

Kirklees College Corporation

AUDIT COMMITTEE**Minutes of a meeting held on 3 December 2018 at 11am at the Huddersfield Centre**

Present:	Mr D Keeton Mr M Pearmain Dr A Williams	Independent member Co-opted member Independent member (Chair)
Apologies:	Dr A Conn	Independent member
Attendance:	3/4 = 75%	[KPI 80%] Quorum: 3
In attendance:	Mr D Winward Ms M Brooke Ms M Gilluley Mrs R Meara Mr A Riley Mr M Dearnley Ms D Watson Ms K Doherty	Clerk to the Corporation Vice Principal - Corporate Services Principal and Chief Executive Director of Finance Director of MIS, IT and Risk Kirklees Council IAS Grant Thornton LLP Grant Thornton LLP

15. Apologies for absence

Apologies were received as listed above.

16. Declarations of interest

There were no declarations of interest.

17. Minutes of the previous meeting

The minutes of the meeting held on 24 September 2018 were confirmed as an accurate record.

18. Matters arising not elsewhere on the agenda**Update on agreed actions.**

There were no outstanding actions.

Sub-contractor Controls Audit. Minute 8 refers.

It was confirmed that the ESFA had accepted the College's position on the contract with Huddersfield Textile Training.

19. Internal Audit Reports

Mr Dearnley presented the following reports:

Progress Report

Since the previous meeting, the review of Internal Progression had been completed and the report was being presented at this meeting. The audit brief for the review of Data Security had been agreed.

Internal Progression

The purpose of this report was to provide an assessment on the adequacy and effectiveness of internal progression processes in ensuring appropriate course pathways were made available to

students and that adequate support was given to help ensure that they continued with a programme of study.

An overall 'Limited Assurance' level of audit opinion was assigned to the review. Whilst course pathways were found to be clear, the report concluded that there remained a need to ensure greater clarity on expectations and requirements with regard to compliance with progression activity and processes, including the recording and monitoring of management information. One 'fundamental' and 3 'significant' recommendations were made in relation to the findings. All had been accepted by management and actions agreed to address them.

The Deputy Principal reported that the College management team had requested this review in order to review the process and identify areas for improvement. She recognised the need to improve some of the monitoring and compliance, and to ensure that expectations were embedded at all levels throughout the college. There would be clearer targets, sharper reporting and closer tracking of progress.

In discussion, members:

- questioned to what extent the issues identified were due to systems not being in place or whether people were not using the systems already in place. Mr Dearnley responded that the processes were now clearer, but there remained scope to improve engagement with them. He recognised that it was not just a matter of improving processes but also there were cultural issues which were more difficult to control;
- recognised that the College had been busy with many other important issues in recent months and questioned whether this had been a distraction for management. Mr Dearnley considered that it was possible that this area had not been given sufficient focus or priority. He expected a more directed effort would now be put into place. The Deputy Principal noted that all curriculum areas needed to understand the importance of adherence to the process in a timely manner. Mr Riley reported that the development of clear KPIs would give clarity, and changes to MIS would allow greater focus on the new process;
- noted that in view of the limited assurance opinion, the implementation of the recommendations would be reported as part of the follow-up review. Mr Dearnley noted that due to the timing of the follow-up review in the summer term, it would only be possible to review processes, not outcomes.

RESOLVED: to receive the reports.

20. Rolling Audit Action Review (RAAR)

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

- Of 38 internal audit recommendations, 21 (55%) were complete, 12 (32%) were in progress and 5 (13%) were overdue (against original target completion dates);
- Of 2 external audit recommendations, both were complete.

There was one 'Significant' recommendation overdue which related to the Health & Safety Work placements review. A revised completion date of July 2019 had been agreed as the original report was well before the recent management restructure and the recommendation was to be taken forward by the Director of Business Development.

Progress on the 'Fundamental' recommendation on Major Incident Planning was to be reported to the December meeting of the Corporation.

RESOLVED: to receive the report.

21. Draft Members Report and Financial Statements 2017/18

RESOLVED: to declare Minute 21 as confidential under Clause 17(2)(d) of the Instrument of Government.

22. Financial Statements and Regularity Audit 2017/18

The Financial Statements (FS) Auditors' Letter of Engagement was presented for the Committee's approval.

A draft Letter of Representation was presented. This was required to be approved by the Corporation, to confirm that all relevant matters had been fully disclosed.

Audit Findings Report

The FS Audit Findings report was presented by Ms Watson and Ms Doherty. They highlighted some key points for the Committee. Work had been focused on the significant risks identified in the audit plan approved by the Committee, and no new risks had been identified. A 'clean' audit opinion was anticipated. Work on the Regularity audit had also been completed.

In discussion, members:

- sought assurance on the effectiveness of the new finance system. Ms Watson reported that extracting information from the system was much easier and had been in line with the auditors' needs;
- noted the position on the prior recommendation about the posting and authorising of journals by the Director of Finance. Ms Watson accepted that mitigating arrangements were already in place and the recent strengthening of the Finance team could allow for the issue to be further addressed. This could lead to the removal of the comment next year;
- were pleased to receive this extremely positive report from the FS Auditors;
- noted that in response to the recommendations from the audit of IT controls, an action plan was to be prepared and progress would be reported to the Committee through the RAAR.

RESOLVED:

- i. to receive the report;**
- ii. to recommend approval of the Letter of Engagement by the Corporation;**
- iii. to recommend approval of the Letter of Representation by the Corporation;**
- iv. to recommend approval of the Members Report and Financial Statements 2017/18.**

23. Annual Report of the Audit Committee

The Clerk presented the draft Annual Report of the Audit Committee for 2017/18. This report was a requirement of the Post-16 Audit Code of Practice.

The report was a summary of the Committee's work throughout the year and concluded that the Committee was satisfied as to the adequacy and effectiveness of the College's audit arrangements, framework of governance, risk management and control, and processes for the efficient use of resources, the solvency of the institution and safeguarding of its assets.

RESOLVED: to approve the Annual Report of the Audit Committee 2017/18 as drafted.

24. Fraud Register

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

RESOLVED: to receive the report.

Colleagues from Grant Thornton LLP and Kirklees IAS left the meeting at this point, 12.10pm.

25. Tender for Financial Statements and Regularity Audit

RESOLVED: to declare Minute 25 as confidential under Clause 17(2)(d) of the Instrument of Government.

26. Publication of papers and Declaration of Confidentiality

RESOLVED: that the Going Concern assessment, Draft Members' Report and Financial Statements, FS Audit Findings Report and FS Audit tender papers were to be declared confidential under Clause 17(2)(d) of the Instrument of Government.

27. Date of next meeting

Monday 4 March 2019, 3.30pm

The meeting closed at 12.30pm