

Governing Body – Audit Committee

Minutes of the meeting of the Governing Body Audit Committee held on Wednesday 23rd
 November 2016 at 6:00 p.m. in SPACE.

<p>1.</p>	<p>Attendance and Apologies</p> <p><u>Present:</u> Mr G Hetherington (Chair), Ms C Meharg, Mr N Bodger, Mrs C King, Ms S Corbett, Mr J Mackell, Mr S Pollard</p> <p><u>In attendance:</u> Mr T Martin (Chief Finance Officer), Mr C Andrews (DfE), Mr D Lynn(NIAO), Ms E Anderson (KPMG), Mr M Pitt (PwC), Mr D. Sagar (Chair of Governing Body), Mr K Webb (Principal & Chief Executive), Mrs C Williamson (Secretary to the Governing Body)</p> <p><u>Apologies:</u> None</p> <p><u>In the Chair:</u> Mr G Hetherington.</p> <p>The Chair welcomed everyone to the meeting.</p>
<p>2.</p>	<p>Declarations of conflicts of interest</p> <p>The Chairman asked if any member had an actual, potential or perceived conflict of interest with any item on the agenda.</p> <p>Mr Pollard declared that his wife is an employee of the finance department with SERC.</p>
<p>3.</p>	<p>Minutes of the meeting held on 15th September 2016</p> <p>The minutes of the previous meeting were reviewed and were accepted as a true and accurate record.</p> <p>Proposer: Neil Bodger</p>

	<p>Seconder: Gareth Hetherington</p>
4.	<p>Matters arising</p> <p>There were no matters arising not included elsewhere on the agenda.</p>
5.	<p>Chairman's Business</p> <p><u>5.1 Audit Code</u></p> <p>The Chair advised the committee that after the discussions around the Audit Code at the last meeting he would like to provide an update. The Chair began by providing a background to the Audit code for new members of the committee and advised that the issue was around the document released by DfE and in particular the line "the work of the internal audit service must cover the whole of the risk management, control and governance arrangements of the College, along with any other areas of work as required by the Department". The Chair highlighted that the last discussion members had felt this line would give DfE control over both the Governing Body and Audit Committee in terms of how we use our internal audit resource. The Chair informed the committee that after discussion with Chris Andrews agreement had been reached and DfE will issue an addendum to highlight that DfE's authority in respect of internal audit should in no way supersede the role of the Audit Committee. The Chair commented he was content that this would provide balance. The committee commented they look forward to receiving the addendum document.</p>
6.	<p>Correspondence:</p> <p>No items were taken.</p>
7.	<p>For Approval:</p> <p>7.1 Annual Report & Financial Statements (including Governance Statement)</p> <p>The Chief Finance Officer asked the committee to review and approve the Annual Report and Financial Statements, they were advised the Finance and General Purposes committee had reviewed both in detail and were content to approve them for approval to the Governing Body.</p> <p>The CFO asked the committee to note that there has been a slight change since they last reviewed the financial statements in draft form at the September meeting, with a contingent liability note having been added relating to an event since the period end. This describes a recent review into the college's Programme Led Apprenticeship scheme and its funding. The review has outlined a potential liability, albeit immaterial. The contingent liability is a note only, with no amendments to the financial statements having been made.</p>

Mr Andrews explained to the committee that another wing of DfE has undertaken a retrospective review on the funding and they are seeking an element of clarity on all funding received through the EU. Mr Pitt advised the committee that he had reviewed this sum during the recent audit and that an immaterial amount of £23k is the worst case scenario.

7.2 Report to Those Charged with Governance

Mr Lynn presented a draft report to the committee which summarises the key matters arising from the audit of the 2015-16 financial statements for the benefit of those charged with governance. The committee were asked to note the report is presented in draft form only as a sequencing matter.

Mr Lynn advised the committee that the focus should be on paragraph 10 of the report which states 'We anticipate recommending to the C&AG that he certifies the 2015-16 financial statements with an unqualified audit opinion, without modification. No report on the account is required'.

Mr Pitt advised that PWC in performing the audit had ensured that the financial statements are in line with DfE guidance and confirmed that they full comply with the compulsory headings and that they have been prepared to a high standard with no control issues identified. The committee were advised that there was a format change this year to ensure the accounts followed the SORP guidance and there were no adjustments.

Mr Pitt confirmed that a clean audit report was returned and noted this was a credit to the finance team and the staff team as a whole. These comments were echoed by Chair who formally thanked the Chief Finance Officer and his team for their cooperation in the process.

The Principal noted that he was content as Accounting Officer to sign the Letter of Representation and also congratulated the finance team.

The Chair challenged both Mr Pitt and Mr Lynn on the audit report findings and Mr Lynn pointed out that the audit findings were broadly similar to the audit findings in the other FE colleges across Northern Ireland.

The Committee also congratulated the Finance team on the outcome of the audit.

7.3 Committee Annual Report 2015/16

The Chair advised a draft of the Committee Annual Report was presented at the last meeting and there had been no changes since, the committee confirmed they were content with the report.

Action Point: Mr Lynn suggested rewording Pg. 6 paragraph 3 on the Committee Annual Report 2015/16 to ensure there is clarity on the role of the NIAO

Key Decision: The committee recommended the Annual Report & Financial Statements (including Governance Statement) for approval to the Governing Body

Key Decision: The committee approved the Report to Those Charged with Governance

Key Decision: The committee approved the Committee Annual Report 2015/16

Proposer: Gareth Hetherington

Seconder: Steve Pollard

8. Risk Management Report

The Chief Finance Officer referred the committee to the written report and advised that the College Management Team reviewed the strategic risk register and compared what other colleges had declared in each sub classification. The CFO provided the committee with a brief overview of each of the categories and risk classification. The CFO informed the committee that the strategic risk register sits on top of a sizeable operational risk register which is reviewed monthly at CMT's performance meetings with all budget holders (IMPMS).

Mr Pollard enquired if there is a risk to the College as an employer in terms of workforce flexibility and enquired whether it would be advantageous to have risk around this area. The Principal suggested asking the staffing committee to pick this up at their next meeting as it is difficult to underpin where the risk lies in this area as there are so many factors that are beyond the College's control in this area.

Mr Mackell asked the CFO how the operational risks are escalated if there is a need to. The CFO advised that during the monthly performance reviews the risk register is a standing agenda item and if at that time it becomes apparent there is an obvious risk the CMT make a decision to escalate it at this point. The committee were asked to note that the strategic risk register is reviewed around 5/6 times a year to coincide with the audit committee meetings. The Principal informed the committee that as Accounting Officer he will advise the Chair outside of the formal meeting settings should any issues arise around the risk register.

The Chair thanked the CFO; noted the sector summary report is much more reader friendly and asked that such a concise format be built into the upcoming review of the

	<p>overall risk management process. He went on to note that during the presentation of the draft review at the next meeting the committee can agree when to review the operational risk register.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Action Point: The CFO advised that a draft form of the review of Risk Management Processes will be presented to the committee at their meeting in January 2017</p> <p>Action Point: The committee referred the discussion around workforce flexibility to the Staffing Committee</p> </div>
<p>9.</p>	<p>Internal Audit Reports</p> <p>9.1 Internal Audit Review of Core Financial Processes</p> <p>Ms Anderson presented the report to the committee and noted that this report details the findings of the 2016/17 Internal Audit review of Core Financial Processes. This was performed in accordance with the Internal Audit Plan for the year ended 31 July 2017, as approved by the Audit Committee. Ms Anderson noted there were no issues identified to report.</p> <p>9.2 Progress Report Against Internal Audit Plan 2016/17.</p> <p>Ms Anderson directed the committee to the full programme of work and advised that it is progressing well. The next area for review is payroll commencing in November therefore a report will be available to the committee at their meeting in January.</p>
<p>10</p>	<p>Summary of Actions taken in Response to External & Internal Audit Recommendations</p> <p>There were no recommendations outstanding to be considered.</p>
<p>11</p>	<p>DfE Health Check – Issue 4</p> <p>Members noted the contents of the DfE Health Check Issue 4 and the CFO advised that it did not contain any financial data and was a summary of the draft year end position and FLU position, the committee noted that this version was used as the basis of Risk Review discussed earlier.</p> <p>Mr Andrews reinforced this and added that there are normally 3 Health Checks produced a year which primarily provide information on FLU and risk registers. Mr Andrews gave the committee an overview of the results contained with survey of governors and confirmed that it had been an extremely positive exercise. He highlighted that there was a strong increase in the feeling amongst governors to meet without college management present, to ensure their skills are being utilised and to have more access to training.</p>

	<p>Mr Sagar enquired whether the audit committee meet auditors without management present. The Chair advised that he communicates with auditors outside of meetings but acknowledged it would be helpful to make this more routine. Mr Lynn advised that it is good practice to do so and suggested an annual meeting would be sufficient for SERC.</p> <p>Key Decision: The committee agreed to meet at least annually with auditors without college management present</p>
12	<p>Direct Awards Contracts 2015/16</p> <p>The committee noted the written report on Direct Contracts provided by the CFO; a brief discussion took place and the CFO provided an overview on some of the contracts used and detailed the process of procurement used by the finance team to source the contracts.</p>
13	<p>Any other notified business</p> <p>Mr Andrews highlighted the DfE Audit Training available for all Governors on 24th January 2017.</p>
14	<p>Date and time of next meeting</p> <p>The next meeting is scheduled be held on 31st January 2016 at 6pm, Lisburn Campus</p> <p>There being no other business the meeting concluded at 19.16pm.</p>

Audit Committee Attendance 24.11.16

	Time Arrived	Time Left	Duration	Entitlement to Payment
				Y/N
Bodger, Neil	6.03pm	7.16 pm	1.13 hrs	Y
Mackell, John	6.03pm	7.16pm	1.13 hrs	Y
Corbett, Shirleen	6.03pm	7.16pm	1.13 hrs	N
Hetherington, Gareth-Chair	6.03pm	7.16pm	1.13 hrs	Y
King, Carolyn	6.03 pm	7.16pm	1.13 hrs	N
Meharg, Claire	6.03 pm	7.16pm	1.13 hrs	Y
Pollard, Steve	6.03pm	7.16pm	1.13 hrs	Y
Sagar, Deep	6.03pm	7.16pm	1.13 hrs	N
Webb, Ken	6.03pm	7.16pm	1.13 hrs	N

