

LEEDS CITY COLLEGE GROUP

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON FRIDAY 2 MARCH 2018

Present

Julie Drake	Co-optee
Cherry Fricker (Chair)	Governor
Tim Lupton	Governor
John Toon	Governor

The quorum for the meeting was three members (with a minimum of two governors)

In Attendance

Andrea Cowans (items 1-9)	Director of Student Life
Lydia Devenny	Deputy CEO Services
Graham Eland (items 1-6)	Director of IT & Estates
Melanie Halstead	Clerk to the Board
Mark Hilton	Head of Finance (Leeds College of Music)
Clare Partridge (via telcon)	KPMG (external auditors)
Hayvi Rahem (items 1-9)	SU President
Steven Richards (items 1-9)	Activities & Engagement Manager
Lisa Smith (via telcon)	RSM (internal auditors)
Kirsty Spark	Director of Financial Resources

The meeting was held at the University Centre and started at 12.30pm

MEETING ADMINISTRATION

1. Welcome and Apologies for Absence

Tim Lupton was welcomed to his first meeting of the Audit Committee and introductions were made. Apologies for absence were received from Jonathan Booth (Co-optee) and Colin Booth (Chief Executive & Principal).

2. Declaration of Interests in any Agenda Items

Members of the committee were reminded of the requirement to declare their interest in any agenda items; there were none.

3. Minutes of the Meeting of the Audit Committee held on 8 December 2017

RESOLVED:

That the minutes of the meeting of the Audit Committee held on 8 December 2017 be approved as an accurate record and be signed by the Chair.

4. Matters Arising

Members considered the rolling list of actions/matters arising from previous meetings; all identified items had been or were on schedule to be completed.

INTERNAL AUDIT AND ASSURANCE

5. Internal Audit Progress Report

RSM presented, for information, their internal audit progress report. There had been no changes to the agreed 2017/18 audit plan although the timing of some individual reviews had been adjusted in discussion with management.

RESOLVED:

To note the internal audit progress report.

6. Internal Audit Visit Reports 2017/18

Safeguarding/Prevent

RSM presented the report produced following their review of the key controls in place for safeguarding, including the Prevent agenda. The auditors had provided a 'reasonable assurance' opinion with three medium priority recommendations having been identified. Two of the recommendations related to volunteer DBS checks and mandatory training and one related to risk assessments for the management of events held on college premises. RSM advised that 'reasonable' was the usual level of assurance they provided to their clients following such reviews. They also advised that their opinion for the college was at the strong end of reasonable assurance. Having considered the detail contained in the audit report relating to non-compliance with controls, committee members queried whether the level of assurance provided was justified. RSM confirmed that their 'reasonable assurance' opinion was justified based on the other controls in place.

Student Finance

The student finance review had also resulted in a 'reasonable assurance' audit opinion with one medium priority recommendation relating to the completion of student financial support forms. At the request of committee members, RSM clarified the scope of this particular review.

GDPR Readiness

In relation to the group's readiness for the new General Data Protection Regulation (GDPR) in force from May 2018, the auditor advised that the report issued to the LCC Group was one of the cleanest she had issued to date, with the group being very well prepared to meet the GDPR requirements. The auditors had identified two recommendations relating to arrangements within Leeds College of Music; it was confirmed that the first of these had already been implemented and the second would be implemented by the end of April 2018. The Director of IT & Estates confirmed that the arrangements in place and being developed covered all parts of the LCC Group; the committee expressed its thanks and congratulations to all staff involved. Arising from discussion it was agreed that an annual report on compliance around data governance would be presented to the committee going forward.

RESOLVED:

To receive and note the internal audit reports produced by RSM covering Safeguarding & Prevent, Student Finance and GDPR Readiness.

RISK MANAGEMENT AND GOVERNANCE

7. Review of Group Strategic Risk Register

There was a thorough discussion on the group strategic risk register as at March 2018. There remained two red risks on the register relating to group finances (cash flow) and the group's ability to resource its property strategy. No new risks had been identified and there were no emerging risks identified that would impact on the internal audit plan.

As previously requested by the committee, the format of the risk register had been amended to identify the board/committee oversight and executive lead for each risk. A summary of the changes between each iteration of the risk register in a summary form had also been added to the report and members welcomed this.

The committee went on to consider the issue of risk appetite and suggested that the risk appetite be determined for each separate category of the risk register. The Deputy CEO Services undertook to consider this in readiness for 2018/19.

Members also suggested that risk management reports be brought up the agenda for future meetings.

RESOLVED:

To note the group strategic risk register as at March 2018 and the risk management framework in place across the LCC group.

8. Monitoring of Prior Audit Recommendations

The committee received its regular report on the progress made in implementing agreed audit recommendations, noting that good progress had been made overall. Two actions were behind schedule. One of these related to development of Leeds College of Music's (LCoM's) Advancement Strategy, which would be presented to the LCoM Board on 15 March, and the other related to the recruitment policy being finalised and distributed to all staff – the Deputy CEO confirmed that this would be completed by the end of March 2018.

RESOLVED:

To note the progress made by management in implementing agreed audit recommendations and to agree the revised timescales for the two internal audit actions currently behind schedule.

9. Students' Union – 2016/17 Financial Statements and 2018/19 Budget Proposal

Committee members received and noted the Leeds City College Students' Union (SU) financial statements for the year ended 31 July 2017. The committee also approved the SU's budget proposal for 2018/19 having considered the financial objectives, strategic assumptions and income/expenditure assumptions presented by the SU President. The budget provided for total income of £82,500, expenditure of £80,300 and EBITDA of £2,200 (2%) in 2018/19. It was reported that a forecasted surplus of £7,335 for 2017/18 along with modest budgeted surpluses in the three subsequent years would allow the SU to establish a solid reserves position.

RESOLVED:

- (a) To note the activity, performance and annual accounts of the Leeds City College Students' Union for the financial year ended 31 July 2017.
- (b) To approve the Leeds City College Students' Union budget for 2018/19.

(KPMG and RSM withdrew from the meeting for the remaining item of business)

10. Appointment of External Audit Service

Following a tender process carried out utilising the Crescent Purchasing Consortium (CPC) framework agreement, three firms had been shortlisted and had presented their proposals to members of the Audit Committee earlier in the day. Having considered the tender submissions and the proposals presented by each firm, the committee agreed to recommend to the board that KPMG be reappointed to provide external audit services for a further (and final) three year period commencing in the financial year ending 31 July 2018. It was also agreed that KPMG be asked to fix their audit fees for the full three years.

RESOLVED:

That the board be recommended to approve the reappointment of KPMG as external auditors for a three year period commencing in the financial year ending 31 July 2018.

The meeting closed at 2pm

Signed:.....(Chair) Date:.....