

AQUINAS COLLEGE AUDIT COMMITTEE

Meeting: 3 June 2019
Time: 5.00pm
Venue: The College

GOVERNORS PRESENT

Mrs J Miller, Ms M Garratt and Mr I Anwar.

Mrs J Miller in the Chair

IN ATTENDANCE

Ms L Tweedie	RSM
Mr G Hitchmough	Mazars LLP
Mrs C Lancaster	Mazars LLP
Mr D Pearson	Principal (Item7 only)
Mrs D Blackburn	Assistant Principal (Finance)
Mr T Conlon	Clerk to the Governing Body

1. APOLOGIES FOR ABSENCE

Apologies for absence were received and accepted from Mrs H Dove and Mr A Martin.

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 11 February 2019, copies of which had been circulated previously be approved and signed by the Chairperson as a correct record.

4. MATTERS ARISING FROM THE COMMITTEE MINUTES

a) Teachers Pension Contributions – Minute 10 (ii)

Mrs Blackburn advised members that the Teachers Pension Grant would continue until 31 August 2020.

b) Fraud Policy – Minute 11

All the Members present agreed to review the college's Fraud Policy and to feedback their comments to Mrs Blackburn within 10 days of the meeting.

5. INTERNAL AUDIT PROGRESS REPORT

RSM 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 2018/2019, the levels of assurance given and the number of recommendations made was included in the report. There were 5 recommendations of which 1 was classed as medium and 4 as low risk.

RESOLVED: That the Internal Audit Progress Report be received.

Since the last meeting RSM had issued 3 Client Briefing papers and they were as follows:

- i) Cyber Security – Staff at Home, at Work and on the Move
- ii) Further Education Risk Management
- iii) Do you have up to date information on your actual income

6. INTERNAL AUDIT REPORTS

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

- a) Follow up 2017/2018 Recommendation

The object of the audit was to assess the degree of implementation achieved of the recommendations reported to the Audit Committee. The audit showed that the college had demonstrated good progress. The only outstanding item was a skills audit from 1 Governor. The Clerk to the committee advised Members that it was anticipated that the missing return would be received this week. Once this had been received the analysis would be used to identify any skills gap in the Governing Body and would be used when looking to appoint new Governors. The Student Governors had not been asked to complete a skills audit.

- b) Key Financial Controls Procurement and Payroll Substantial Assurance
Recommendations 4 Low

The object of the audit was to ensure i) that the college receives value for money through the procurement framework and adherence thereto and ii) that payroll payments are correctly made in a timely manner and are adequately controlled and recorded within associated systems in accordance with agreed requirements and controls. There were 4 recommendation as follows:

- i) Purchase order requisitions over £1,000 in value will be appropriately countersigned by the Principal of Assistant principal (Finance). (Low)
- ii) The new supplier setup form will be signed and dated by the Principal or Assistant Principal (Finance). The college will work to minimise the number of retrospective new supplier setups and ensure that a new supplier form is completed. (Low)
- iii) The Financial Regulations will be adhered to in relation to quotation/tender requirements. Where the stated number of quotations/tenders cannot be obtained, discussions will be undertaken with the Assistant Principal (Finance) and any changes from the number of quotes obtained will be documented. (Low)
- iv) All new starter forms will be signed and dated by the employee. (Low)

Mrs Miller asked if there was anything in the system that would flag up when a supplier had been used previously. Mrs Blackburn replied that this would not be picked up but her colleagues know which suppliers are used regularly. She added that in the future a note would be made to record that

only 1 or 2 quotes had been received instead of the normal 3. The college considers point 1 to be an isolated incident.

c) Learner Number Systems – Core 16-18 Classroom Based Provision Substantial Assurance
Recommendations 1 Medium

The object of the audit was to ensure that learner numbers and funding data are accurate and inform management's decisions. There was 1 recommendation as follows:

i) Management will ensure that a learning agreement/enrolment form is signed by both the student and staff and retained as evidence. Checks will be made after enrolment to confirm that no documentation remains outstanding. (Medium)

Mrs Blackburn advised Members that it was an isolated case with a student in Pathways, this department has had a change of management and all processes and communication has been strengthened. The forms have subsequently been signed. Mrs Miller asked if the student had left and therefore could not sign the form, would there be any repercussions in relation to funding. Mrs Blackburn replied that it would only come to light if the ESFA carried out an audit but if the college can prove that the student was in college it was unlikely that funding would have to be paid back. Mr Hitchmough added that with lagged funding it is not a big risk.

7. STRATEGY FOR INTERNAL AUDIT 2019/2020– 2021/2022

RSM submitted a Strategy for the provision of an Internal Audit Service for 2019/2020. Appendix A showed the Internal Audit Plan for 2019/2020. Appendix B set out the strategy for internal audit for 2018/2019 – 2020/2021. Appendix C – Internal Audit Charter. Appendix E - Client Care Standards

The Audit Plan for 2019/2020 would consist of 18 days with the addition of contingency days as necessary.

Learners Number Systems – Core 16-18 Classroom based provision	Report in June 2020
Framework for Compliance with Legislation and Regulations – Health and Safety	Report in February 2020
IT Security Framework	Report in February 2020
Key Financial Controls – Budgetary Control	Report in June 2020
Follow Up	Report in June 2020
Audit Management	

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.

The fee for 2019/2020 based on 18 days will be £9,040. The fee is inclusive of expenses but exclusive of VAT. This gives a daily rate for 2019/2020 of £502.

Mrs Miller asked would the Governor members of the Audit Committee consider aligning themselves to areas of audit strategy for the College during 2019/2020 (in a similar way to Link Governors) to allow for a more in depth understanding of the compliance performance of the college? This could better inform the full Governing Body of emerging issues or areas of good practice.

It was suggested that this discussion topic could be discussed at the next Governing Body Meeting to

allow for wider input.

Mrs Blackburn replied that the budget is set by the Resources Committee which cannot have a member of the Audit Committee on it. Mr Anwar felt that it is important to distinguish between the management/executive roles and Governors involvement in the detail.

RESOLVED: That

- i) RSM be appointed as Internal Auditors for 2019/2020
- ii) The revised Audit Plan for 2019/2020 be approved
- iv) The updated Strategy for Internal Audit for 2019/2020- 2021/2022 be approved and
- v) The fees for 2019/2020 be agreed for 18 days of internal audit.
- vi) The views of the Governing Body be sought on the possibility of Audit Committee Governors being involved more closely with aspects of the college that they are not currently involved in.

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. Some of the action points would not be implemented until the start of the 2019/2020 academic year

RESOLVED: That the action be noted.

Mrs Blackburn left the meeting at this point and Mr Pearson joined the meeting.

9. AUDIT REVIEW

The Chairperson asked Mr Pearson to comment on Mrs Blackburn's performance over the past year. Mr Pearson advised Members that the college faces many challenges with the funding it receives from the ESFA. Mrs Blackburn had presented the budget to the Governing Body for approval and provided an up to date position at the Resources Committee and Governing Body meetings. Mrs Blackburn has taken on additional responsibilities for support staff in the college. He added that within the region there is a good network between colleges and Mrs Blackburn is highly regarded amongst her peers.

Mrs Miller asked what professional development opportunities were there for Mrs Blackburn. Mr Pearson replied that Mrs Blackburn had previously completed a Leadership Management course and that she had also become a member of the Sixth Form Colleges Association Finance Committee. Mr Pearson added that most of the courses that the college has access to are educational rather than financial. However, if a suitable course was available he would support Mrs Blackburn's application.

The Chairperson asked the Auditors if there were any areas of concern in the college that they wished to raise with the Audit Committee. Mazars 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. RSM 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 and that there are no problems.

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 rejoined the meeting and Mr Pearson left the meeting at this point.

10. DRAFT AUDIT STRATEGY MEMORANDUM YEAR ENDED 31 JULY 2019

Mazars submitted a Draft Audit Strategy Memorandum for the External Audit Service for the year ending 31 July 2019.

The document set out the audit plan in respect of the statutory audit for the College for the year ending 31 July 2019. The memorandum contained the following:

- a) Engagement and Responsibilities Summary
- b) Details of the Audit Team
- c) Audit Scope, Approach and Timeline
- d) Significant Risks and key Judgement Areas
- e) Audit Fees
- f) Commitment to Independence
- g) materiality and Misstatements
- Appendix A - Key Communication points
- Appendix B – Draft Letter of Engagement

The proposed Regularity Engagement Letter – Appendix D (Limited Liability) was agreed subject to confirmation from the ESFA on the amount of limited liability in paragraph 5.

The fee for 2019 which is exclusive of VAT and expenses would be as follows:

- i) External Audit including Regularity assurance £10,400 an increase of £325.
- ii) TPA audit £1050 an increase of £50.

RESOLVED: i) That Mazars be appointed as External Auditors for 2019/2020 and ii) That the fees for 2019 be agreed.

11. FEEDBACK ON ACTIONS FROM RISK REGISTER FOR JUNE 2019

Mrs Blackburn introduced a paper that had been circulated prior to the meeting that provided Members 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 ESFA funding
- ii) Drop in ESFA 19+ 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) The college fails to maintain a high standing in national performance tables
- viii) Inspection announced at short notice

RESOLVED: That the report be noted.

Members noted that this was the last meeting that Mr Hitchmough (Mazars LLP) would attend. The Committee thanked Mr Hitchmough for all the help and advice that he had given the college and wished him all the best for the future.

RSM and Mazars LLP left the meeting at this point.

12. PERFORMANCE INDICATORS

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

RESOLVED: i) That the list of Performance Indicators be agreed and ii) That RSM and Mazars had met the Performance Indicators for 2018/2019.

13. FRAUD LOG BOOK/WHISTLEBLOWING

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

14. DATE OF NEXT MEETING

Monday 4 November 2019 at 5.00pm, subject to the Calendar of Meetings being agreed by the Governing Body at its meeting on 25 June 2019.

Signed _____
Chairperson

Date _____