

**Meeting of the Audit & Risk Committee
Tuesday 10th May 2016 at 4.00 pm
Conference Room 1
MINUTES**

Present: Ian Clark, Carl Mantell, Zaeed Mohammed, John Tiscornia, Gordon Watson (Chair)

In attendance: Carole Drury (Clerk), Craig Owen, Louise Shrapnel, Graham Wilkinson, Mark Ashton-Blanksby (ICCA)

539 **Apologies for Absence**

Ian Clinton (agreed leave of absence)

540 **Declaration of Interests**

There were no declarations of interest

541 **Minutes of last Meeting held on 9th February 2016**

The minutes of the meeting held on 9th February 2016 were accepted as a true record and signed by the Chair

542 **Matters Arising and Rolling Action Plan**

There were no matters arising from the minutes. Updates from the action plan were accepted.

543 **Internal Audit**

M Ashton-Blanksby presented the three recently completed internal audit reports:

04:15/16 Financial Planning and Budgetary Control

This audit provided substantial assurance for the Board on the management of financial strategy, assumptions and sensitivity analysis and budgetary control. Two medium category recommendations were made in respect of management capacity and scenario planning, both of which were accepted in the management comments.

The first recommendation was in respect of stress-testing and it was agreed that the current Finance Working Group would be well placed to review assumptions and present them to the Board to support understanding of the proposed growth plan. The importance of keeping the Board up to date with risks was emphasised, rather than waiting until the end of year accounts. It was also agreed that the Finance Working Group would preview the draft budget prior to presentation to the Board at the July meeting. Despite the expectation that the group would cease to meet from July as it had been set up to monitor finance and capital projects, it was agreed that it provided a useful service in providing assurance to the Board and benefited from having both governor and staff members.

The second recommendation covered the over-reliance on a small management team in the development of the budget with a suggestion that there should be more involvement from budget holders over and above their attendance at budget setting meetings with the Director of Finance & Resources and Finance Manager.

05:15/16 Learner Support & High Needs Funding

The objective of this audit had been to provide an independent assurance opinion that Learning Support in the College was compliant with the funding guidance and

that appropriate control frameworks were in place to enable accurate claims to be made. Substantial assurance was provided that all areas tested were designed and operating effectively with no significant weaknesses. One low level recommendation had been made, relating to the absence of a support plan for one apprentice out of a sample of ten.

It was reported that the College currently supported 42 high needs learners but was only funded for 26 with lagged funding expected next year.

06:15/16 Follow Up

This audit had focussed on ensuring that satisfactory progress was being made against recommendations made in previous audits and ensuring there was no significant risk to the College not being able to meet its strategic aims. The audit concluded that the College had been compliant in reporting on the status of recommendations and that to date 86% had been fully implemented thereby providing substantial assurance to the Board that progress was timely and effective.

544 **Internal Audit Outstanding Actions Reports**

The action plans from the 2014/15 and 2015/16 internal audits were presented for consideration showing progress made against each of the recommendations from the audits. There were no areas of concern raised by the report thereby demonstrating regular monitoring of the recommendations and actions.

545 **Internal Audit Draft plan 2016/17**

M Ashton-Blanksby presented the draft internal audit plan, citing the importance of continuing with an internal audit service to provide the Board, through the Audit & Risk Committee, with assurance against some of the key risks facing the College. The proposed plan was presented as providing a balance of both assurance and added value reviews and had been drawn up following consultation with the Senior Management Team, identification of the key risks from the risk register and a consideration of external priorities. The plan had also included the Internal Audit Charter of Public Sector standards, aligned to JACOP, that provided ICCA's service delivery key performance indicators and how they would be monitored.

The Committee debated the proposed programme and discussed the importance of internal testing of the growth plan to provide regular Board assurance that it was achievable.

M Ashton-Blanksby drew attention to additional time allowed within the plan to support the Area Based Review recognising that new risks could emerge from the process.

The Committee RESOLVED to agree the plan.

546 **The New FE Statements of Recommended Practice (SORP)**

The Director of Finance & Resources presented a summary provided by the External Auditors, RSM, of the changes that will be required in the presentation of the 2015/16 accounts following the introduction of the new SORP for the FE and HE sectors that included a requirement to re-state figures for previous years to allow like-for-like comparisons to be achieved. Assurances would be sought from the banks on any likely impact of the new standard on the covenant position.

It was suggested that a further view would be required from RSM as to how the provision of restatement would work. J Tiscornia asked why the standards had not been discussed before but I Clark confirmed that it was usual accounting practice to only work on new standards from when they apply. He also stated that several sections would not apply to the College thereby reducing the concerns over

workload.

547 **Strategic Risk Register**

The strategic risk register was presented by the Principal with updates shown in red. No significant changes to the risk position had been identified and the Committee accepted the update position.

C Mantell commented that it was good to see the register being updated and considered by the senior management team. M Ashton-Blanksby confirmed that the register met the expectations of the sector.

548 **Review of Covenant Risk Position**

The Director of Finance & Resources provided a statement to the Committee on the latest position in respect of the covenant, confirming that the forecast position to the end of July 2016 would be 32.2% against an upper limit of 40%.

549 **Policy Updates**

The Director of Finance & Resources presented the updated Whistleblowing policy for consideration by the Committee with minor amendments shown in red including reference to other College policies that could be invoked before recourse to whistleblowing. Z Mohammed confirmed that a range of options were available to staff when they had a concern. The policy was accepted.

550 **Review of Committee Performance**

In line with the Board procedures for self-assessment of performance, the Committee reviewed its own performance against its terms of reference based on a table of evidenced actions provided by the Clerk. The Committee discussed its performance questioning whether or not it had satisfactorily challenged and whether it was possible to gauge its own performance. The Clerk advised that this was only part of the overall governance self-assessment process, combined with governor appraisal and other measures. M Ashton-Blanksby pointed out that the committee was effective, citing commitment and attendance, effective use of internal audit opinion, timely completion of recommendations to improve as examples of how qualitative assessment could be made.

The Committee agreed it was satisfied that it had achieved all the expectations identified in the terms.

551 **Meeting Dates for 2016/17**

Meeting dates for 2016/17 had already been approved but the Committee was asked to review the dates around the agreed dates for internal audit. Due to the timing of some internal audits in February 2017, it was agreed to move the Spring term meeting to Tuesday 14th March.

552 **Any other business**

There was no other business

553 **Date of Next Meeting**

22nd November 2016