

Minutes of the Meeting of the Audit Committee held on Tuesday 25th November 2014, 5.00pm, The Conference Room, Prior Pursglove College

Present: Mr J Kay (Chair), Mr B Pearce, Cllr P Spencer

In Attendance: Mrs E Grove (Clerk), Mrs J Burton (Principal), Mr M Loftus (Acting Assistant Principal Finance), Ms S Langstaff (Finance Manager), Mr D Robertson and Ms H Wilson (Anderson Barrowcliff, Financial Statements and Regularity Auditors), Mr J Gouck (Wylie & Bisset, Internal Auditors)

Meeting quorate

100% attendance

Cllr Spencer and Miss Langstaff were welcomed to their first meeting.

1) **Apologies for Absence**

There were no apologies for absence.

2) **Minutes of the Meeting of Monday 2nd June 2014**

It was noted under 10.1 that the review of the Financial Statements and Regularity Auditors appointment was due in 2015-16 and not 2014-15.

The minutes were agreed and signed as a true record.

3) **Matters Arising**

3.1) Internal Audit: It was confirmed that all of the internal audit reports including the annual report and audit plan for 2014-15 had been finalised prior to consideration by the corporation.

3.2) Purchasing and Payments: Mr Loftus informed the meeting that the college held four procurement cards with an approximate spend of £8k per month. The majority of transactions are undertaken via the Finance Office. The cheque volume per year is approximately 1500 and there are plans to pay more items via BACS.

4) **Progress on Audit Recommendations**

The outstanding action points were discussed and the revised completion dates accepted. Clarification was sought and given in respect of which Assistant Principal was responsible for which action. It was noted that Miss Langstaff, will take over responsibility for completion of items headed up as Assistant Principal Finance. It was confirmed that progress will be followed up by Wylie & Bisset at the January visit.

5) **Risk Management**

5.1) Risk Management Annual Report 2013 - 14: Mrs Burton spoke to the report which included the risks identified in the 2013 - 14 and 2014 -15 Post Inspection Action Plans. A discussion followed with particular reference to the audit committee's increased role in risk management. The report was accepted.

5.2) Mid-year Review 2014 – 15: Progress was considered. The ranking of 'loss of students' as a low risk was questioned. It was noted that this referred specifically to risks of schools setting up new sixth forms which were now minimal.

Discussion moved to the methodology for identifying key risks. Members considered that the action plan was too lengthy and did not focus sufficiently on high risks. It was agreed that parameters should be set to identify key risks around operation, finance and reputation. They asked for a review of the risk management process to be undertaken with an interim report made to the next meeting. **Action FM.**

It was further agreed that the committee should look at a specific risk area at each meeting. Loss of students to be the focus of the March meeting. **Action FM.**

6) **Audit Committee Self-Assessment**

Members discussed the self-assessment questionnaire contained within the LSIS audit committee training materials. Members considered that they could answer positively to each question. Mrs Grove was asked to add a reference to completion of the questionnaire in the Audit committee's report to the Corporation.

7) **Audit Committee's Draft Annual Report to the Corporation**

The draft report was discussed and considered to be comprehensive. Members asked for a number of minor amendments to be made to reflect the timings of the December Corporation meeting. Members confirmed that they could provide a positive opinion on the adequacy and effectiveness of the college's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness.

8) **Financial Statements and Regularity Audit**

8.1) **Self-assessment of compliance with Regularity and Propriety requirements:**

Mr Loftus explained that the completed questionnaire had provided the focus for the regularity audit by Anderson Barrowcliff. For the first time the questionnaire 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 8.4) 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 2014:**

Miss Wilson took members through the report. She thanked the finance team for ensuring the audit went as smoothly as possible taking into account the long term absence of the former APF. It was noted that the EFA statement of funding had been received and reconciled but the SFA statement was outstanding. It was confirmed that this was a national issue but the report could not be signed off until it had been received. Attention was drawn to the adjusted and unadjusted errors and misstatements contained with the report. The system weaknesses identified during the audit were considered and management responses were deemed acceptable.

It was agreed to recommend the report to the Corporation.

8.3) **Draft Governance Statement for the Annual Report to 31st July 2014:** The draft statement was discussed. It was noted that three new governors had been appointed and their names needed to be added to the report. **Action Clerk.** It was agreed to recommend that the Corporation adopt the statement.

8.4) **Draft Management Representations Letter:** It was noted that the letter was in standard format. Attention was drawn to paragraphs 5, 12 and 24 which were noted. After consideration it was agreed to recommend to the Corporation that it adopt the letter and for it to be signed by the Chair of the Corporation.

9) **Internal Audit**

Mr Gouck informed members that the Staff Utilisation report had been issued in draft and requested that management responses be finalised with Wylie & Bisset prior to reports being sent to the Committee. This was noted.

9.1) **Quality Processes Report:** The report was discussed. The overall conclusion was 'strong' with one low grade recommendation. This had been accepted by management and the response considered appropriate. Five areas of good practice had been identified and one observation made. This related to the significant improvements made since the Ofsted report evidenced through improved examination results and the need to maintain momentum to ensure improvements continued.

9.2) **Staff Utilisation:** The report was discussed. The overall conclusion was 'substantial' with two medium and three low grade recommendations. This compared to national benchmarks of one high and two medium recommendations. Five areas of

good practice had been identified and one observation. This related to out of date references to the Vice Principal.

The use of timetabling software as opposed to spreadsheets was discussed. It was suggested that advice be sought from other NORVIC colleges on software available.

It was agreed to recommend to the Corporation that it adopt the reports and management responses.

10) **Student Number Audit (KPMG)**

A finalised version of the report from KPMG was tabled and attention drawn to the changes from the draft report. Members went through each recommendation and management response. The timescales for completion of actions were considered to be achievable. The potential impact on the audited accounts (£21k) was discussed. The EFA had no mechanism to make in year claw-back but could adjust the 2015-16 allocation. The SFA financial statement was still awaited. The potential impact was considered to be immaterial and would not affect the understanding of the accounts. It was agreed to recommend the report to the Corporation.

11) **Control Issues**

There was nothing to report.

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

This was confirmed as Tuesday 10th March 2015 starting at 5.00pm.

13) **Any Other Business**

There was no other business.

14) **Publication of Documents**

It was agreed to publish final documents after consideration by the Corporation.

Mrs Burton, Mr Loftus and Ms Langstaff left the meeting at 6.47pm.

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

The auditors were invited to raise any issues or concerns. Mr Robertson considered that the audit had gone well. He raised the appointment of a part time Finance Manager as a potential risk but recognised that there was a very good finance team in place. He stressed the importance of developing the risk register and considered that the committee should see the likelihood and impact scores.

Mr Gouck sought assurance that the terms of reference of the committee had been updated to reflect the responsibility for risk management. It was confirmed that this had been done. He stressed the need to ensure that high quality data was available to aid decision making on staff utilisation.

Mr Kay thanked the auditors for their input to the meeting.

The meeting closed at 6.55pm.