

AUDIT COMMITTEE**Minutes of a meeting held on 2 July 2018 at 3.30 pm at the Huddersfield Centre**

Present:	Mr M Pearmain Ms L Precious Dr A Williams	Co-opted member Staff member Independent member
Apologies:	Mr D Keeton Ms C Pinder	Independent member Independent member
Attendance:	3/5 = 60%	[KPI 80%] Quorum: 3
In attendance:	Mr D Winward Ms M Brooke Ms M Gilluley Mr A Riley Ms D Watson Ms K Doherty Mr M Dearnley	Clerk to the Corporation Vice Principal - Corporate Services Principal and Chief Executive Director of MIS, IT and Risk Grant Thornton LLP Grant Thornton LLP Kirklees Council IAS
Apologies:	Mrs R Meara Ms C Dean	Director of Finance Kirklees Council IAS

25. Election of Chair

Dr Williams was elected as Chair.

26. Apologies for absence

Apologies were received as listed above.

27. Private meeting with Auditors

Members met with the Financial Statements Auditors and the Internal Audit Service without management present.

The Committee questioned the auditors on management's response to requests for information, adherence to agreed timescales, openness, responsiveness to recommendations and acceptance of levels of assurance. Positive responses were received on all aspects from both audit providers, although it was noted that some timescales on internal audit reviews had slipped. This was attributed to managements' prioritisation of the College's financial recovery and restructuring plans.

RESOLVED: to note the assurances received.

28. Declarations of interest

There were no declarations of interest.

29. Minutes of the previous meeting

The minutes of the meeting held on 5 March 2018 were confirmed as an accurate record.

30. Matters arising not elsewhere on the agenda

(i) It was noted that the Corporation had approved the 2016/17 accounts in March 2018 on recommendation of the Committee and that there had been significant movement since the previous meeting on the College's application for support from the Restructuring Fund and progress on the issue of going concern. These matters had been reported directly to the Corporation.

(ii) Update on agreed actions.

There were no outstanding actions.

31. Internal Audit Reports

Mr Dearnley presented the following reports:

Progress Report

The post project evaluation of the Process Manufacturing Centre had progressed and was almost complete. The findings were positive overall and the final report would be presented at the next meeting.

The review of Additional Learner Support had been finalised and the report was being presented at this meeting. The remaining reviews for 2017/18 were Internal Progression, Major Incident Planning, New Finance System and the Follow-up review. These all remained work in progress, due to delays as a result of priority work on the College's financial recovery and restructure plans. It was anticipated that all reviews will have been completed in time for reporting to the September 2018 meeting of the Committee.

It was suggested that the internal progression review should be delayed in order to take account of changes to be introduced for the start of the 2018/19 year. Other than this, the Committee was assured that the 2017/18 IAS programme would be completed by the end of audit engagement year.

Additional Learning Support – High Needs

This purpose of this review was to provide assurance on the College's arrangements to ensure there was adequate support to, and outcomes for, learners with high support needs, and whether the associated resources allocated to this were operating efficiently within the available funding.

The review was allocated an 'Adequate' assurance rating and 4 recommendations were made (3 rated 'Significant' and one 'Merits Attention'). These related to reconciliation of funding and costs and that this should be reported to the Finance Committee, the College's policy on accepting out-of-local authority area students, the annual review of actual costs and obtaining feedback from supported students.

The Principal noted that there had previously been considerable discussion of this issue at meetings of the Finance Committee and Corporation and the report represented that good progress had been made since those discussions. She welcomed the assurances within the report and management accepted the recommendations therein. However, it would be necessary to give careful consideration to the development of an agreed policy.

A discussion ensued on the funding arrangements and the possible policy approach that could be taken. It was reported that the College carried out a detailed assessment of each learner's needs and associated costs on recruitment, although these could change as the learner's condition and needs changed.

Members questioned whether the College received detailed information from schools so that more informed assessments could be made. It was reported that Education Health & Care Plans (EHCP)

were received in order to facilitate the transition for each student. However, often, students who would warrant having such a plan in place, arrived without one.

It was noted that the completion dates for the recommendations (June 2018) had already passed and management were asked to bring revised and more realistic completion dates to the next meeting.

The Deputy Principal reported that the target completion dates for the recommendations to obtain feedback from supported students via learner voice surveys was accepted, but as responses were anonymous, further consideration would need to be given as to how this feedback could be obtained.

RESOLVED: to receive the report.

32. Rolling Audit Action Review (RAAR)

Mr Riley presented a summary of the current position on the implementation of audit recommendations:

- Of 16 internal audit recommendations, 16 (67%) were complete and 2 (33%) overdue (against original target completion dates). The overdue recommendations were in the lowest category of 'Merits Attention'; there were no 'Fundamental' or 'Significant' recommendations outstanding;
- Of 2 external audit (2015/16) recommendations, 1 (50%) was complete and one (50%) was in progress. There were no Fundamental or Significant recommendations outstanding.

A discussion ensued on the annual audit planning process followed by the College.

RESOLVED: to receive the report.

33. Fraud Register

The Committee received the latest version of the Fraud Register. There were no entries.

RESOLVED: to receive the report.

34. Review of Audit Service

The Committee received completed review questionnaires in respect of the Internal Audit Service (IAS) and Financial Statements (FS) Auditors.

These had been completed by Mr Riley in respect of the IAS and Mrs Meara in respect of the FS Auditors.

The Committee supported the very positive responses regarding both providers.

RESOLVED: to receive the report.

35. Audit Service Provision from 1 August 2018

The current internal auditors and financial statements auditors were both appointed in 2015 for a 3 year term. The Deputy Principal proposed that a tender exercise should take place for the service from 1 August 2018.

Ms Watson suggested that the tender for FS Audit would be best timed for January 2019, after the College had signed-off the 2017/18 accounts.

Mr Dearnley indicated that he was content with the proposal for the IAS service to be extended for one term, pending a tender exercise.

RESOLVED: to accept the recommendation to arrange a tender exercise for the internal and financial statement audit service from the 2018/19 college year.

36. Audit Planning

(i) Financial Statements Audit Approach 2017/18

Ms Watson and Ms Doherty presented a detailed proposed approach for the Financial Statements (FS) Audit for the year ending 31 July 2018. This would be based on the requirements of International Audit Standards and also focused on the key risks facing the College including: issues relating to the College's financial performance, estates strategy, fixed assets, going concern and loan covenants. The proposed logistics, timetable and fees for the audit had been agreed at a planning meeting with the Director of Finance and were included within the report. There would be a review of the transfer to the new finance system implemented by the College and liaison would take place with the internal auditors on their review of that system in order to avoid any duplication.

The Deputy Principal noted the requirement for external assurance of sub-contracting controls. Ms Watson responded that this would require a separate engagement not included within the current proposal.

Members welcomed the document as clearly setting out the requirements and approach.

RESOLVED: to accept the proposed FS audit planning approach for 2017/18.

(ii) Internal Audit Plan 2018/19

Following agreement to extend the current IAS provision for a further term, pending a tender exercise, it was reported that a proposal for a one-term Internal Audit Plan would be brought to the next meeting of the Committee.

37. Review of Committee Performance and Terms of Reference

Members were asked to consider the Committee's performance prior to the annual review of Corporation committees by the Search & Governance Committee under the following headings:

Quality and content of papers; Relevance of agenda items to the College's Strategic Objectives; Quality Content and relevance of contributions of the Executive / SLT and guidance offered to the Committee, how well the Committee had fulfilled its Terms of Reference and Suggested Developments for 2018/19.

The Clerk would prepare a report based on the discussion.

Members also reviewed the Committee's Terms of Reference. No changes were proposed.

RESOLVED: to recommend to the Corporation that the Committee's Terms of Reference continue unchanged.

38. Publication of papers and Declaration of Confidentiality

RESOLVED: that the papers on Financial Statements Audit approach report were to be declared confidential under Clause 17(2)(d) of the Instrument of Government.

39. Date of next meeting

Monday 24 September 2018, 3.30 pm