

**Meeting of the Audit & Risk Committee
Monday 26th November 2018 at 5.00 pm
Seminar Room 2
MINUTES**

Present: Emily Harris, John Rawsthorne, Rebecca Sandham, Gordon Watson (Chair)

In attendance: Patrick Clark (ICCA), Carole Drury (Clerk), Kelvin Nash, Louise Shrapnel

- 629 **Apologies for Absence**
Ian Clark, Zaeed Mohammed
Dale Thorpe of RSM also gave late apologies

It was noted that the meeting would have been the last one for Ian Clark and it was agreed to send a letter of thanks to him for the important contribution he had made to the Committee during the previous 7.5 years.

- 630 **Declaration of Interests**
There were no declarations of interest not noted in the register

- 631 **Minutes of last Meeting held on 8th May 2018**
Patrick Clark's apologies were noted.
The minutes of the meeting held on 8th May were then approved and signed by the Chair as an accurate record.

- 632 **Matters Arising and Rolling Action Plan**
623 – The Chair welcomed new members: John Rawsthorne, Rebecca Sandham plus newly co-opted member, Emily Harris. It was noted that Zaeed Mohammed's membership of the committee would terminate at the end of his current term of office in March 2019.

- 633 **Internal Audit:**
Head of Internal Audit, Patrick Clark, presented the annual internal audit report and confirmed that, in line with the audit schedule, no internal audits had yet been completed this year.

The report outlined the internal work carried out by ICCA Education Training & Skills during the 2017/18 academic year and provided an annual assurance opinion of the adequacy and effectiveness of the College's framework of governance, risk management and internal control.

The assurance opinion was one of reasonable assurance that the College has adequate and effective governance, risk management and systems of internal control in place to manage the achievement of its objectives and securing economy, efficiency and effectiveness with no material control failings. It was noted that there could be no better score than reasonable assurance as identified in the Audit Code of Practice.

It was reported that the audits had been centred around the College risk register. Eight audit reviews had taken place covering a range of systems, business areas and

internal control. Overall six substantial assurance and one reasonable assurance opinions had been given along with one advisory review.

In respect of implementation of previous internal audit recommendations, it was reported that substantial progress had been made in implementing the agreed actions with 90% (19 of 21) of previously agreed recommendations now fully implemented and 10% (2 of 21) partially implemented.

Key performance indicators for ICCA around attendance at meetings, turnaround of audit reports and recommendations accepted for validity had all been met.

Emily Harris asked about the outcome of the Curriculum & Planning audit and was advised that curriculum contribution was being introduced as part of the budget process using data analysis. Audits that had been postponed to enable the curriculum and planning audit to take place had been included within the 2018/19 schedule.

Patrick Clark provided an overview of assurance levels and overall ratings for the benefit of new committee members. John Rawsthorne asked to see the summary briefs for the 2018/19 internal audits.

634 **Internal Audit Outstanding Actions Report**

The Principal presented the action report showing progress against recommendations made in the 2017/18 internal audits with good progress being made in most areas.

Under 05.17/18 Advisory audit into GDPR readiness for compliance, less progress had been made due to recent changes in management responsibilities. Progress on the GDPR action would be fully reported at the next meeting but the committee was advised that statutory requirements such as the publication of the College's privacy policy had been actioned.

John Rawsthorne requested that more specific deadline dates for actions be included for improved monitoring.

635 **Financial Statements, Regulatory Audit & Audit Findings Report**

The Assistant Principal Corporate Resources presented the College's regularity self assessment questionnaire showing how requirements had been met.

Dale Thorpe of RSM External Audit team had sent unavoidable apologies but had advised that he could be contacted by phone during or after the meeting for clarification and the Chair agreed to call him after the meeting to ensure there were no issues that needed to be raised without management being present. The draft audit findings report showed no significant difficulties being encountered during the recent audit with no adjustments requested.

The draft letters of representation were considered to show that the financial statements had been prepared in accordance with the annual accounts direction issued by the ESFA and recommended that they be signed by the Corporation Chair on behalf of the Board.

The financial statements to 31st July 2018 were presented and considered. Emily Harris commented that it was a very positive report and it was noted that there had been no causes for concern or situations impacting on the financial statements such as the floods of previous years. The funding reconciliation letter from the ESFA had not yet been received and the bank overdraft letter was also awaited to confirm the facility for a further year at a level of £300k.

It was reported to the Committee that a small group of governors had met with senior managers to preview the financial statements. An outcome of the meeting was to

propose that an improved introduction of the statements to the corporation be provided to include key focus points, to ensure full understanding by board members before they were formally approved. Louise Shrapnel was asked to provide the introduction.

In respect of the regularity report, Louise Shrapnel confirmed that it had been reviewed by RSM with sample checks taking place.

It was agreed to approve the draft reports with the addition of a summary and to recommend to the Board, noting that the statements and letters could not be signed until outstanding bank and ESFA letters had been received.

Post meeting: The Chair had a very positive telephone discussion with the External Auditor, Dale Thorpe of RSM, who supported the proposal for an introduction to the financial statements. He confirmed there were no concerns that needed to be aired with the Chair citing good progress with an improved balance sheet, lower net liabilities and overall assets improved by £1m with an improved cash position. He spoke very highly of the finance team and that the College was heading in right direction.

636 **Audit Committee Annual Report**

The annual report of the committee's activities for 2017/18 was presented. An overview of the year, committee membership and terms of reference were included to demonstrate the key role of the committee in advising the corporation on the adequacy and effectiveness of the college's internal control systems.

Minor amendments were agreed along with discussion on the priorities for the committee during 2018/19. It was agreed to submit the report to the Board in line with the requirements of the Audit Code of Practice and the Committee's terms of reference.

637 **Risk Register**

The risk register had been re-constructed to introduce three levels of assurance based on new guidelines from RSM. The risks had been revised and scoring refreshed based on new management structure and other external factors. No areas of serious concern were identified.

An amendment was agreed to the scoring scale of the register resulting in two of the risks moving to amber. The Principal reported that the register would be reviewed termly and a consideration would be given to inviting key risk managers to present their management of the risk to the Committee.

It was agreed that the amended register would be shared with the Board.

638 **Review of Covenant Risk Position**

The Assistant Principal Corporate Resources provided a position statement in respect of the two major covenants held with Lloyds Bank reporting that there was no risk of breach of the covenant with the trend in borrowings going down and one lease now completed.

639 **Any other business**

Appointment of Committee Chair. As the Chair had indicated his retirement, it was agreed to recommend John Rawsthorne as the next Committee Chair. Rebecca Sandham was recommended as Vice Chair.

640 **Date of Next Meeting: Monday 11th February 2019**