

Minutes of a meeting of the Audit Committee held on Monday, 20th November 2017 at 5.00pm in FO27 of the College.

Present: Andrew Oldham (Chair); Norma Boyes; Sarah Graham; Claire Madden

Apologies: Sarah Farquhar

Also Present: Karen Wilson (Deputy Principal); Jane Murray (Clerk)
Karen Rae (External Auditor, Armstrong Watson); Mark Ashton-Blanksby (Internal Auditor, Icca-ets Training)

21/17 Minutes

Resolved – that the minutes of the meeting held on 19 June 2017 be agreed and signed as a correct record, subject to recording the withdrawal of the internal auditor at minute no 20/17.

22/17 Chair's Address

As the internal auditor would be leaving the service provider, thanks were offered for his input and agreement reached to take the Internal Auditor's report first.

The Chair verified with both internal and external auditors that there were no issues they wished to raise without staff present.

23/17 Internal Auditor's Annual report

The internal auditor presented his annual report, which gave the college 'Reasonable Assurance', the highest they were able to give and noted that the report could lend assurance to the Committee in their views expressed in their annual report to the Corporation. This was a clean, unqualified opinion on the basis of no significant control issues.

Of the eight pieces of work carried out that year, there had been five 'substantial assurance' gradings and three 'reasonable'. There were 10 medium recommendations arising and 5 low risk recommendations. The internal auditor also noted that the tracking report of recommendations, was thorough and accurate, and all had been implemented, which was commendable.

The Committee thanked the internal auditor for his comprehensive report.

24/17 External Audit

The External Auditor tabled their management letter, which, like the Internal Auditor's report above, did not identify any significant deficiencies in internal controls.

This was equally applicable to the financial statements audit as it was to the Regularity Audit. Some relatively minor findings were identified, which had no material impact.

It was asked whether the External Auditor could check the grants at appendix A of their management letter as it was difficult to see the figures in the accounts.

The Committee then considered the Financial Statements in detail, suggesting a number of amendments for management to consider, and raising a number of minor points of clarification. In particular, it was requested that the figure for actuarial gain of £1,134k in respect of pension schemes be clarified and an explanation of the figures for the movement of enhanced pension provision be received.

It was recognised by all present that a significant effort had been required to get the accounts to the audit committee by the deadline, and that in doing so the quality of the accounts was of the usual high standard. Both the college finance team and the external auditors were complimented on this achievement.

Resolved – that the financial statements 2016-17, inclusive of the regularity audit, and the letter of representation, be recommended to the Board for signature; and that the Board receive the external management letter.

The Internal Auditor left the meeting.

25/17 Value for Money Report

The Committee received a comprehensive value for money report showing performance across a range of indicators and benchmarks.

College outcomes were showing improved performance, with many above the national average, including 16-19 Study Programmes and apprenticeships. Destinations were also improved.

As previously reported, some work now needed to be done on staffing costs in respect of a fall in income, to keep in line with sector benchmarks.

It was noted that contracted teaching hours were lower for Lakes College in comparison with other colleges and asked whether this was an option to consider to improve value for money. The Deputy Principal noted that all options were being considered. The value for money report was agreed.

26/17 Audit Committee's Annual Report

In line with the Internal Auditor's report received earlier in the meeting, the Committee concurred that there were no significant issues of internal control, nor any concerns of the Committee's or either auditor's performance, and were happy to approve the Annual Report subject to a few corrections and amendments.

Resolved – that the Annual report be approved and tabled to the Corporation.

27/17 Ransomware Attack

The committee was updated and given assurance that there would be external, independent reports tabled this year. Of particular note, was the acceptance by the insurers that the attack fell within the insurance heading for which the higher £100,000 claim limit is applicable.

28/17 Regularity Audit: Settlement Agreements

In a change to the regularity audit published in June, it is now requested that the Corporation approve settlement agreements for all staff and not just Senior Postholders, as was previously the case. Following discussion with the Chair of Audit, the external auditor (who carries out the regularity audit) and the Finance Director, it was agreed that settlement agreements up to £30,000 would be appropriate for delegation to the Principal, and that the detailed procedure tabled would be acceptable in demonstrating the evidence of the robustness of any case.

Resolved –that the Board be recommended to accept a threshold of £30,000 for delegation to the Principal to agree settlement agreements for members of staff.

29/17 Financial Regulations

These were subject to annual review. Some amendments were suggested and accepted, to include the threshold as above at Minute No 28/17.

Resolved – that the Financial Regulations be recommended to the Board for approval, subject to the above amendments.

30/17 Audit Recommendations Tracking Report

Noting the comments of the internal auditor in respect of accuracy of this report, the Committee had no further comments. It was noted that the close off of one recommendation had been delayed owing to other IT issues.

The meeting closed at 7.15 pm