

AQUINAS COLLEGE AUDIT COMMITTEE

Meeting: 15 June 2015
Time: 4.30pm
Venue: The College

GOVERNORS PRESENT

Mr A Martin (Chairperson), Mr A McCarthy and Mrs J Miller.

IN ATTENDANCE

Mrs A Barlow	Baker Tilly LLP
Mr G Hitchmough	Mazars LLP
Mr D Pearson	Principal (Item 3 only)
Mrs D Blackburn	Assistant Principal (Finance)
Mr T Conlon	Clerk to the Governing Body

Before the meeting started the Chairperson welcomed Mrs Miller, Mr Hitchmough, Mrs Barlow and Mr Pearson to the meeting. This was Mrs Miller's first meeting as a member of the Audit Committee.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received and accepted from Mr L Byrne and 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. AUDIT REVIEW

The Chairperson asked the Auditors if there were any areas of concern in the College that they wished to raise with the Audit Committee. Baker Tilly 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. Mazars echoed the comments of Baker Tilly 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. Mr Pearson thanked the Auditors for their positive comments.

Mrs Blackburn joined the meeting at this point.

4. COMMITTEE MINUTES

RESOLVED – That the minutes of the meeting held on 26 January 2015, copies of which had been circulated previously be approved and signed by the Chairperson as a correct record.

5. MATTERS ARISING FROM THE COMMITTEE MINUTES

There was nothing that was not covered by the Agenda.

8. STRATEGY FOR INTERNAL AUDIT 2015/2016 – 2017/2018

Baker Tilly submitted a Strategy for the provision of an Internal Audit Service for 2015/2016. Appendix A showed the Internal Audit Plan for 2015/2016. Appendix B set out the strategy for internal audit for 2015/2016 – 2017/2018. Appendix C showed the factors influencing the strategy. Appendix D – Internal Audit Charter. Appendix E – Internal Audit Approach

The Audit Plan for 2015/2016 would consist of 18 days with the addition of contingency days as necessary and would be utilised as follows:

Student Recruitment and Marketing	3 days
Financial Systems – High Level Review	4 days
Student Records – Study Programmes, Withdrawals and Destinations	4 days
Framework for Compliance with Legislation	3 days
Audit Management	4 days

As in recent years, reporting of progress made to implement previous Internal Audit recommendations will be included in a Progress Report to the Audit Committee. Therefore a separate allocation for follow up has not been assigned within the 2015/2016 Plan.

The fee for 2015/2016 would be £8,532 which is an increase of 3% from 2014/2015. The fee is inclusive of expenses but exclusive of VAT. This gives a daily rate for 2015/2016 of £474.

RESOLVED: That

- i) Baker Tilly be appointed as Internal Auditors for 2015/2016 and that with effect from 26 October 2015 they would become part of RSM International.
- ii) Two letters of engagement would be required.
- iii) The revised Audit Plan for 2015/2016 be approved
- iv) The updated Strategy for Internal Audit for 2015/2016- 2017/2018 be approved and
- v) The fees for 2015/2016 be agreed.

9. 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.

10. 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 – SORPS 2015 – FRS 102 the new financial reporting framework

The fee for 2015 would be £10,000 which is the same as 2014. The fee is inclusive of expenses but exclusive of VAT.

RESOLVED: i) That Mazars be appointed as External Auditors for 2015/2016 and ii) That the fees for 2015 be agreed.

11. STATEMENT OF RECOMMENDED PRACTICE (SORP)

Mrs Blackburn introduced the paper that had been circulated to Governors prior to the meeting. The Resources Committee had considered the paper at its meeting on 9 June 2015. Mrs Blackburn advised Governors that the grading of the college's financial health may change as a result of the introduction of Statement of Recommended Practice (SORP).

The aim of the paper is to give Governors brief a outline of the implications for the college using the accounts for the college for the year ending 31 July 2014.

The SORP will detail how the accounts will be presented. The new framework will apply from July 2016 and will affect the 2015/2016 accounts. The main areas that will change are as follows:

- i) Treatment of Capital Grants
- ii) Holiday Pay Accruals
- iii) Pensions

The Financial Health of the college is determined by the following:

- a) Current ratio – assets/liabilities
- b) Performance ratio – surplus/income
- c) Gearing ratio – loans/balance sheet total

It was agreed that there was a need to liaise with other colleges in the sector. Mrs Blackburn would be attending a meeting with other colleges next week. In addition advice would be sought from the Association of Colleges (AOC) and SFCA. It was agreed that it was important to do what is best for the college.

RESOLVED: That the paper be received.

12. FEEDBACK ON ACTIONS FROM RISK REGISTER FOR MAY 2015

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) Drop in SFA funding and rise in fee charges
- iii) High level ALS
- iv) A Level Reform
- v) The college overspends its revenue
- vi) Recruitment of students
- vii) Failure to recruit and retain key staff
- viii) Student Issues - Retention

The Resources Committee had considered the paper at its meeting on 9 June 2015.

RESOLVED: That the report be noted.

13. PERFORMANCE INDICATORS

The Clerk to the Governors introduced a paper that had been circulated prior to the meeting that provided Governors with a list of Performance Indicators for Internal Audit.

RESOLVED: i) That the list of Performance Indicators be agreed and ii) That Baker Tilly had met the Performance Indicators for 2014/2015.

14. FRAUD LOG BOOK

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

15. ANY OTHER BUSINESS

i) Real Time Reporting

Mr McCarthy asked if the college had encountered any problems with the reporting to HMRC. Mrs Blackburn advised Members that there had been no problems in reports to HMRC.

16. DATE OF NEXT MEETINGS

Monday 9 November 2015 at 4.30pm, subject to the Calendar of Meetings being agreed by the Governing Body at its meeting on 23 June 2015.

Signed _____
Chairperson

Date _____