



644 PRELIMINARY PROCEDURAL MATTERS

644.1 Attendance, Apologies & Welcome

Present: Mark Eastwood (Committee Chair)
John Sills
Rina Singh
Jan Wing

In Attendance: Sam Abbas (RSM)
Rajeev Shaunak (MacIntyre Hudson)
Andrew Clare (Deputy Principal Finance & Resources)
Jayne Chaplin (Clerk to the Corporation)

Apologies: Ricky Irons

644.2 Declaration of Interests & Confidential Items

None.

644.3 Private Meetings

644.3.1 Auditors without Officers Present

It was confirmed that there was nothing that needed to be raised with the Governors under this item.

644.3.2 Officers without Auditors Present

There was discussions with Management both of the performance of the auditors and of the College plans for market testing following discussion and decision to do so at previous meetings.

Members were invited to consider a proposal to undertake a joint-tender exercise with North Hertford College. In response to questioning, it was confirmed that auditor appointment remained the responsibility of the Corporation and with just the tender process to be undertaken jointly.

The merits were recognised of so doing, discussing the timescales within which it was proposed for the process to be concluded and confirming the involvement of Committee members, subject to individual availability.

Following review, it was **RESOLVED** to **APPROVE** the proposals to retender for the audit services during the spring term.

644.4 Minutes & Matters Arising

644.4.1 Minutes of the Meeting Held on 28 June 2017

The minutes of the last meeting were approved as a correct record and signed by the Chair subject to the amendment of Minute 641.1.2 to read “whilst providing an overall Substantial assurance, the report identified the opinion for the individual areas”.

644.4.2 Matters Arising

With all matters covered on the agenda, there were no matters on which to report.

645 YEAR-END 2017/ 18

Reviewing performance for the year-ended 31 July 2018, reports were reviewed from:

645.1 The Internal Audit Service (IAS): IAS Annual Report

Covering the period from 1 August 2017 to 31 July 2018, the IAS Annual Report provided an overview of the adequacy and effectiveness of the College control frameworks to assist the Corporation (via the Committee) in the preparation of an informed Statement of Corporate Governance and Internal Control within the College Financial Statements.

The IAS confirmed its opinion that it was satisfied that the College had an adequate and effective framework for risk management, governance and internal control. Members were advised however of further improvements identified and recommendations made to ensure that the framework of risk management, governance and internal control remained adequate and effective.

After discussion, the Committee **RESOLVED** to:

- **RECOMMEND** for the Corporation to **APPROVE** the Internal Audit Annual Report 2017/18.

645.2 The External Audit Service

Reports were received from the External Audit service, MacIntyre Hudson, comprising:

645.2.1 Financial Statements

The year-end financial position was outlined in the Financial Statements for the year-ended 31 July 2018. The key financial issues for the period were confirmed and members noted:

- A group profit of £488K before pensions and asset sales
- An overall cash balance increase from £7.1m to £8.4m
- The significant actuarial gain recorded for the LGPS pension scheme

The audit management pack was then considered comprising:

645.2.2 Audit Management Report, Regularity Self-Assessment & Letter of Representation

Accompanied by the Letter of Audit Representation and the Regularity Audit Letter, the Management Report was presented, outlining the external auditors review of and report on the College’s financial statements.

After providing an overview of the review of financial performance, the EAS:

- Confirmed that all the control points raised in the 2016/17 management letter had been resolved
- Highlighted three internal control issues for the year under review.
- Confirmed that the regularity audit had been completed and that there were no observations to make.

On the basis of the audit work undertaken, it was confirmed by the EAS that an unqualified opinion was anticipated and that it considered that the financial statements:

- Gave a true and fair view of the state of the affairs of the College as at 31 July 2018 and of the College's income and expenditure, recognised gains and losses and cash flows for the year then ended
- Had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

After consideration, it was **RESOLVED** to **RECOMMEND** to the Corporation:

- The **APPROVAL** of the Audit Management Letter & Statutory Accounts for the year-ended 31 July 2018
- **The APPROVAL** of the regularity self-assessment and its signature by the Chair of the Corporation and Principal.
- **The APPROVAL** of the Letter of Representation.

645.3 Education & Skills Funding Agency (ESFA) Financial Health Letter

Following its review of the College Financial Plan 2018 to 2020, the ESFA Financial Health Rating Letter was presented along with its financial dashboard.

Members were advised that its financial record for 2017/18 confirmed the financial health for the College to be Good; and outstanding for 2018/19. There was review both of the ratios used to assess financial health and the benchmark data comparing performance against other colleges.

The report was noted.

645.4 Audit Committee: Annual Report, Terms of Reference & Performance Indicators

Reports were received comprising:

645.4.1 The Audit Committee Annual Audit Report 2017/18

The report summarised the activity of the Committee during the year and advised the Board on the adequacy of the operation of the internal control systems in the College.

Reviewing the report there was consideration of those items presented at the meeting relating to the 2017/18 year-end. After observing where the final, confirmed text needed to be included, it was agreed that the report represented a fair assessment of the state of the College's financial and internal control systems and the extent to which they could be relied upon at the time of audit.

645.4.2 Terms of Reference & Performance Indicators

Members were advised that the review had been undertaken following publication of the most recent Audit Code of Practice reporting on the latest changes, highlighting in particular clarification that staff governors now should not be members of an audit committee.

Having had a staff governor as a committee member, consideration was given to the current membership:

- Recognising the expertise and insight the respective members provided. Reflecting further on the options available, it was agreed that when presenting future audit reports, it would be helpful for the manager/s concerned to attend to respond to points of clarification, audit observations or recommendations made.
- Number and any potential risk of inaccuracy in reducing the membership number, concluding that no further changes or additions were considered necessary.

After consideration, and subject to the amendments requested, it was **RESOLVED** to:

- **RECOMMEND** for the Corporation to **NOTE** the conclusions in the Audit Committee Annual Audit Report 2017/18 on the adequacy of the operation of the internal control systems in the College
- **APPROVE** the updated Terms of Reference and Performance Indicators.

645.5 Auditor Performance Review

See Minute 644.3.2

646 ACADEMIC YEAR 2018/19

646.1 Internal Audit Reports

Reports regarding internal audit activity for the current year were received from the Internal Audit service, RSM, comprising:

646.1.1 Progress against Annual Internal Audit Plan

A report was received updating members on progress against the Internal Audit Plan for 2018/19. Observing those items the subject of discussion elsewhere on the agenda (Minute 644.1 refers), there was review of progress confirming that:

- In respect of 2017/18, the Subcontracting Advisory report had comprised five Advisory Actions
- In respect of 2018/19, a Substantial assurance for the Examinations Review with 1 medium and 2 low rated recommendations

In accordance with the Audit Plan for the year, the findings of and recommendations from the one Internal Audit review completed to date then were presented covering the review of:

646.1.2 Audit Report: Examinations

A report was presented outlining findings following a review into the College's examinations arrangements.

It was reported that the review focused on the guidance in place governing the examinations process and the testing of the key processes for registration, payment and examination storage.

Members were advised that taking account of the issues identified, the Board could take substantial assurance that the controls upon which the organisation relied to manage the identified risk were suitably designed, consistently applied and operating effectively with one low and two medium rated management actions recommended

The report was noted.

646.2 Risk Management Report and Risk Register Update.

The updated risk register was received and the most recent changes were reviewed

The report was noted.

646.3 Audit Services: Update on Tendering Arrangements

See Minute 644.3.2

647 OTHER BUSINESS & NEXT MEETING

647.1 Any Other Business

There was no other business.

647.2 Date of the next Meeting.

Friday 8 March 2019

Friday 6 July 2019