

## Audit & Risk Committee

Minutes of the meeting held on 9 March 2017 at 10am at Mills and Reeve 9th Floor, 1 New York St, Manchester M1 4HD

Present: Paula Cole, Phil Lanigan (Chair), Malcolm Sugden

Apologies: Paul Candelent and Kate Macdonald

In Attendance: Rob Cressey (Group Finance Director), Gill Mangnall (Head of Finance), Jennifer McKenna (Assistant Company Secretary), Simon Newell (Head of SHE), Lisa Randall (RSM) and Paul Taylor (COO)

Apology: Jennifer Foote (Company Secretary & General Counsel)

*Paul Taylor declared his membership of the GMPF Local Board of Employers.*

*Rob Cressey declared that his brother in law was a Tax Partner at RSM.*

### Part A

1/17	<p><b>Part A Minutes of the meeting held on 21 November 2016</b></p> <p>The Part A minutes of the meeting held on 21 November 2016 were approved as a correct record.</p> <p><b>Matters Arising</b></p> <p>The Group Finance Director confirmed that AIB had confirmed in writing that the covenant calculation excluded the FRS17 pensions liability and there was therefore no breach of covenant. The wording of the clause would be clarified in the next version of the agreement and a review meeting would be held annually in March/April. It was agreed that the revision would be confirmed to the next meeting. The Novus Cambria Financial Regulations had been completed and would be submitted to the Novus Cambria board on 17 March.</p> <p>The Chief Operating Officer provided an update on the DWP audit of the SFA's ESF matched funding rules. TMC had been asked by the DWP to confirm the eligibility to work in the UK of the three learners in question. Only one learner could be contacted and it was confirmed to the DWP that he was an asylum seeker. The Committee heard that this was the end of TMC's involvement and that there was no financial risk involved.</p>
2/17	<p><b>Strategic Risk Management</b></p> <p>The Committee received the revised Risk Management Policy. It was confirmed that business units would be responsible for establishing their risk appetite against a defined risk scoring mechanism. Risk would be reviewed at both QBR and Divisional Board level. The Audit and Risk Committee would review the risk register in detail and would report its recommendations to the Board of Governors. The Executive Management team would also discuss and maintain oversight of key risks. A Member queried and it was confirmed that the risk profile of the organisation was ultimately the responsibility of the Board of Governors. It was confirmed that</p>

	<p>the Audit &amp; Risk Committee would receive both the overall Risk Register and the Divisional Risk Registers for discussion and review.</p> <p><b>RESOLVED</b> to recommend to the Board of Governors approval of the Risk Management Policy</p>
3/17	<p><b>Internal Audit</b></p> <p><b>Follow Up Report</b></p> <p>The Internal Auditor presented the internal audit follow up report. It was reported that 11 out of 21 recommendations had been completed. An update was provided on the progress of the 10 outstanding recommendations. It was noted that the majority of these had been delayed due to the implementation of major new internal systems (eg IT) and that historically implementation dates had not always been realistically assigned. The Committee heard that the College had been co-operative throughout and no cultural issues had emerged.</p> <p><b>Subcontracting Controls</b></p> <p>The Internal Auditor reported on the subcontracting control framework. Some areas for improvement had been identified and were being implemented. It was confirmed that RSM were liaising with the business to ensure that the new SFA annual subcontracting assurance report was completed and submitted by the end of May.</p> <p><b>Student Records – Management Assurances</b></p> <p>The Internal Auditor reported that the mechanisms for obtaining assurance on the accuracy of student records were robust. The importance of this area was underlined as it directly impacted funding income streams. One low level action had been identified</p>
4/17	<p><b>Internal Audit Progress Report</b></p> <p>The Group Finance Director presented the internal audit progress report. It was reported that there were 11 outstanding actions. An update was provided on the outstanding recommendations the majority of which were scheduled for completion by the end of July. The Internal Auditor confirmed that she was satisfied with the progress made.</p> <p>The Committee heard that the internal audit work on the new finance system would commence shortly. The slight delay had been to allow the training provider to put a training plan in place.</p>
5/17	<p><b>Greater Manchester Pension Fund Annual Internal Audit August 2016</b></p> <p>The Committee heard that contributing bodies to the Greater Manchester Pension Fund (GMPF) were audited on a rolling basis and that the College had been audited in August 2016. The audit was undertaken by the Internal Audit department of Tameside MBC and the College received an overall audit opinion of Medium. The audit report had highlighted some areas for improvement which were currently being implemented. A discussion ensued. A Member queried and it was confirmed that assurance about staff pensions was gained during the annual audit of the financial statements when the auditors spent approximately three days reviewing it (under financial regulation TR17A). The Audit team had also agreed to return to assess the new HR payroll system before it went live. It was confirmed that Medium was a</p>

	<p>positive outcome and that there would be no further action until the next routine audit visit. A Member queried whether there was an independent audit of the pension scheme and it was confirmed that whilst this existed it was not circulated to employers in the scheme. It was agreed that the possibility of obtaining a copy of this would be investigated.</p>
	<p><b>RESOLVED</b> that as the items to be considered are deemed commercially sensitive, the Board move into confidential session.</p>
	<p>----- <b>Chair</b></p> <p>----- <b>Date</b></p>