

MINUTES

Audit and Governance Committee No 7

Date: *28/06/2016 (Tuesday)*

Time: *18:00–20:00*

Venue: *Rural Business Centre*

Committee: *Audit and Governance*

Notes: *Refreshments will be available from 5.30pm*

Present: *Garry Payne (Vice Chairman), Gerry Corless (Chairman), Ishwer Tailor (Co-opted Member), Jane Booker, Jean Yates, Marion Nuttall and Zoe Jones*

Attending: *Ann Turner (Principal) and Paula Lister (Deputy Principal)*

Clerks: *Ron Matthews (Clerk) and Susan Whiteside (Deputy Clerk)*

Guests: *Dale Thorpe (External Auditor), Jude Bickerton (Internal Auditor) and Lisa Randall (Internal Auditor)*

Apologies: *Adrian Boreham*

Public Minutes

Item number: Item description:
(and category)

25.16

Information

Welcome & Farewell

Replacement Internal Audit Manager

Audit & Governance Committee received notification from RSM, providers of the Internal Audit Service, informing the College that David Fletcher, previously the College's Internal Audit Manager, had left the company.

Audit & Governance commented on a good working relationship and wished to express their appreciation of the high quality support received from David Fletcher. Management concurred with the sentiment and all wished him well for the future. It was agreed the Clerk would write to him.

Audit & Governance Committee welcomed Jude Bickerton, the new manager for the College to the meeting. Jude had been at the previous meeting of the Audit & Governance Committee. Jude would be supported by Assistant Manager Angus Osborne-White. Lisa Randall would remain as Client Service Partner.

Jean Yates Corporation and Audit & Governance Committee member

Jean Yates was retiring from the Board on 31 July 2016 and was attending her last meeting of the Audit & Governance Committee. Members and Management acknowledged her service to the College through being a Governor and acknowledged her contributions to Committee and Board meetings. All wished her well for the future. Jean reciprocated and wished the College well.**Resolved:**

- i. **That the RSM internal audit staffing arrangements for the College be noted.**
- ii. **That the upcoming retirement of Jean Yates be noted.**

26.16

Decision

Attendance of College Management Staff and External and Internal Auditors

Section 8.1 of the current Constitution and Terms of Reference for the Audit & Governance Committee states:

"The Principal or any other senior manager who is responsible for the College's internal control and representatives of the External and Internal Auditors shall normally attend meetings at the invitation of the

Committee, and the Committee shall have the power to invite such other persons to attend meetings as may be desirable and necessary".

Resolved:

That College Management staff and the External and Internal Audit representatives attend the meeting.

27.16

Apologies for Absence

Record

Apologies for absence had been received from Adrian Boreham. Zoe Jones and Ishwer Tailor were not in attendance.

28.16

Minutes of the Previous Meeting

Decision

The public minutes of the Audit & Governance Committee meeting number 6 held on Tuesday 9 February 2016 (published on the Governor Extranet) were signed and agreed as a true and accurate record of the meeting.

29.16

Declaration of Interest

Record

There were no declarations of interest received in respect of items on the agenda.

30.16

Financial Statements Audit Plan and Regularity Audit Plan for the Year Ending 31 July 2016

Decision

Consideration was given to the Audit Plan prepared by RSM, the College Financial Statement and Regularity Auditors, for audit work relating to the year ending 31 July 2016. The external auditor had previously met with the Deputy Principal Finance & Corporate Services and College Accountant.

The Joint Audit Code of Practice (the 'JACoP') was published in August 2015, which in section 4 sets out the scope of the regularity assurance engagement. Additionally the Accounts Direction 2015/16 was published in January 2016, with minimal changes from the previous year.

The external auditor presented the report and responded to member questions.

Financial Statements - The primary responsibility of the external auditors, as detailed in the engagement letter dated 19 November 2015, was to form and express an opinion as to whether the financial statements of Myerscough College prepared in accordance with the Statement of Recommended Practice: Accounting for Further and

Higher Education 2015 (F&HE SORP 2015) and UK GAAP show a true and fair view.

Regularity Assurance –The regularity assurance framework is a limited assurance framework which gives a lower level of assurance than an audit. As this is not a reasonable assurance audit engagement, RSM would not be giving an opinion, but rather a regularity assurance conclusion, which would continue to be addressed jointly to the College and the Skills Funding Agency.

In addition, RSM would provide an independent reasonable assurance report in connection with the Teachers' Pensions Contributions for the year ended 31 March 2016.

Audit & Governance Committee noted the timetable had been agreed.

Key risks affecting the Audit Plan were identified. Audit & Governance Committee noted a need to refer to Area Reviews in the Members Report.

The new accounting standard FRS 102 had been discussed in detail with Finance & Resources Committee and recommendations would go to the Board in July 2016

It was confirmed the audit plan would go to the full Board highlighting the emerging issues section to ensure maximum coverage.

Following discussion Audit & Governance Committee concluded that the proposed Financial Statements and Regularity Audit Plan was satisfactory and gave value for money.

Resolved:

That the Financial Statements / Regularity Audit Plan for the Year Ended 31 July 2016 be recommended for approval by the Corporation as submitted.

**31.16
Information**

Management Letter 2015 - Action Plan

Audit and Governance Committee gave consideration to the report of the Deputy Principal, Finance and Corporate Services, on the actions taken with regard to matters raised during last years financial and regularity audit.

Three recommendations were complete with the remaining one, a review of Corporation tax liability underway with support and advice from RSM. Members received explanations that this referred to

commercial activities and the liability could be back dated to 6 years. Corporation tax liabilities had been reviewed in the past.

Explanations on IT actions were provided to the satisfaction of the Committee.

Resolved:

That the Management Letter 2015 Action Plan be received.

32.16

Decision

Internal Audit Reports- June 2016

Audit & Governance Committee gave consideration to the Internal Audit Reports:

HR - Framework for Performance Management

An audit was carried out to test the framework for performance management. Overall the findings indicated a well-designed overarching control framework was in place with a high level of compliance. There was one low level recommendation made. This compared favourably against RSM's external benchmarking data. The Continuing Professional Development Policy and Procedure required a review in accordance with its published time frame.

Three areas of good practice were identified

The audit had been requested by Audit & Governance Committee who were pleased to receive this level of assurance.

Audit Follow Up Actions 2014/2015.

RSM had undertaken a review to assess the progress made against agreed internal audit management actions included in the reports issued to the College as part of the 2014 / 2015 internal audit plan.

15 of the 19 management actions (79%) had been fully implemented or superseded. The four outstanding management actions were all 'low' priority and were progressing at the time of RSM's visit in May 2016.

Resolved:

That the Internal Audit Reports be received

33.16

Decision

Internal Audit Progress Report and Summary Report

Audit & Governance Committee gave consideration to the progress made in respect of the recommendations raised in the internal audit reports up to and including Internal Audit Reports dated June 2016.

Of the actions over the previous year 15 of the 19 actions were fully implemented.

Of the total actions reported on 45 had been completed 3 were on-going and 6 were not yet due.

Members noted that with regard to the IT Audit, the Information Security Policy was complete but the Acceptable Use Policy was being revised as part of the PREVENT and Safeguarding suite of policies and would be finalised shortly.

Audit & Governance Committee was pleased to receive this level of assurance in terms of the Colleges systems and controls.

Resolved:

That the Internal Audit Progress Report and Summary Report be received.

34.16

Decision

Internal Audit Plan 2016 - 2017

The Internal Audit representative presented the report and responded to Committee member questions.

The plan has been driven and agreed by management, based on the College's risk profile and their view of priorities for coverage for the forthcoming year. The suggested Audit Plan assignments for 2016 / 2017 were:

1. IT Cyber security
2. Catering key control frame work including value for money
3. UK Visas and immigration compliance review
4. Capital and Estates Management
5. Framework for compliance with the Counter Terrorism and Security Act 2015
6. Curriculum Planning
7. Farm - operational and key financial controls

The Assignments would require more than the number of days allocated. In view of this the Deputy Principal Finance & Corporate Services had met with the Internal Audit Manager and it was proposed that the IT cyber security, though a hot topic be kept on the College radar but the audit be postponed to a future year. Changes to the proposed order of audits was also agreed. Members questioned the need for 6 days to examine the Catering framework. This was assigned

as there were several catering outlets and the audit would link with value for money.

The Plan included a follow up allocation, which would be utilised to test the degree of implementation achieved in relation to actions agreed by management in the previous academic year, and would serve to inform the adequacy of the College's own action tracking process.

An updated document would be presented to Corporation for approval.

Resolved:

That the Internal Audit Plan for 2016 / 2017 with agreed amendments be submitted to Corporation for approval.

35.16

Information

Data Returns Report

The Committee gave consideration to the Data Returns Report noting the completion of all the statutory data returns to the required time frames.

Resolved:

That the Data Returns Report be received.

36.16

Decision

Risk Management Summary Report 2015 - 2016

Audit & Governance Committee gave thorough consideration to the risk management summary report.

Changes were highlighted.

A full Risk Register review was underway. The Deputy Principal Finance & Corporate Services intended adding a strategic element and method of capturing operational risks to drive the awareness through departments and right across the organisation. The work would be completed over the summer. The new format would be presented to Committee in November.

The highest risk to the organisation was the impact of government cuts.

It was agreed the computer crime hackers risk effect be raised to 4.

A strategic risk following the EU referendum vote would be added with scores of 3 and 3.

Members sought some external context and asked what other Colleges considered as the main risks. The Auditors informed the Committee that from a survey 70 Colleges the top 3 risks were listed as Area Reviews, Government policy and commercial operations.

Members noted the first area review meeting was in early October 2016.

RSM was able to offer a complimentary training session led by Stephanie Mason who prepares the Emerging issues document. Audit & Governance Committee asked the Clerk to arrange a future session after the Area Review process was completed.

Resolved:

That the Risk Management Summary Report 2015 / 2016 be approved.

37.16

Co-opted Governor Ishwer Tailor

Decision

The current term of office for Ishwer Tailor as a Co-opted Member of the Audit & Governance Committee would expire on 31 July 2016 at which time he would have completed three, one year terms of office. Section 6.2 of the Constitution and Terms of Reference of the Audit & Governance Committee states:

“The Corporation may co-opt up to 2 co-opted external members with relevant experience...”

Section 7.2 of the Constitution states that *“Co-opted members will serve annually”* and *“Co-opted members of the Committee will be appointed by the Corporation.”*

Ishwer over the last twelve months had attended 4 out of 5 possible Audit & Governance Committee meetings together with a number of Governor training sessions and the Away Event. Ishwer had indicated his willingness to continue to serve as a Co-opted Member of the Audit & Governance Committee.

Resolved:

That Audit & Governance Committee recommended to Corporation that Ishwer Tailor be reappointed as a Co-opted Member of the Audit & Governance Committee for a fourth period of one year commencing on 1 August 2016.

38.16

Governor Vacancies

Decision

There was currently a Governor vacancy on the Board and on the Finance and Resources Committee. A further vacancy to the Board and the Audit & Governance Committee would occur on 31 July 2016.

Following discussion, it was agreed to ask co-opted Committee members Richard Furnival and Sarah Ellis if they were interested in full Board Membership. Members commented on their valuable contributions and agreed that they both brought skills not replicated elsewhere.

Resolved:

That Corporation be recommended to appoint Richard Furnival and Sarah Ellis to Corporation subject to their acceptance.

39.16

Decision

Student Governor Appointments 2016 - 2017

Following due process the student body had held an election and appointed Rebecca Fitzsimmons as its Student President. Rebecca was studying towards BSc(Hons) Equine Science and was Student President for 2016 / 2017 and would serve on the Board as a Student Governor. A second student Governor would be recommended in due course.

Resolved:

That Corporation be asked to endorse the appointment of Rebecca Fitzsimmons as a student Governor for a 1 year term of office for the academic year 2016 / 2017.

40.16

Information

Governance Quality Improvement Plan 2015 - 2016

Audit & Governance Committee gave consideration to the Governance Quality Improvement Plan for 2015 / 2016 showing progress against targets. Members noted there was now 90% compliance with the Code of Good Governance for English Colleges

Resolved:

That the Governance Quality Improvement Plan 2015 / 2016 be received.

41.16

Decision

Timetable of Meetings 2016 - 2017

Audit & Governance Committee gave consideration to the draft timetable of meetings for the next academic year. The November Audit Committee meeting would be taking place on Wednesday 2 November to free up Tuesday 1 November for an Area Review meeting. Since the calendar had been produced a number of additional meetings were being scheduled due to the Area Review Process. An updated calendar would be submitted to Corporation. Members noted the standard cycle of meeting dates.

Resolved:

Members noted the standard meetings and recommended an updated calendar be submitted to the July Corporation meeting.

42.16 ***Committee Membership 2016 - 2017***

Decision

Audit & Governance Committee gave consideration to the Committee Membership for 2016 - 2017.

Corporation had agreed an increase in membership from six to seven for Finance & Resources Committee, Audit & Governance Committee and Quality & Standards Committee. Some Governors now sat on two Committees. These committees retained the option to appoint up to two Co-opted Committee Members.

There were two vacancies on Audit & Governance Committee and one on Finance & Resources Committee. These would be considered at Corporation along with the proposed new appointments to the Board. Members noted there may be a need to reshuffle some of the Committee membership.

Resolved:

That the Committee Membership Report be received and commended to Corporation for further decision according to new Board membership.

43.16

Governor Training

Information

There was a need for consultation and information sharing and possibly further Board meetings as College was subject to the Area Review process for Lancashire commencing in October 2016.

There was opportunity to utilise the RSM service and hold a session regarding emerging issues in the sector.

Members had requested an opportunity to more fully understand the Apprentices & Skills delivery in the College.

The Clerk would provide a revised schedule of meetings to Corporation to incorporate training opportunities.

Resolved:

That the verbal update on Governor Training be received.

44.16

Audit & Governance Committee - Annual Cycle of Business 2016 - 2017

Information

Audit & Governance Committee gave consideration to its annual cycle of business for the year 2016 to 2017. Members noted the date change for the first meeting. Audit & Governance Committee would meet on Wednesday 2 November 2016.

Resolved:

That the Audit & Governance Committee Annual Cycle of Business for 2016 to 2017 be received

