

BLACKPOOL AND THE FYLDE COLLEGE
AUDIT COMMITTEE
MINUTES OF A MEETING HELD ON WEDNESDAY 14 JUNE 2017, 5.00PM
IN ROOM C612 ON THE BISPHAM CAMPUS

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

In attendance: Michaela Andrews, Company Secretary and Clerk to the Corporation
R Ryan, Vice-Principal for Finance and Planning
S Yeoman, Head of Finance
P Dewhurst, Chief Information Officer (Item 5 only)
D Claybrook, Grant Thornton
E McIntyre, KPMG

The Chair confirmed that the Committee had taken the opportunity to meet in private before the meeting.

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.

1. Apologies for Absence

Apologies for absence were received from K Gilmour, R Jebbett (Grant Thornton), H Knowles (KPMG) and A Latham (KPMG).

2. Declarations of Interest

No opening declarations of interest were received.

3. Minutes of the Previous Meeting

The minutes and confidential minutes of the previous meeting held on 1 March 2017 were **APPROVED** as a true and accurate record.

4. Matters Arising

No matters arising were identified.

5. Internal Audit Reports

D Claybrook presented a suite of reports that had been circulated with the agenda.

Commercial Income and Business Development

The VP for Finance and Planning sought to provide assurance to Committee members, whilst acknowledging that there was still some work to be done in relation to commercial income, that new staffing appointments with a clear vision as to how to reinvigorate B&FC's commercial sales would be well placed to deliver a satisfactory outcome in 2017/18.

Operational Business Continuity

The Chair invited Paul Dewhurst, Chief Information Officer (CIO), to join the meeting.

In response to concerns raised by Committee members with regard to B&FC's preparedness, following other high profile cyber attacks, the CIO informed the Committee that B&FC had suffered such a cyber attack in January 2017 but had been able to restore all files and full service within 4 hours. The CIO added that he felt there was still room for improvement and that, with a planned increase in the capital plan for 2017/18 and an upgrade to back up technology, he hoped to see B&FC's response time fall to 2 hours.

Paul Dewhurst left the meeting.

Work Based Learning

The VP for Finance and Planning advised Committee members that there was a piece of work to be done around how B&FC reimburse staff who are required to travel within their role and how to ensure those staff are travelling as efficiently as possible.

Prevent

Following a discussion as to whether the 'medium' recommendation identified within the report should have been classified as 'high', the VP for Finance and Planning advised that, irrespective of grading, a resolution to the recommendation would be sourced swiftly.

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

6. **Audit Findings Log**

The VP for Finance and Planning presented the regular audit findings log report and drew members' attention to section 1, which detailed those actions 'requiring an extension to complete', and the explanatory note contained within the report.

The Committee sought assurance that recent changes in staffing within the Finance Team had not resulted in a 'loss of memory', leaving the organisation exposed. The VP, Finance and Planning acknowledged the reality of the risk but assured Committee members the risk was being managed and mitigated effectively, advising that the recruitment process for new Finance Team members had served to highlight the need to realign salaries in line with the wider market and bring in structured career paths.

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

7. **Draft Internal Audit Annual Report 2016-17**

D Claybrook presented the draft internal audit report for 2015-16 which had been circulated with the agenda and confirmed that the 2016-17 audit plan had been delivered within budget, having met all KPIs. D Claybrook confirmed that he did not anticipate any changes to the report prior to its final presentation to the Committee for approval in November 2017.

The Chair took the opportunity to thank David Claybrook and Grant Thornton, at their last meeting, for their diligent support.

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

8. **2017-18 Internal Audit Planning Process**

The VP for Finance and Planning provided a verbal update regarding the 2017-18 internal audit planning process. He advised Committee members that, following a tender exercise, B&FC had changed its internal auditors to TIAA and that the timing of this had meant that the Audit Committee would not have the opportunity to debate and approve the 2017-18 internal audit plan, as normal, at this meeting. Following discussion, the Audit Committee agreed, in order to get timely approval of the audit work schedule for 2017-18, to delegate responsibility for the drafting of this document to the Chair of the Audit Committee and the VP for Finance and Planning. The Committee directed that the drafting of the plan should take into consideration plans from the previous 5 years and also suggestions from the Committee that areas of focus for 2017-18 should include: cyber security, data protection and staff turnover. The Committee agreed that the proposed audit work schedule should be presented directly to the Corporation Board for approval at their

July 2017 meeting, with a view that the final internal audit plan for 2017-18 be presented to the Audit Committee for approval at their November 2017 meeting.

The Committee **AGREED** to delegate responsibility for the drafting of the audit work schedule for 2017-18 to the Chair of the Audit Committee and the VP for Finance and Planning and that this document be presented to the Corporation Board for approval July 2017.

9. Appointment of Financial Statement and Regularity Auditors and 2016-17 Audit Plan and Strategy

E McIntyre presented the draft audit plan for the year ended 31 July 2017 which had been circulated with the agenda.

The Committee **RECOMMENDED** that the Corporation Board appoints KPMG as the financial statements and regularity auditors for 2016-17 and **FURTHER RECOMMENDED** the 2016-17 external audit plan to the Corporation Board for approval.

10. Risk Management

The VP for Finance and Planning presented the risk register for Committee members' consideration and confirmed that an updated risk register, complete with mitigating actions, would be presented to the November 2017 Audit Committee for approval.

Committee members sought clarification as to the role of the Committee in relation to risk management and asked that formal delegation be captured.

ACTION: Company Secretary

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

11. Updated Financial Regulations

The Head of Finance presented a report capturing the updates proposed to 2016's Financial Regulations, drawing Committee members' attention specifically to the increase in single bad debt write off requiring Board approval from £10,000 to £20,000, adjusted to enable officers greater flexibility to address issues as they arise.

The Committee **RECOMMENDED** the updated Financial Regulations to the Corporation Board for approval.

12. Committee Self Evaluation 2016/17

The Company Secretary reminded the Committee of the requirement to undertake an annual self-evaluation exercise. The Committee noted that, previously, a draft report had been prepared by the co-opted subject specialist and circulated to members for comment and approval.

The Committee considered that this approach had worked well in previous years and therefore **AGREED** to repeat the process.

ACTION: S Dunstan

13. Other matters for Reporting to the Committee

The VP for Finance and Planning confirmed that there were no other matters to report to the Committee.

14. Items for Future Consideration

The Committee requested that the following items be included on the agenda of future meetings:

- B&FC's revised Risk Register be placed on November's Committee agenda.
- Claire Jameson, Director of Business Development, be invited to the November 2017 meeting to discuss risks associated with commercial income.
- Committee members to take time for a reflective review of the role of a Corporation Board member, following the Eversheds workshop held on 4 July 2017.

ACTION: Company Secretary to schedule

12. Date, Time and Venue of Next Meeting

The next meeting of the Audit Committee will be held on 22 November 2017, 5.00pm on the Bispham Campus.