

AUDIT COMMITTEE

MEETING HELD AT 2.00 PM ON WEDNESDAY 29 NOVEMBER 2017 **AT KNOWSLEY COMMUNITY COLLEGE**

MINUTES

PRESENT: Tim Molton (**Chair**), Julia Tinsley and Benjamin Bennett-Stanley

IN ATTENDANCE: Ben Hayden, Rachel Pearson (KPMG), Anne Pryer (Principal), Stuart Arnfield (Director of Finance), and Chris Jones (Clerk to Governors).

1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

2 DECLARATIONS OF INTEREST

There were no declarations of interest notified.

3 MINUTES OF THE PREVIOUS MEETING HELD ON 14 JUNE 2017

The minutes of the previous meeting held on 14 June 2017 were agreed as a true record.

4 MATTERS ARISING

There were no matters arising from the previous minutes.

5 REPORT AND FINANCIAL STATEMENTS: YEAR-ENDED 31 JULY 2017

The Director of Finance (SHC) presented the Report and Financial Statements for the Year-Ended 31 July 2017 for the information of the Audit Committee.

Attention was drawn to the actuarial pension deficit position, which would improve the College's year-end deficit position. Attention was also drawn to the balance sheet and the net asset position which was a technical accounting representation. The cash position was also summarised.

A number of amendments to the narrative of the accounts had been identified, which included a review of the Governor listing and inclusion of the attendance. The merger date will also be included within the final accounts.

Following a question from the Committee about the financial liabilities position of KCC, it was noted that, although, due to the merger, there had not been a meeting of the F&GP committee held this term, the financial position had been periodically reviewed through the Governing Body, and Governors would have a further opportunity for review at this week's Governing Body meeting.

Following a question from the Committee, the position regarding the annual emoluments of other senior staff was summarised.

The Report and Financial Statements for the Year-Ended 31 July 2017 were noted by the Audit Committee.

ACTION: Director of Finance to amend the Financial Statements as agreed by the Committee

6 AUDIT HIGHLIGHTS MEMORANDUM AND MANAGEMENT LETTER: YEAR-ENDED 31 JULY 2017

Ms Pearson from KPMG presented the Audit Highlights Memorandum and Management Letter 31 July 2017, which represents the findings of the audit that is undertaken as part of the audit of accounts of the College and the regularity audit.

It was noted that, although there were some matters currently outstanding, as detailed in p4 of the report, there were no significant concerns or audit issues arising from the audit work undertaken at the College and that it was anticipated that KPMG will be able to provide clean audit opinions on both the financial statements and regularity audits, following the approval of the financial statements by the Governing Body. The Committee was assured that the reported outstanding matters would be resolved before this week's Governing Body meeting.

The Committee noted the 2 low priority recommendations that were identified as part of the audit, along with the 2 medium priority recommendations that remain outstanding from the previous year's audit. The management responses were accepted by the Audit Committee as being historical issues, with assurances given that these audit issues will be addressed going forward within the merged financial team.

Following a question from the Director of Finance, KPMG confirmed that the legal requirement to include an 'Emphasis of Matter' would be addressed as part of the merger process and referenced in the final report.

The Audit Committee noted the additional services provided by KPMG, with the details summarised, including due diligence work that had been undertaken as part of the merger process, which needs including within the report.

The Audit Highlights Memorandum and Management Letter for the year-ended 31 July 2017 was accepted by the Audit Committee, and the report would be presented to the Governing Body at the meeting scheduled on 1 December 2017.

7 REGULARITY AUDIT – SELF-ASSESSMENT REPORT QUESTIONNAIRE

The Director of Finance presented the Regularity Audit: Self-Assessment report questionnaire, which is part of KPMG's regularity audit and supports the financial statements audit review process.

The Audit Committee accepted the Regularity Audit Self-Assessment report as presented, which would be signed by the Principal and the Chair of the Corporation.

8 INTERNAL LOG OF PREVIOUS AUDIT RECOMMENDATIONS

Mr S Arnfield, Director of Finance, presented the audit log of internal audit recommendations brought forward from the previous meeting, which was accepted by the Audit Committee. The two outstanding recommendations that had slipped were discussed with assurances given that both areas would be addressed going forward.

9 RISK REGISTER

The updated risk register was noted by the Audit Committee, with no significant issues identified. This was the same register as presented at the last meeting of the Governing Body and it was noted that some of the dates had now passed as part of the merger transition process. However, it was noted that there would be a joint SK College Group risk register developed post-merger that will be presented to the new Audit Committee, with a complete review of both Collee's risk registers to be undertaken as part of the review process.

The Risk Register progress report was accepted by the Audit Committee.

- 10 DATE AND TIME OF NEXT MEETING:** As this would be the final meeting of the KCC Audit Committee, Governors were sincerely thanked for their services to the work of the Committee.