

## AQUINAS COLLEGE AUDIT COMMITTEE

Meeting: 9 June 2014

Time: 4.30pm

Venue: The College

### GOVERNORS PRESENT

Mrs P Lynch (Chairperson), Mr L Byrne, Mr P Carpenter, Mr A Martin and Mr A McCarthy.

### IN ATTENDANCE

Mr G Palethorpe	Baker Tilly LLP
Mr G Hitchmough	Mazars LLP
Mr D Pearson	Principal
Mrs D Blackburn	Assistant Principal (Finance)
Mr T Conlon	Clerk to the Governing Body

Before the meeting started the Chairperson welcomed Mr Hitchmough, Mr Palethorpe and Mr Pearson to the meeting.

#### 1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

#### 2. DECLARATION OF INTERESTS

Governors and Staff were asked to declare any interest, which they may have in any items on the Agenda for this meeting. No interests were declared.

#### 3. COMMITTEE MINUTES

RESOLVED – That the minutes of the meeting held on 27 January 2014, copies of which had been circulated previously be approved and signed by the Chairperson as a correct record subject to the last sentence in Minute 9 reading Mrs Blackburn.

#### 4. MATTERS ARISING FROM THE COMMITTEE MINUTES

##### i) Review of Committee Terms of Reference - Minute 8

A copy of the revised Audit Committee Terms of Reference had been circulated to all members prior to the meeting. It was agreed that the name for both internal audit and external audit be standardised. In addition a few minor changes were identified.

REOLVED: That the revised Audit Committee Terms of Reference be recommended to the Governing Body for approval.

##### ii) Lighting – Minute 12 (i)

Mr Martin asked if the lighting on the path to the car park had been completed. Mrs Blackburn confirmed that the work had been completed at no cost to the College.

#### 5. INTERNAL AUDIT PROGRESS REPORT

Baker Tilly circulated a report, which gave details of the use of audit resources, the outcome of work completed to date and incorporated cumulative data in support of internal audit performance. Progress against the Operational Plan was noted and that all the planned work had been carried out. There had

been no changes to the agreed audit plan. A summary of the work undertaken in 2013/2014 and the levels of assurance given and the number of recommendations made was included in the report. There were 16 recommendations of which 1 was high, 3\* were medium and 12 low.

\*There was one recommendation that was not agreed by the College

There had been one relevant client briefing issued since the last Audit Committee and this was included in an Appendix to the report. Fraud alert – changing supplier bank account details – a new variation.

RESOLVED: That the Internal Audit Progress Report be received.

## 6. INTERNAL AUDIT REPORTS

A discussion took place on the internal audit reports that had been prepared by Baker Tilly on:

### a) Follow up 2012/2013 Payroll – Key Controls

Original Recommendation - ii) The Payroll provider should be formally reminded of the requirement to obtain authorisation prior to the monthly pay run. If no response has been obtained via email the provider should telephone the College to obtain authorisation and then confirm in email who they have spoken to and the agreed figures / amounts. (Medium)

New Recommendation – The College should, for each pay run, authorise payments via email to the payroll provider. Emails should be retained as evidence of the process.

All other recommendations had been implemented.

### b) Employee Performance Management Design – Substantial Assurance Application – Some Assurance Recommendations 1 High, 4 Medium and 1 Low Categorisation

The object of the audit was to ensure that there are appropriate mechanisms in place to ensure that employee performance management systems are fully embedded for all staff members within the College and, for academic staff members that they link with teaching and student outcomes. There were 6 recommendations in the report which were as follows;

i) Training – Management should consider providing additional training for members of staff undertaking appraisals of fellow members of staff to equip them with the necessary skills to be able to provide constructive feedback. (Low)

ii) Academic Staff – a) Deadlines for the undertaking and completion of appraisals on the My Aquinas system by members of academic staff at the College should be set and enforced to ensure that the system is an effective management system to both improve standards of the College and formally record good practice applied by members of staff. (High)

b) Further training on the system should be undertaken to ensure that the system is being completed accurately. This will ensure that monitoring information within the reports reflect the true status of appraisal progression. (Medium)

c) Consideration should be given to limiting the amount of roles assigned on individual's appraisals and collating more feedback from different roles through the line manager, which will reduce the amount of time it would require to effectively complete the process. (Medium)  
Not Agreed.

iii) Support Staff – Management should review the list of members of staff that cover both academic and support roles and ensure that they are being appraised using one of the two systems operated by the College. (Medium)

iv) Monitoring and Reporting (Support Staff Appraisal) – Management should ensure that compliance levels of the overall process are monitored going forward to ensure staff apply the agreed revised process. (Medium)

Mrs Lynch asked Baker Tilly for clarification on paragraph 3.7 where the total added up to 105%. Mr Palethorpe undertook to check the information and to get back to the Clerk of Governors with the correct figures.

Mr Martin asked if staff sign the appraisal form. Mrs Blackburn advised Governors that for support staff both the member of staff and the appraiser sign the form. For teaching staff there is an electronic form with provision on the form for a member of staff to indicate if they are unhappy with the outcome. In these cases a further meeting would be held and if it cannot be resolved it would be referred to the personnel department.

c) Student Records System – IT Applications Review Recommendations	Substantial Assurance 3 Low Categorisation
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The object of the audit was to ensure that the student records system operates in a safe and secure environment and that all processing is complete, accurate and authorised. There were 3 recommendations in the report which were as follows;

- i) Staff user administration procedures for the system should be documented and reviewed/updated at regular intervals. (Low)
- ii) Systems administrator responsibilities for the system should be reflected within the job description of all staff assigned to them. (Low)
- iii) Staff users of the student records system and their associated access groups should be reviewed periodically to ensure that access remains appropriate and reflective of user's current role. Evidence of all reviews should be signed off by management and retained. (Low)

## 7. STRATEGY FOR INTERNAL AUDIT 2014/2015 – 2016/2017

Baker Tilly submitted a Strategy for the provision of an Internal Audit Service for 2014/2015. Appendix A showed the issues affecting the college updated 2014/2015. Appendix B set out the strategy for internal audit for 2014/2015 – 2016/2017. Appendix C showed the Internal Audit Plan for 2014/2015.

The Audit Plan for 2014/2015 would consist of 18 days with the addition of contingency days as necessary and would be utilised as follows:

Academic Quality Management Systems	4 days
Governance Effectiveness	4 days
Financial Systems – Procurement and value for Money	3 days
Student Records - Bursaries	3 days
Audit Management	4 days

Due to the relatively low number of recommendations but to meet the auditing standards and to provide management with ongoing assurance regarding implementation of recommendations, Follow Up work will involve a high level review of management's responses to the Medium priority recommendations made in 2012/2013, with reporting provided through a Progress Report to the Audit Committee.

The fee for 2014/2015 would be £8,280 which is an increase of 2.6% from 2013/2014. The fee is inclusive of expenses but exclusive of VAT. This gives a daily rate for 2014/2015 of £460.

Mr Carpenter sought clarification on why some areas are covered each year and for other areas there could be a gap of 2/3 years. Mr Palethorpe replied by saying that the audit approach was based on a risk assessment primarily driven by areas that are considered to result in higher probability of material misstatement of the financial statements.

Mr Byrne asked how the proposed audit on governance would be carried out. Mr Palethorpe indicated that a skills audit would be undertaken and that a review of the minutes of the various committees would also take place.

Mr McCarthy asked if there is a timescale for how long a governor should remain on a committee. Both internal and external audit felt that around five years would be the norm. Both stressed the need for governors to be objective, challenging and to have a vision on where the college is going. By staying on a committee too long a governor could become too close to the organisation. It was agreed that it may take a governor some time to understand the complexities of the areas that a committee's remit may cover.

The Clerk to the Governors reported that the Governing Body would be reviewing its committee structure at the next Governing Body meeting.

RESOLVED: i) That the revised Audit Plan for 2014/2015 be approved, ii) That the updated Strategy for Internal Audit for 2014/2015- 2016/2017 be approved and iii) That the fees for 2014/2015 be agreed.

#### 8. ACTION ON INTERNAL AUDIT REPORTS

Mrs Blackburn introduced a paper that had been circulated prior to the meeting that detailed the action taken by the College to implement the recommendations contained in previous Internal Audit Reports.

RESOLVED: That the action be noted.

#### 9. DRAFT AUDIT STRATEGY MEMORANDUM YEAR ENDED 31 JULY 2014

Mazars submitted a Draft Audit Strategy Memorandum for the External Audit Service for the year ending 31 July 2014. The document set out the audit plan in respect of the statutory audit for the College for the year ending 31 July 2014. The following Appendices were attached.

Appendix A - Independence

Appendix B – Materiality

Appendix C - Key Communication points

Appendix D – Draft Letter of Engagement

Appendix E – Latest sector developments

The fee for 2014 would be £10,000 which is the same as 2013. The fee is inclusive of expenses but exclusive of VAT.

Mr Martin asked how often the Teachers Pension is audited. Mrs Blackburn replied that it is audited every year.

Mr McCarthy asked how many days did the audit take. Mr Hitchmough replied that it could take around 20 days.

RESOLVED: That the fees for 2014 be agreed.

#### 10. AUDIT REVIEW

Mrs Blackburn left the meeting whilst this item was discussed.

The Chairperson asked Mazars if there were any areas of concern in the College that they wished to raise with the Audit Committee. They indicated that there was nothing that they wished to raise and that the college is low risk. Mrs Blackburn is proactive and is up to date with emerging issues.

Baker Tilly echoed the comments of Mazars in that they have a good challenging relationship with Mrs Blackburn, they have a good dialogue over the planning and timing of the audits and that she is proactive and there is rigour behind the processes.

The Committee and Mr Pearson acknowledged the professionalism and hard work of Mrs Blackburn and they recorded their appreciation of the work that Mrs Blackburn does across the College.

Mrs Blackburn rejoined the meeting at this point.

11 FEEDBACK ON ACTIONS FROM RISK REGISTER FOR MAY 2014

Mrs Blackburn introduced a paper that had been circulated prior to the meeting that provided Governors with a brief overview on risk areas which are a focus for the current half term. The areas were as follows;

- i) Ongoing reduction in EFA/SFA funding
- ii) High level ALS
- iii) Drop in SFA funding and rise in fee charges
- iv) A Level Reform
- v) Management of student data- Recruitment of students
- vi) Failure to recruit and retain key staff

Mr McCarthy asked how much the Bursary Fund was and how many students did it cover. Mrs Blackburn indicated that the fund was £150,000 and paid between 150-200 students each week although approximately 300 are eligible but may not get paid as they do not fulfil the conditions attached to payment. Mrs Blackburn also advised Governors that there were different levels within the fund.

12. FRAUD LOG BOOK

Mrs Blackburn advised Members that there were no incidents of fraud or corruption to report.

Mr G Hitchmough advised Governors that within the sector a number of incidents of fraud had come to light. It included receiving money and gifts for tenders and building work.

13. ANY OTHER BUSINESS

- i) Internal Audit Letter of Engagement

Mrs Blackburn advised Governors that she had received a revised Letter of Engagement from Baker Tilly which covered the period ending 31 July 2014.

Mr McCarthy had expressed concern that there was no Letter of Engagement and that there had been a change in the legal status of the company.

RESOLVED: That the Chair of Governors be asked to sign the Letter of Engagement on behalf of the Governing Body.

14. DATE OF NEXT MEETINGS

Monday 10 November 2014 at 4.30pm, subject to the Calendar of Meetings being agreed by the Governing Body at its meeting on 24 June 2014.

Signed \_\_\_\_\_  
Chairperson

Date \_\_\_\_\_