

**Minutes of a meeting of the Audit Committee held on Tuesday, 27 November 2018 in room FO27 of the College**

Present: Andrew Oldham (Chair); Norma Boyes; Claire Madden; Stuart Williams; Robert Milburn

Also Present: Denise Rollo (Observer); Karen Wilson (Deputy Chair); Karen Rae (External Auditor, Armstrong Watson); Patrick Clark (Internal Auditor, Icca Ets); Jane Murray (Clerk)

**19/18 Chairmanship**

**Resolved -**

- 1) That Andrew Oldham be appointed Chair of the meeting;
- 2) That Robert Milburn be appointed Chair of the Committee from 28 November 2018 to 27 November 2020.

**20/18 Minutes**

**Resolved** – that the minutes of the meeting held on 23 April 2018 be approved and signed as a correct record.

**21/18 Declarations of Interest**

None received.

**22/18 Internal Audit Annual Report 2017-18**

The internal auditor presented the annual report giving reasonable assurance that Lakes College's governance, risk management and systems of internal control were operating adequately, which would assist the Committee in drawing up their own annual report.

He added that it was a very clean report and noted the low number of recommendations arising from audit work. He would have expected recommendations to be 2-3 times higher for a college of this size. He also commended the follow up work, where 100% of recommendations had been fulfilled.

The Chair thanked the Deputy Principal and her team for the very positive annual report and the Internal Auditor for the quality and conciseness of reports, and the wide coverage of risks.

### **23/18 External Audit and Management Letter**

The Committee scrutinised the financial statements making several comments in respect of content and treatment.

The external auditor continued, noting that it had been a clean audit and clean regularity audit with no deficiencies in internal controls identified.

The audit had confirmed that Capita, who are contracted for payroll purposes, had not been timely in paying over monies to legal authorities and the pension scheme (although the College had been timely in their payment to Capita).

Following questioning by the Committee, it was confirmed that Lakes College had not been the only ones affected by a change of processes at Capita and these issues were now being addressed and would be monitored. Formal complaints had been made. It was requested that an update be provided as soon as practicable to the Board.

In considering funding body grants, it was noted that the main shift in income had been due to the introduction of the apprenticeship levy, contributing to a decrease in HE learners. Adult income was again under contract, in line with experience across the sector. There had, however, been some other smaller pockets of income.

Staff costs had decreased, with further decreases expected in the coming year. There had been an increase in sub-contracting costs with the in-year increase in the use of sub-contracted training providers.

The Committee thanked the external auditor for their work.

**Resolved** – That subject to points raised, that the Financial Statements and External Management letter be recommended to the Board for approval and signature, along with the assurance letter.

### **24/18 Value for Money report**

The Deputy Principal presented the report, which aimed to give governors clarity on the efficiency of the public spend by Lakes College by comparing its performance through available surveys and benchmarking material, including outcomes.

The internal auditor noted that it was one of the more detailed reports that he saw in the sector, others focusing on very basic measures such as room utilisation.

While noting that cash balances were down, it was also noted that the College did not have any borrowing, which again was unusual in the sector.

The Deputy Principal reflected that she would include an increased analysis of Higher Education in future in line with recently issued OfS guidance.

### **25/18 Annual Report of the Audit Committee**

Having noted the Internal Audit Annual Report and the External Audit Management letter, the Committee were content with the report.

**Resolved** – that the Annual Report of the Audit Committee be recommended and received by the Board for approval.

*Claire Madden left the meeting*

### **26/18 Internal Audit: Data Protection**

Reasonable assurance had been given as a result of this audit, with one medium and two low recommendations, which were accepted by management.

The medium recommendation focused on the retention of records and it was acknowledged that historically there were some records retained longer than retention periods suggested. In particular, some software does not allow ready disposal of data and support is needed to dispose of data in accordance with requirements and support is being sought from software suppliers. Staff were asked to undertake a data cleanse over the summer and an audit will be carried out in the spring.

It was felt that overall there had been a good response by the college with staff training and a good level of awareness.

### **27/18 Audit Tracking Report**

The Deputy Principal updated the committee on progress in meeting the recommendations.

### **28/18 Financial Regulations**

The Committee was content to recommend the financial regulations to the board, subject to some suggestions made.

**The meeting closed at 1845h.**