

Minutes of the Audit Committee held on Monday 4th March 2019 starting at 5.00pm

Members Present: Charlie Harvey (Chair)
Sharon Birdi
Peter Davies
David Johnson

In Attendance: Andy Comyn (Chief Officer - Finance & Resources)
Jonathan Creed (ICCA)
Gill Darwood (Senior Officer - Corporate Governance) (SOCG)
Tony Felthouse (KPMG)
Lowell Williams (Chief Executive Officer) (CEO)

1 Confirmation of quorum and apologies for absence

1.1 The SOCG confirmed that a quorum was present and that apologies for absence had been received from Ester Gopoza.

2 Declarations of Interest

2.1 There were no declarations of interest.

3 Minutes of Previous Meetings

3.1 3rd December 2018

3.1.1 The minutes of the meeting held on 3rd December 2018 were considered.

3.1.2 **It was resolved** To approve the minutes and for them to be signed by the Chair.

3.2 Confidential - 21st January 2019 (*special meeting*)

3.2.1 The minutes of the meeting held on 21st January 2019 were considered.

3.2.2 **It was resolved** To approve the minutes and for them to be signed by the Chair.

4 Matters Arising

4.1 There were no matters arising from the minutes other than those covered on the agenda.

5 Audit Matters

5.1 **Confidential**
(*This matter is the subject of a separate and confidential minute.*)

6 Internal Audit, 2018/2019

6.1 Internal Audit Progress Report

6.1.1 Members noted the Internal Audit Progress Report which set out the work carried out by ICCA Education Training & Skills in the 2018/19 academic year to-date, including the

recommendations made in each category, ICCA's performance against plan and ICCA's own KPIs. The internal audits were intended to assist college management and the Audit Committee in obtaining an overall view of adequacy and effectiveness of the internal control systems and on risk management.

6.1.2 Jonathan Creed explained that so far this academic year, three reviews had been conducted, which had resulted in three medium and five low recommendations in total. The work undertaken was set out in greater detail in the reports to be covered under the following agenda items.

6.1.3 **It was resolved** To note the report.

6.1.1 **Key Financial Controls**

6.1.1.1 Jonathan Creed highlighted the key points raised in the report which gave four recommendations and confirmed reasonable assurance that the areas of the control environment tested during the audit were designed and operating effectively with no significant weaknesses.

6.1.1.2 Members discussed the contents of the reports and Jonathan Creed and Andy Comyn answered their questions on points of detail and provided clarification where necessary.

6.1.1.3 In respect of the point relating to credit card expenditure reports, Andy Comyn stated that the issue which had been identified relating to a missing receipt was due to the difficulty of reconciling receipts which were in Arabic. Sharon Birdi asked for the value of the transaction to be confirmed, which Andy Comyn agreed to do, whilst noting that the limits on individual credit cards, as well as the overall account limit, prevented any one transaction from being of a significant value.

6.1.1.4 **It was resolved** To note the report.

6.1.2 **Sub-contracting Certificate** (External Assurance Review)

6.1.2.1 Jonathan Creed explained that this certificate was a requirement for any provider which subcontracted more than £100k of AEB or apprenticeship activity in any one year, and comprised a very specific series of tests relating to contracting requirements. The summary of findings noted full compliance with all except one requirement, which was partially compliant due to two contracts which had been signed after the commencement of the delivery date.

6.1.2.2 The CEO noted that requirement 4 looked at delivery of apprenticeships and on programme assessment by delivery sub-contractors, and that this area had been audited during the external funding audit, as well as having been audited in the two previous years by internal auditors. Jonathan Creed agreed to provide the detail of what the auditors were required to check on this requirement.

6.1.2.3 **It was resolved** To note the report.

6.2 **Rolling Schedule of Audit Recommendations**

6.2.1 Members considered a report which summarised the progress made in implementing the recommendations contained in the Audit Reports submitted by ICCA Education Training & Skills. The report identified those recommendations that remained in progress and highlighted those that had been completed since the last review.

6.2.2 Five recommendations were brought forward, two of which had been completed, with three remaining in progress. There were also five new recommendations from the two reviews conducted this term. In total therefore, eight recommendations remained open and would roll forward to the next meeting.

6.2.3 It was agreed that the recommendations from the advisory audit by RSM would be incorporated into this rolling register for ongoing review.

6.2.4 **It was resolved** To note the report.

7 Risk Management

7.1 Risk Management – Spring Term Report

7.1.1 Andy Comyn reported that members of the Executive Leadership Group had updated the risk register and it had also been reviewed by members of the Senior Leadership Group. The risk register showed the college's current level of risk, along with historical risk levels and dates, with a note briefly explaining the factors affecting the latest risk score.

7.1.2 The risk register included a number of updates as follows:-

- New - CCR.54 - External audit finds that the college has failed to comply fully with increasingly complex apprenticeship regulations.
- Increased- CCR.26 - Risks arising from national reforms to apprenticeships.
- Reduced - CCR.01 - Insufficient liquidity arising from on-going capital projects and lagged 16-18 funding.
- Reduced - CCR.20 - Risks to staff whilst working on business overseas.
- Reduced - CCR.44 - On-going development of the Dudley Academies Trust (DAT) not achieved due to staff and management capacity in first year.
- Deleted - CCR.18 - Inability to effectively manage the examination and assessment process for an increased number of students taking GCSEs.

7.1.3 All other risks had been reviewed and remained unchanged.

7.1.4 **It was resolved** To note the report and revised risk register.

8 External Audit

8.1 Update on Annual Report and financial statements 2017/18

8.1.1 A Comyn provided a verbal update on progress with finalising the Annual Report and Financial Statements 2017/18.

8.1.2 The CEO reported that ESFA had indicated they were close to being able to provide the funding statement with a condition that the College had an audit of the learner support fund in the next year.

8.1.3 Andy Comyn confirmed that the provision anticipated to be included in the accounts was £660k.

8.1.4 The CEO explained that, in respect of 2017/18 learners, members of the senior leadership group had met with every manager and assessor and looked at each learner still in learning and flowing into 2018/19, of these 108 learners had subsequently been withdrawn amounting to a total figure of £69k which represented an error rate of less

than 1%. RSM were currently verifying this number and this would then be notified to ESFA. These withdrawals would have no impact on success rates as they would have been due to complete in future years.

8.1.5 In response to a question from Peter Davies, the CEO confirmed that the procedure had now been amended so that in August, staff would be required to provide evidence of which learners were continuing and this would again be checked prior to the ILR cut-off date.

8.1.6 It was agreed that approval of the finalised annual report and financial statements for 2017/18 could be undertaken at the full Corporation meeting scheduled for 26th March 2019.

8.1.7 **It was resolved** To note the update.

9 **Date of Next Meeting**

9.1 The date of the next meeting was noted as Wednesday 19th June 2019 at 5pm

10 **Any Other Business**

10.1 No further matters of other business were raised.

Staff and external attendees then left the meeting.

11 **Confidential Part 2 Minutes – 21st January 2019 (special meeting)**

11.1 The confidential minutes of the meeting held on 21st January 2019 were considered.

11.2 **It was resolved** To approve the minutes as a true record and for them to be signed by the Chair.

The meeting closed at 17.58.

Signed 

Dated 19/6/19