

BLACKPOOL AND THE FYLDE COLLEGE

AUDIT COMMITTEE

MINUTES OF A MEETING HELD ON WEDNESDAY 13 JUNE 2018 AT 5.00PM

IN THE BOARDROOM ON THE BISPHAM CAMPUS

Present: J Mills (in the Chair) Independent Member
S Dunstan Co-opted Subject Specialist
L Moffat Independent Member

In attendance: P Howard, PDH Advisory Limited (Clerk to the Corporation)
R Ryan, Chief Operating Officer
S Yeoman, Financial Controller
J Butterfield, TIAA
A Latham, KPMG

Confirmation was provided that the Committee had taken the opportunity to meet in private with the internal and external auditors prior to the meeting.

1. Chairman and quorum

Judith Mills took the chair and noted that due notice had been given to all Committee members and that a quorum was present. Accordingly, she declared the meeting duly convened and constituted.

2. Apologies for absence

Apologies for absence were received from and accepted for Kenny Gilmour.

3. Minutes of previous meeting

The minutes of the previous meeting held on 7 March 2018 were agreed as a true and accurate record.

4. ESFA audit

R Ryan advised that a 3-day inspection by ESFA had been undertaken in the previous week, with a specific focus on European provision. The college had been successful in this audit and thus remains eligible to continue receiving the relevant funding. Two minor areas for correction were identified relating to the display of the ESFA logo. He noted that the fact that the college had been successful meant that there is a potential for additional future inspections.

5. Internal audit reports

(a) Assurance review of staff turnover

J Butterfield presented the internal audit report which had been circulated with the agenda and provided a summary of the review that had been undertaken. She noted that substantial assurance had been provided, with no action points having been identified. L Moffat noted the usefulness of the information and suggested that the content be referenced in the annual HR report to the Corporation Board at its meeting in September.

R Ryan reminded the committee of previous challenges within the finance department and confirmed that, following the implementation of the finance transformation programme, all senior finance posts are now occupied. He also noted the favourable reduction in the overall turnover for the organisation. J Mills suggested that it may be beneficial to analyse the data obtained as part of the review to deep dive into the two areas of earlier concern; finance and human resources. R Ryan noted that these metrics are currently collected and agreed to provide these to TIAA.

ACTION: R Ryan

(b) Apprenticeship levy

J Butterfield presented the internal audit report which had been circulated with the agenda and noted that a “substantial assurance” level had been given to the audit and that no action points had been identified.

(c) Follow-up review

J Butterfield presented the internal audit report which had been circulated with the agenda, and noted that 34 actions on the tracking log had been confirmed by the internal auditors as having been completed.

The Committee **RECEIVED** the reports and noted the content.

(d) Draft internal audit annual report

J Butterfield presented the draft internal audit annual report and noted that still in draft due to the fact that one of the audits is currently yet to be finalised.

S Dunstan highlighted the KPIs on page 2 of the report and suggested that they could be made more stretching. J Butterfield advised that TIAA would be happy to agree revised key performance indicators, and S Dunstan suggested that client feedback should be incorporated. It was agreed that the current KPIs would be

removed from future years' report and development of bespoke KPIs would form part of the year-end review of the auditors' performance at the next meeting.

ACTION: P Howard (to schedule)

5. Internal audit plan 2018-19

J Butterfield presented the draft internal audit plan 2018-19 for consideration by the committee. Following discussion, it was agreed that high-level strategic financial planning would be incorporated, in addition to the budgetary control.

In response to a question from S Dunstan, J Butterfield provided a summary of the differences between an appraisal review and an assurance review.

6. Audit tracking log

R Ryan presented the regular audit tracking log and drew the committee's particular attention to the summary of key points provided within the covering report. Of the 17 remaining actions, 10 will remain until they are confirmed as closed next year, and 7 are due to be closed in the near future.

The Committee **RECEIVED** the report and noted the content.

7. Financial statement and regularity auditors' 2017-18 audit plan and strategy

A Latham presented a report which had been circulated with the agenda and summarised the content. She drew particular attention to the assessment of materiality and the reporting threshold shown on page 4 of the report and provided a summary of how these figures had been derived.

In response to a question from S Dunstan, A Latham advised that internal auditors' work is used to inform work on the materiality figure but noted that accounting standards make it difficult to rely on it completely.

The Committee **RECEIVED** the report and noted the content.

7. Risk management update

R Ryan presented a risk management update report which summarised the recent review of the risk register and progress made on mitigation actions. A copy of the updated risk register was also presented for scrutiny. The committee discussed each of the risks which are rated as behind schedule.

In response to a question from S Dunstan, R Ryan provided a summary of the rationale for the red-rated initial scores and particular discussion was held around risk 6 on the register. As a result, it was agreed that the likelihood score for that risk would be reduced.

The Committee **RECOMMENDED** the risk register to the Board for approval.

8. Review of financial regulations

S Yeoman presented a report which had been circulated with the agenda to summarise the proposed amendments to the financial regulations.

9. Self-assessment

The Committee agreed to follow the same process as in previous years. The Clerk to the Corporation noted that a new Audit Committee Handbook had recently been published by KPMG and agreed to obtain copies in advance of the next meeting.

ACTION: P Howard

The Committee also considered that it might be beneficial to include additional training over the coming year.

The Committee reviewed the terms of reference for the committee and agreed that they should be amended to remove references to internal and external audit working together.

10. Items for future consideration

The Chair noted that the next meeting of the Committee would be held in November and suggested that an additional meeting be held towards the end of September or in early October. The Committee supported this approach.

11. Date, time and venue of next meeting

The next meeting of the Audit Committee will be arranged for late September/early October 2018.