

## AQUINAS COLLEGE AUDIT COMMITTEE

Meeting: 9 November 2015

Time: 4.30pm

Venue: The College

### GOVERNORS PRESENT

Mr L Byrne, Mr P Carpenter, Mr A Martin, Mr A McCarthy and Mrs J Miller.

Mr A Martin in the Chair

### IN ATTENDANCE

|                 |                               |
|-----------------|-------------------------------|
| Mrs J Bickerton | Baker Tilly (RSM)             |
| Mr G Hitchmough | Mazars LLP                    |
| Mr C Barstow    | Mazars LLP                    |
| Mrs D Blackburn | Assistant Principal (Finance) |

#### 1. APOLOGIES FOR ABSENCE

There were no apology 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 8 June 2015, copies of which had been circulated previously, were agreed as a correct record subject to Minute 10 reading 2015 instead of 2014.

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

There were no matters arising that were not covered by the Agenda for the meeting.

#### 5. DRAFT STATUTORY ACCOUNTS

Mrs Blackburn introduced the draft Statutory Accounts for 2014/2015 that had been circulated previously to members. It was noted that the Audit Committee has a corporate governance role in approving the Statutory Accounts. The Resources Committee would also consider the draft Statutory Accounts at its meeting on 10 November 2015.

A discussion took place on a number of points included in the draft Statutory Accounts for 2014/2015 and a number of amendments were made. 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.

RESOLVED: That the draft Statutory Accounts for 2014/2015, subject to any governor amendments be recommended to the Governing Body for approval.

6. ANNUAL INTERNAL AUDIT REPORT

Baker Tilly submitted the Internal Audit Annual Report for 2014/2015 and it covered the work undertaken in the period 1 August 2014 to 31 July 2015. 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 four audits undertaken in 2014/2015 all had received substantial assurance and two had received no recommendations. There had been three recommendations in total and all were classed as low. All recommendations had been accepted by the College.

RESOLVED: That the Annual Internal Audit Report for 2014/2015 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.

Members noted that with effect from 26 October 2015 there had been a change of name from Baker Tilly to RSM and that the entity under which they provide the internal audit service to the college will be RSM Risk Assurance Services LLP. A new Letter of Engagement will be issued to reflect this change.

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:

Financial Systems – High Level Review

Substantial Assurance – Green  
No recommendations

The objective of the audit was to ensure that there are appropriate controls in place that are operating effectively to underpin the activities of the College's Finance Department

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

The physical location of assets where possible should be stated on the asset register, with the exception of IT assets as these are recorded separately on the IT inventory held and managed by the IT Department. This will assist with the verification of their existence, monitoring and completeness of the asset register.

The suggestion has been accepted by the College.

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 the report. Members noted that all recommendations had been or were in the process of being implemented.

Where the process was ongoing this had been highlighted in the comments column.

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 2015.

A discussion took place on the draft Financial Statements Audit Summary that had been prepared by Mazars LLP for the year ended 31 July 2015. 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 2015 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 2015. 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.

A discussion took place on Section 5 Summary of misstatements amounting to £56,000 and the decision was taken to that these entries would be released to the 2015/2016 financial year.

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 2015 be received and  
ii) That the draft Management Letter issued by Mazars LLP be received.

11. JOINT AUDIT CODE OF PRACTICE (JACOP)

In August 2015 the Skills Funding Agency (SFA) and the Education Funding Agency (EFA) issued a revised JACOP, effective for accounting periods that end on or after 31 July 2015. The main changes were in respect of regularity reporting. A paper prepared by Baker Tilly outlining what the changes meant for the College had been circulated prior to the meeting. A review of the new JACOP had been undertaken and the conclusion was that the procedures to be conducted by the reporting accountant under the new JACOP are not significantly different from those previously performed.

12. RISK MANAGEMENT ANNUAL REPORT

The draft Annual Risk Management Report for 2014/2015 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) Changes to the Scope of the Plan
- iv) Details of any changes made to the scope of the Plan during the year as a result of new initiatives/developments.
- v) 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.

Proposed changes to the Risk Management Policy had been highlighted in the revised policy

RESOLVED: i) That the draft Annual Risk Management Report for 2014/2015 and the revised Risk Management Policy be recommended to the Governing Body for approval.

### 13. RISK REGISTER

A copy of the updated Risk Register (October 2015) 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.

A discussion took place on student numbers and the uncertainty surrounding the Area Reviews and curriculum changes. Members were asked to contact Mrs Blackburn if they had any questions on the Risk Register,

RESOLVED: That the updated Risk Register be noted.

### 14. 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 2014/2015 financial year including concluded work relating to 2013/2014.

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 2015.

It was agreed that the report be submitted to the Governing Body meeting for approval at the meeting on 24 November 2015.

### 15. STATEMENT OF RECOMMENDED PRACTICE (SORP)

Mrs Blackburn introduced a paper that had been circulated to Members prior to the meeting. The Statement of Recommended Practice (SORP) will be introduced for the financial year ending 31 July 2016. The paper contained two models which show the alternatives for the treatment of capital grants i) Performance Model and ii) Accruals Basis.

The aim of the paper is to give Governors a brief outline of the implications for the college using the accounts for the college for the year ending 31 July 2015.

It was agreed that there was a need to liaise with other colleges in the sector and that it was important to do what is best for the college whilst being mindful of actions within the sector.

RESOLVED: That the paper be received.

16. FRAUD LOG BOOK

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

17. DATE OF NEXT MEETING

25 January 2016 at 4.30pm.

Signed \_\_\_\_\_  
Chair of the Audit Committee

Date \_\_\_\_\_