

Present: Paul Cumming.

In Attendance: Jo Payne (Interim Clerk) Barbara Clements (Finance Manager) Michael Kitcatt (Principal)
Ed Senior (Deputy Principal) Carole Liddle (Kendall Wadley) Sarah Morley (Kendall Wadley)

1. **Apologies:** Richard Reece and Mike McCreedy. The Committee **noted** that it was inquorate but determined that since it was an advisory Committee, it would proceed to consider the items on the agenda. The Interim Clerk advised that the scheduled meeting on 7th March had been cancelled as none of the Committee members were able to attend. It was considered important that the Committee meet and comments from the absent Committee members had been invited by email.

Paul Cumming was appointed Chair for the meeting.

2. **Opening Standing Items:**

- (i) No declarations of interests were received.
- (ii) No items were identified as confidential to the Governing Body.
- (iii) The importance of filling vacancies on the Audit Committee was identified as urgent and there was discussion about this matter. It was agreed to raise this at the forthcoming meeting of the full Governing Body.

3. **Minutes: 29th November 2017**

The minutes of the meeting held on 29th November 2017 were **approved** as a correct record and an update on the action points received.

4. **Assurance**

(i) Key Financial Controls Audit (spring 2018)

On behalf of Kendall Wadley, Sarah Morley presented the draft internal controls report for the spring term confirming that the focus of the review had been trial balances and expenditure. As a result of the review 4 low priority recommendations had been made, as set out in the report. Sarah Morley commented on the immense improvement in controls.

Kendall Wadley and the Finance Manager made the following points:

- There was now a policy of not accepting cash in the Finance Office and declining requests to provide change, however, there were still occasions when this was happening and a notice would be issued to advise that from the summer term, no change would be given at the Finance Office;
- Current petty cash arrangements were being reviewed as there was a risk in money being exchanged from the cash loader to reimburse petty cash;
- The review of the safe log would be re-established;

- Periodic stock checks of orders for the Cafeteria were now taking place on a regular basis;
- It was a lengthy process every month to ensure that the payroll provider had calculated tax and NI correctly;
- Consideration was being given to engaging the services of another payroll provider due to the ongoing difficulties with Liberata;
- Appendix 3 provided an audit trail to demonstrate the clearance of recommendations as they had been completed.

The Committee **noted** the information provided both in the report and verbally.

Kendall Wadley asked the Committee to consider whether, given the significantly reduced number of actions identified, the number of annual audits from three to two and confirmed that this would reduce the annual fee by one third. The Interim Clerk advised that Richard Reece had emailed his agreement that this should be recommended to the Governing Body. The Chair also agreed, therefore, a **recommendation** would be made to the Governing Body to reduce the current internal audit arrangements.

The Committee congratulated Sarah Morley on being made a Partner with Kendall Wadley. Carole Liddle and Sarah Morley were thanked for their attendance.

Carole Liddle and Sarah Morley left the meeting at 12.30pm.

5. Risk

(i) Review Risk Register and Assurance Map

The Deputy Principal presented the Risk Register and advised that the changes were highlighted. The changes were considered and noted.

In response to questions the following points were made:

- Whilst applications were currently down by 60 compared to the same point last year, there are more applications from the three main partner schools and it was more likely that applicants would convert to enrolments;
- Other factors in a decline in students included demographics and competition from other post-16 providers;
- The forthcoming retirement of the Principal and Assistant Principal and the resignation of a key member of IT Support and the Personnel Manager was significant and presented a potential risk in terms of performance;
- The risk of legislative failure was increased due to a reduction in the number of senior managers and the introduction of GDPR;
- The Assistant Principal who was retiring currently had responsibility for trips and visits. Until it was confirmed who would take on this responsibility next academic year, the score had been increased. It was noted that the College had external support from an agency who would assist in the event of an offsite incident.

The information provided was **noted**.

(ii) Review Finance Risk Register

The Finance Manager presented the updates to the Finance Risk Register and highlighted the following:

- The College was continuing to investigate ways to increase income including transferring funds to an overnight account, lettings of the College's facilities and increasing the number of external exam candidates;

- Cashflow would be particularly restricted in March due to the phasing of ESFA funding and there was potential for the College to go into its overdraft;
- Insurance was taken out with a new provider with better cover for a more competitive price;
- Consideration would be given to pay suppliers in line with their terms e.g. 30 days, rather than processing this immediately;
- The next target was to review the purchase ledger.

The Committee **noted** the information provided.

6. Finance Update

The Finance Manager presented her update report and responded to a number of questions raised in the following areas:

- RSM would be re-engaged to undertake the TPS year-end audit and the Finance Manager would also be recommending RSM for the financial and regularity audit;
- She would be investigating other payroll providers, but would only consider those with experience of working with education providers;
- Resource was not being used as comprehensively as it could be and training on 7th March had been useful. It was hoped that utilising Resource more would help the Finance Manager run reports that currently had to be produced manually.

The Committee **noted** the information provided.

7. Closing Standing Items

- (i) Risk Management: The Committee reflected upon the content of the meeting and **agreed** that no additional Risk Management issues had been identified.
- (ii) Impact: The Committee **agreed** that the potential for increasing income through overnight deposit accounts and other means would have a positive impact on student provision.
- (iii) Any Urgent Business: No urgent business was identified.
- (iv) Date of Next Meeting: Wednesday 27th June 2018

The meeting finished at 1.00 p.m.

Signed.....
Paul Cumming (Chair)

Date.....

AUDIT COMMITTEE: ACTION POINTS ARISING FROM MEETING OF 15TH MARCH 2018

Report Reference	Action Point	Person Responsible	Completion	Check
	None.			

ACTION POINTS BROUGHT FORWARD

Report Reference	Action Point	Person Responsible	Completion	Check
AC/29.11.17/5(ii)	Discuss testing of IT back-up restoration with IT Support Manager.	EYS	07.03.18	

ACTION POINTS COMPLETED

Report Reference	Action Point	Person Responsible	Completion	Check
AC/29.11.17/5(iii)	Urgent conversation required with Paul Oxtoby with regard to pension deficit issue in the accounts and statement to be obtained from RSM.	BJC	ASAP	✓
AC/29.11.17/5(iii)	Consider response from RSM and use delegated responsibility to recommend approval of the annual report and accounts to the Governing Body.	RR/MWK/BJC	13.12.17	✓
AC/29.11.17/6(ii)	Consider feasibility of spot checks on cafeteria purchasing.	BJC	07.03.17	✓

* Denotes revised date.