriate legislation and fulfils the current funding requirements of the EFA. David Cooper drew attention to the following updates:

- The risk of ABR has been removed following the completion of the process.
- Addition of the risk of an on-site incident or incident in the proximity of the college.
- Addition of the risk of unfunded SFCA pay framework inflation.
- Addition of the risk of failure of the Federation.

Referring to the entry regarding an on-site incident or incident in the proximity of the college, David Cooper noted that the senior team are currently updating security policies following guidance from the Home Office and Humberside Police. New turnstiles are also being investigated to make the college site more secure.

Richard Lewis noted that the Risk Register needed an update on page 1 to remove Bob Overment's name.

Richard Lewis suggested that a methodology be developed to formally provide assurance from by management to the Audit Committee, supported by evidence, that actions are taking place.

Governors asked if there could be a schedule developed for reviewing the controls and assurances contained in the register, by theme. This would be supporting evidence to external bodies such as Ofsted that actions/risks are being investigated. Richard Lewis offered his services to help pull together the schedule. It was agreed that David Cooper and Richard Lewis will meet before working with Paul Simpson to formulate the supporting document.

Recommended: That the Board Assurance Framework and Risk Register be approved. The report will remain confidential.

43. Proposed annual cycle of business of the Audit Committee 2017/18 (agenda item 12)

Resolved: The annual cycle was reviewed and agreed.

43. Annual review of the role and effectiveness of the Audit Committee 2016/17 (agenda item 13)

Governors completed the Committee's self-assessment questionnaire. Governors reviewed the performance of the Committee for 2016/17 and agreed that the Committee operated effectively.

Governors requested that Richard Lewis prepare and provide a summary document to accompany large audit documents, outlining the main points.

Governors requested that a review of the terms of reference be undertaken at the June meetings in preparation for the following academic year.

Resolved: The results of the annual self-assessment of the Audit Committee's role and effectiveness were noted.

44. Any other business (agenda item 14)

Resolved: There was no other business.

45. Date of next meeting (agenda item 15)

Resolved: The next meeting will take place on Wednesday 22 November 2017 at 12 noon (subject to Corporation approval).

46. Confidential items/reports

It was agreed that the following minutes /reports be classified as confidential in accordance with Clause 17 (2) of the Instrument of Government and associated reports are therefore not available for circulation to the public, college staff or students (excluding senior post holders).

Minutes:	Reports:
<ul style="list-style-type: none">Minute 36: Audit Committee commissioned business – HR policiesMinute 41: Appointment of external auditors for 2017/18	<ul style="list-style-type: none">Minute 36: Contracts and Policies Review – Recommendations to Audit CommitteeMinute 42: Risk Register

Action schedule

Minute no	Title	Action by	Action
42	Board Assurance Framework and Risk Register	Principal / Chair	David Cooper and Richard Lewis to meet, then work with Paul Simpson (Chair) to formulate the supporting document.
43	Proposed annual cycle of business of the Audit Committee 2017/18	Clerk	Update the proposed annual cycle of business of the Audit Committee and the full annual cycle of business
		Richard Lewis	Prepare and provide a summary document to accompany large audit documents, outlining the main points.
		Clerk	Add 'Review of Audit Terms of Reference' to June's Audit Committee agenda.
45	Date of next meeting	Clerk	Arrange next meeting.

