

AQUINAS COLLEGE AUDIT COMMITTEE

Meeting: 10 November 2014

Time: 4.30pm

Venue: The College

GOVERNORS PRESENT

Mr L Byrne, Mr A Martin and Mr A McCarthy.

Mr A Martin in the Chair

IN ATTENDANCE

Mr G Palethorpe Baker Tilly
Mr G Hitchmough Mazars LLP
Mrs D Blackburn Assistant Principal (Finance)

1. APOLOGIES FOR ABSENCE

An apology for absence was received and accepted from Mr P Carpenter.

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 9 June 2014, copies of which had been circulated previously, were agreed as a correct record.

4. MATTERS ARISING FROM THE COMMITTEE MINUTES

i) Employee Performance Management – Minute 6 (b) - Mr Martin advised members that he had spoken to the Principal to seek clarification on how the process worked in practise.

5. DRAFT STATUTORY ACCOUNTS

Mrs Blackburn introduced the draft Statutory Accounts for 2013/2014 that had been circulated previously to members. It was noted that the Audit Committee has a corporate governance role in approving the Statutory Accounts. Mrs Blackburn circulated an addendum to the accounts in relation to the narrative concerning the disclosure around the Teachers Pension Scheme. The Resources Committee would also consider the draft Statutory Accounts at its meeting on 11 November 2014.

A discussion took place on a number of points included in the draft Statutory Accounts for 2013/2014. Mr McCarthy asked for clarification on the non teaching staff costs shown in item 8 on page 31, the figures for 2013/2014 were the same as 2012/2013. Mrs Blackburn undertook to check this. Mr Hitchmough (Mazars) advised members that there needed to be a statement in the accounts similar to that in the Audit Committee's Annual Report concerning the overall effectiveness of the Audit Committee. In addition all members were asked to check the draft Statutory Accounts for any mistakes or typing errors and to advise Mrs Blackburn accordingly.

The accounts remain draft until they are approved by the Governing Body and signed by the Chairperson and the auditors.

Note: Having checked the non pay analysis Mrs Blackburn confirms that this category although derived from various categories of costs adds up to the same figure year on year.

RESOLVED: That the draft Statutory Accounts, subject to any amendments be recommended to the Governing Body for approval.

6. ANNUAL INTERNAL AUDIT REPORT

Baker Tilly submitted the Internal Audit Annual Report for 2013/2014 and it covered the work undertaken in the period 1 August 2013 to 31 July 2014. It summarised the work undertaken, the details of which had been considered by the Audit Committee throughout the year.

Based on the work carried out, Baker Tilly concluded that the College has adequate and effective risk management, control and governance processes to manage the achievement of the College's objectives. Members noted out of the five audits undertaken in 2013/2014 three had received substantial assurance and one had received no recommendations and the final audit report was split in to two with design substantial assurance and application good progress. There had been seventeen recommendations in total and members noted that there had been one high recommendation, four had been classed medium and twelve classed as low. All recommendations except one had been accepted by the College.

RESOLVED: That the Annual Internal Audit Report for 2013/2014 be received.

7. INTERNAL AUDIT PROGRESS REPORT

The report submitted by Baker Tilly provided an update on progress against the Audit Plan and summarised the results of the work to date. There had been no specific changes to date other than ongoing liaison over the timings of the audits.

No client briefings have been issued since the last meeting of the Audit Committee.

RESOLVED: That the Internal Audit Progress Report be received.

8. INTERNAL AUDIT REPORTS

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

Governor's Effectiveness	Substantial Assurance – Green No recommendations
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The object of the audit was to review whether the College Governor Committees operate in an effective manner and individuals in key governance roles are suitably skilled, experienced and qualified to perform their roles effectively. In addition, that control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

There were no recommendations but a suggestion in the report which was as follows:

In line with good practice we have seen elsewhere in the sector Governors should give consideration to formally assessing the effectiveness of the Governing Body and its Committees on an annual basis to ensure that Committees are operating in an effective manner and individuals in key governance roles are suitably skilled, experienced and qualified to perform their roles effectively.

The suggestion has been accepted by the College.

Mr McCarthy asked what the latest position was in relation to the new Instrument and Articles for the college. The Clerk to the Governing Body reported that the Catholic Education Service on behalf of the college would prepare new Instrument and Articles and would liaise with the Diocese in agreeing them.

9. ACTION ON INTERNAL AUDIT REPORTS

A report summarising the action taken by the college on the recommendations from previous audit reports was considered by the Committee. Changes since the last meeting were highlighted in red in the report. Members noted that all recommendations had been or were in the process of being implemented.

Mr Byrne felt that there were too many abbreviations in the report. Mrs Blackburn advised members that most of the abbreviations related to staff names but undertook in future reports not to use acronyms.

10. FINANCIAL STATEMENTS AUDIT AND MANAGEMENT LETTER

Mr Hitchmough of Mazars LLP advised members that the Audit Summary covered the Financial Statements of the College for the year ended 31 July 2014.

A discussion took place on the draft Financial Statements Audit Summary that had been prepared by Mazars LLP for the year ended 31 July 2014. Copies of the report and the draft Management Letter had been circulated to members prior to the meeting. Members' attention was drawn to the Opinion section of the report and it was noted that there were no unresolved disagreement with management of the College regarding items that could be material to the accounts. An unqualified opinion on both the Financial Statements and Regularity Audit for the year ended 31 July 2014 would be issued.

The draft Management Letter indicates that subject to carrying out a post balance sheet events review there will be an unqualified opinion on both the Financial Statements and Regularity Audit for the year ended 31 July 2014. There were no management letter points that required to be drawn to the attention of Governors, the management letter points raised being minor in nature.

Appendix D to the report gave details of SORP 2015 - a key implementation for the Education Sector that would be first effective for the year ended July 2016. It was noted that Mazars would be offering a training session on the changes in February 2015. In addition an FE Update – Summer Term 2014 was issued. It focussed on end of year reporting with particular reference to the Funding Agencies Joint Audit Code of Practice (JACOP) published in and effective from 1 August 2013.

A discussion took place on the possibility of unused monies being clawed back by the SFA and EFA. Mr Hitchmough (Mazars) explained that in his experience the SFA may claw back the monies but the EFA were unlikely to claim the monies back.

RESOLVED: i) That the Financial Statements and Regularity Audit that had been prepared by Mazars LLP on the College for the year ended 31 July 2014 be received and
ii) That the draft Management Letter issued by Mazars LLP be received.

11. RISK MANAGEMENT ANNUAL REPORT

The draft Annual Risk Management Report for 2013/2014 and the Risk Management Policy had been circulated to all members prior to the meeting. Mrs Blackburn advised members that the draft Annual Report summarised the following:

- a) The risk management approach during the year
- b) Summary of performance against the College's Risk Management Plan identifying:
 - i) Any issues in each of the significant risk areas and how these were addressed.
 - ii) Details of Key Performance Indicators
 - iii) Details of any changes made to the scope of the Plan during the year as a result of new initiatives/developments.
 - iv) An overall summary and conclusion on the adequacy of the process in discharging the Governing Body's duties.

It was noted that the risk management process is well established with regular reports to senior management and Governors. The College has had clean audit reports from both Internal and External auditors. The risk management process is sufficient to provide adequate assurance of sound systems of internal control.

RESOLVED: i) That the draft Annual Risk Management Report for 2013/2014 and the Risk Management Policy be recommended to the Governing Body for approval.

12. RISK REGISTER

A copy of the updated Risk Register (October 2014) for the College had been circulated to all members of the Committee prior to the meeting. Changes to the Risk Register had been highlighted and Mrs Blackburn identified the high risk areas and updated the Committee on the latest position.

RESOLVED: That the updated Risk Register be noted.

13. AUDIT COMMITTEE ANNUAL REPORT

A discussion took place on the draft Audit Committee Annual Report that had been circulated to all members prior to the meeting. The report covered all work relating to the 2013/2014 financial year including concluded work relating to 2012/2013. In accordance with the Funding Agencies Joint Audit Code of Practice (JACOP) it was agreed that a note covering a) Assessing the quality of Auditors and b) Monitoring of audit recommendations needed to be included.

The Committee's Annual Report should advise the Governing Body when they are approving the College's Statutory Accounts and Financial Statements for the year ended 31 July 2014.

It was agreed that subject to the amendments detailed above the report be submitted to the Governing Body meeting for approval at the meeting on 18 November 2014.

14. FRAUD LOG BOOK

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

15. DATE OF NEXT MEETING

26 January 2015 at 4.30pm.

Signed _____
Chair of the Audit Committee

Date _____