

AQUINAS COLLEGE

AUDIT COMMITTEE

Meeting: 6 November 2017

Time: 4.30pm

Venue: The College

GOVERNORS PRESENT

Mr I Anwar, Mr A Martin and Mrs J Miller.

Mr A Martin in the Chair

IN ATTENDANCE

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|-----------------|-------------------------------|
| Mr M Harding | RSM |
| Mr G Hitchmough | Mazars LLP |
| Mrs D Blackburn | Assistant Principal (Finance) |
| Mr T Conlon | Clerk to the Governing Body |

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Ms C Calverley and Ms M Garratt

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 12 June 2017, copies of which had been circulated previously, were agreed as a correct record.

4. MATTERS ARISING FROM THE COMMITTEE MINUTES

a) Self Evaluation Tool – Minute 15

The Clerk to the Governing Body reported that he had received two returns from members of the Committee.

5. DRAFT STATUTORY ACCOUNTS

Mrs Blackburn introduced the draft Statutory Accounts for 2016/2017 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 7 November 2017.

A discussion took place on a number of points included in the draft Statutory Accounts for 2016/2017 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.

Mrs Blackburn advised Governors that the additional paper “Explanation of the effects of FRS 102 (28) pension adjustments” that had been circulated previously to members was to outline the changes to the Statutory Accounts as a result of the GMPF's assets and liabilities being de-pooled and allocated to individual colleges.

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

RESOLVED: That the draft Statutory Accounts for 2016/2017, subject to any governor amendments be recommended to the Governing Body for approval.

6. ANNUAL INTERNAL AUDIT REPORT

RSM submitted the Internal Audit Annual Report for 2016/2017 and it covered the work undertaken in the period 1 August 2016 to 31 July 2017. 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, RSM 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 that the four audits undertaken in 2016/2017 had all received substantial assurance and no high priority management actions had been proposed. There had been two recommendations in total and they were both classed as medium. All recommendations had been accepted by the College. In addition all the follow up action from 2015/2016 had been implemented.

RESOLVED: That the Annual Internal Audit Report for 2016/2017 be received.

7. INTERNAL AUDIT PROGRESS REPORT

Mr Harding of RSM advised members that the timetable for audits for 2017/2018 had been agreed with the college. Mrs Blackburn asked for some of the audits scheduled for March 2018 to be brought forward so that they can be submitted to the next meeting of the committee. Mr Harding agreed to liaise with the college and bring some audits forward.

8. ACTION ON INTERNAL AUDIT REPORTS

Mrs Blackburn introduced the report that had been circulated to all members prior to the meeting which summarised the action taken on previous internal audit reports from 2016/2017. Members noted the progress that had been made.

9. 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 2017. Mr Hitchmough went through the Audit Completion Report and drew member's attention to the key points in the report. The report covered the following areas i) Executive Summary, ii) Financial Highlights, iii) Significant Risks, iv) Internal Control Recommendation and v) Summary of Misstatements. Particular reference was made to the new format as a result of the Financial Reporting Standard 102 (28) and the proposed changes to the bank covenants for the pension disclosures under FRS 102 (28). A separate paper covering this had been circulated to all members prior to the meeting.

A discussion took place on the draft Financial Statements Audit Summary that had been prepared by Mazars LLP for the year ended 31 July 2017. 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.

A discussion took place on the financial health of the college which remained good for both 2017 (actual) and 2018 (budget). The college points score has increased from 210 to 220, the points score would need to be 240 or above to be classed "Outstanding".

Mr Hitchmough advised members that some additional work was needed on the Teachers Pension Scheme before it could be signed off. This was due to a change in the audit requirements that were now more extensive. At the next meeting of the committee a report will be presented showing the audit opinion.

The report indicated 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 2017. There were no management letter points that required to be drawn to the attention of Governors, merely a follow up and clarification of the point raised in the 2016/17 audit.

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 2017 be received and
ii) That the draft Letter of Representation/Audit Completion report issued by Mazars LLP be received.

10. RISK MANAGEMENT ANNUAL REPORT

The draft Annual Risk Management Report for 2016/2017 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 Register
 - 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.

Members noted that no changes had been made to the Risk Management Policy.

RESOLVED: i) That the draft Annual Risk Management Report for 2016/2017 and the Risk Management Policy be recommended to the Governing Body for approval.

11. RISK REGISTER

A copy of the updated Risk Register (October 2017) 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.

Members noted that the Risk Register had been updated to include new controls that have been put in place for areas like pastoral support for students, the quality cycle, support for staff and any development that have been undertaken to monitor them. Members were asked to contact Mrs Blackburn if they had any questions on the Risk Register,

RESOLVED: That the updated Risk Register be noted.

12. 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 carried out in the 2016/2017 financial year including concluded work relating to 2015/2016.

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 2017.

It was agreed that the report be submitted to the Governing Body meeting for approval at the meeting on 21 November 2017.

13. FRAUD LOG BOOK

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

14. ANY OTHER BUSINESS

There was no any other business.

15. DATE OF NEXT MEETING

12 February 2018 at 5.00pm.

Signed _____

Date _____