

Minutes of the Meeting of the Audit Committee held on Thursday 3rd December 2015, 5.00pm, The Conference Room, Prior Pursglove College

Present: Mr J Kay (Chair), Mr B Bird, Mr B Pearce

In Attendance: Mrs J Burton (Principal), Mrs E Grove (Clerk), Mrs S Langstaff (Finance Manager), Mr D Robertson and Mrs J Bennett (Anderson Barrowcliff, Financial Statements and Regularity Auditors), Mr P Urquhart (Wylie & Bisset LLP, Internal Auditors)

Meeting quorate

75% attendance

Mr Bird was welcomed to his first meeting of the committee.

1) **Apologies for Absence**

Cllr P Spencer

2) **Minutes of the Meeting of Tuesday 16th June 2015**

Following a number of typographical corrections, the minutes were agreed and signed as a true record.

3) **Matters Arising**

5.2) Internal Audit Plan 2015-16: It was noted that the first visit had been postponed due to the delay in progress with the proposed merger.

9) Risk Management: It was noted that Prevent and Safeguarding were now included with the Risk Management Action Plan (RMAP) (cross reference item 5.2 on the meeting agenda)

10) Code of Governance for English Colleges: It was noted that the Corporation had adopted the Code with effect from 1st August 2015. Mr Urquhart confirmed that the Corporate Governance Audit scheduled for 2016 would focus on the Code. Mr Urquhart advised he would send the assignment plan to the Clerk as quickly as possible. **Action W+B**

4) **Progress on Audit Recommendations**

Progress was considered. Members noted that management considered all recommendations to have been completed and agreed that they were.

5) **Risk Management**

5.1) Risk Management Annual Report 2014-15: The report was considered and accepted.

5.2) Mid-year Review 2015-16: A revised RMAP with colour coding was tabled. Mrs Langstaff provided an explanation for the key and confirmed it would be added to future versions. **Action Finance Manager**

The plan was discussed and it was confirmed that the Senior Leadership Team (SLT) reviewed and updated it on a monthly basis regardless of the RAG rating. In response to a question asked, it was confirmed that the points in the plan were all of those that had been identified as high risk. Members considered that there could be merit in revisiting all the risks that had been identified ie including those that had a lower scoring. It was agreed this should be on the agenda in the spring term. **Action Finance Manager/Clerk**

Discussion moved on to the risks associated with Prevent. It was confirmed that Governor training would take place on 7th December 2015. It was further confirmed that SLT will score the risks at their next meeting. **Action SLT**

Members raised the matter of risks associated with transition and implementation of merger. A discussion followed. It was agreed that subject to the final decision being

made by the Corporation, risks linked to bringing systems together and capacity to implement be added to the RMAP. **Action SLT**

6) **Annual Report on Financial amendments, Fraud Policy, Fraud Response Plan and Whistleblowing**

The draft report was discussed. It was noted that the Whistleblowing Report had been removed from the Financial Regulations and published separately so that it was more readily accessible to staff. Members recommended that the report and this change should be referred to the Corporation for information.

7) **Internal Audit (Wylie & Bisset)**

Mr Urquhart took members through the Annual Internal Audit Report to 31st July 2015. The benchmarking data was considered and it was noted that the college outcomes were favourable. The overall opinion reached by the auditors was positive. It was agreed to recommend the report to the Corporation.

8) **Financial Statements and Regularity Audit (Anderson Barrowcliff)**

8.1) **Self-Assessment of Compliance with Regularity and Compliance Requirements:**

Mrs Langstaff explained that the completed questionnaire had provided the focus for the regularity audit by Anderson Barrowcliff and that it required the Chair of the Corporation's signature as well as that of the Principal. Mr Robertson confirmed that the management report and letter (Agenda items 8.2 and 8.3) covered the regularity audit.

It was agreed to recommend to the Corporation that the Chair of the Corporation and Principal should sign the document.

8.2) **Draft Financial Statements and Regularity Audit Report to Management for the Year ended 31st July 2015:**

The draft report was discussed. The impact of the Education Funding Agency (EFA) change in approach to the audit ie the limited assurance and change to wording in the report, was noted. Mr Robertson advised that no adjusted errors and misstatements had been identified. The unadjusted errors totalling £8288 were noted. The key findings of the report resulted in a low risk (green) overall assessment of the systems operating at the college. The seven green and two amber risks were discussed individually and management provided explanations of the actions being taken to address them. It was agreed that the risk associated with the Clerk only initialling and not dating when she had reviewed governors' individual registers of interest was insignificant and would be removed from the final report. **Action Anderson Barrowcliff.** Members' attention was drawn to the 'The Future of GAAP' section and the benefits or otherwise of Colleges being able to revalue assets was discussed.

Mrs Burton and Mrs Langstaff were asked to complete the 'client response' column and forward it to Anderson Barrowcliff in time for the final report to be issued to Governors for the 14th December Corporation meeting. **Action Principal and Finance Manager**

8.3) **Draft Governance Statement and Annual Report to 31st July 2015:**

Mr Robertson advised that the Auditors' Report on Regularity within the report needed to be replaced with the latest version. Mr Robertson was asked to forward a copy to the Clerk for distribution to members. **Action Anderson Barrowcliff/Clerk.** Confirmation of the EFA funding for the year had been received. The confirmation of SFA funding was outstanding and the SFA had indicated it would be available by mid-December. The potential for holding up finalisation of the report was highlighted. Mr Robertson confirmed that the SFA income received had been reconciled during the audit.

Discussion moved on to the merger consultation process and the potential impact of this on the final wording of report. It was noted that the intention was for a final decision to be made at a meeting of the Corporation on 7th December.

The Pensions note on P42 of the report was brought to the attention of members. They were advised that the actuary of the Teesside Pension Fund had not provided figures for the long term rate of return expected at 31st July 2015 due to the changes resulting from

FRS102. This was discussed and it was agreed that an explanation should be provided in the notes.

In response to questions raised, Mr Robertson noted that the Statement of Recognised Gains/Losses on Page 42 should be shown as a loss. The section on Page 4 headed 'Financial Results' also needed updating. **Action Anderson Barrowcliff**

With these amendments, it was agreed to recommend the governance statement to the Corporation.

8.4) Draft Management Representations Letter: Members were advised that the draft letter had been received and would be provided before the end of the meeting.

Mr Robertson advised members of the content of the letter and confirmed it was in line with that of previous years.

Mrs Bennett left the meeting at 6.07pm.

9) **Control Issues**

Mrs Langstaff advised that she was not aware of anything that needed to be brought to the attention members or auditors.

10) **Audit Committee Self-assessment**

The self-assessment questionnaire sent with the agenda was considered. Members considered that they could respond positively to all questions. It was agreed that this should be referred to in the Committee's Annual Report to the Corporation.

The reference to the HM Treasury : GIA Manual and whether this should be referred to within the internal auditors' engagement letter was raised. Mr Urquhart agreed to check the wording and provide an updated letter if needed. **Action Wylie & Bisset**

11) **Audit Committee's Annual Report to the Corporation**

The draft report was considered and agreed for recommendation to the Corporation.

12) **Engagement Letters**

12.1) Internal Audit (Wylie & Bisset): The letter was considered and subject to the outcome of the action in (10) above it was agreed to recommend the letter to the Corporation for signing.

12.2) Financial Statements and Regularity Audit (Anderson Barrowcliff): The letter was considered and it was noted that the wording re the regularity audit had been updated to reflect the change from giving an opinion to giving assurance. It was agreed to recommend the letter to the Corporation for signing.

13) **Date and Time of Next Meeting**

The date and time of the next meeting was confirmed as 5.00pm, Thursday 3rd March 2015

14) **Any Other Business**

There was no other business than that on the agenda.

15) **Publication of Documents**

It was agreed to publish the minutes and progress on audit recommendations report.

Mrs Burton and Mrs Langstaff left the meeting at 6.22pm. Mrs Langstaff briefly returned to distribute copies of the draft management representations letter referred to in 8.4 above.

16) **Invitation for Auditors to speak with Committee Members**

Mr Robertson advised that the audit had gone well. Some information had been slower to be provided than in previous years and access to the Finance Manager had been more difficult but this was not unexpected due to the part time nature of role.

Mr Urquhart advised that he was not aware of any issues needing to be brought to the attention of the committee.

Members had no questions or concerns to bring to the attention of either set of auditors.

There being no further business, the meeting closed at 6.29pm.