

AQUINAS COLLEGE

AUDIT COMMITTEE

Meeting: 5 November 2018

Time: 4.30pm

Venue: The College

GOVERNORS PRESENT

Mr I Anwar, Mrs C H Dove, Ms M Garratt, Mr A Martin and Mrs J Miller.

Mr A Martin in the Chair

IN ATTENDANCE

Ms S Massel	RSM
Mr G Hitchmough	Mazars LLP
Mrs D Blackburn	Assistant Principal (Finance)
Mr T Conlon	Clerk to the Governing Body

1. OPENING PRAYER

The meeting began with a prayer led by Mr A Martin

2. APOLOGIES FOR ABSENCE

There were no apologies for absence.

3. INTRODUCTIONS

For the benefit of Mrs Dove and Ms Massel everyone introduce themselves.

4. 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.

5. COMMITTEE MINUTES

RESOLVED – That the minutes of the meeting held on 11 June 2018, copies of which had been circulated previously, were agreed as a correct record.

6. MATTERS ARISING FROM THE COMMITTEE MINUTES

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

7. DRAFT STATUTORY ACCOUNTS

Mrs Blackburn introduced the draft Statutory Accounts for 2017/2018 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 6 November 2018.

A discussion took place on a number of points included in the draft Statutory Accounts for 2017/2018 with particular reference to the first bullet point on page concerning student applications to the college. In addition all members were asked to check the draft Statutory Accounts for any mistakes or typing errors and to advise Mrs Blackburn accordingly.

Mr Anwar sought clarification on the Financial Statements and Regularity audit opinions. Mrs Blackburn replied that the Regularity Audit opinion could have changed as there have been discussions between the firms and DfE but it had not for this year.

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 2017/2018, subject to any governor amendments be recommended to the Governing Body for approval.

#### 8. ANNUAL INTERNAL AUDIT REPORT

RSM submitted the Internal Audit Annual Report for 2017/2018 and it covered the work undertaken in the period 1 August 2017 to 31 July 2018. 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 2017/2018 had all received substantial assurance and no high priority management actions had been proposed. There had been nine recommendations in total, six had been classed as low and three classed as medium. All recommendations had been accepted by the College. In addition on the follow up action from 2016/2017 one had been implemented with the other in relation to health and safety matters had still to be implemented.

RESOLVED: That the Annual Internal Audit Report for 2017/2018 be received.

#### 9. INTERNAL AUDIT STRATEGY 2018/2021

RSM submitted a paper that covered their Internal Audit Strategy for 2018/2021. The fee for 2018/2019 would be £8,820 which included expenses but excluded VAT. Appendix A gave details of the Audit Plan for 2018/2019. Two audits i) Human Resources – Recruitment and Selection and ii) Framework for Compliance with Legal Requirements – Data Protection Post May 2018 would be carried out in January 2019 with reports to the committee in February 2019. Two further audits i) Key Financial Controls and ii) Learner Number Systems – Core 16-18 classroom based provision would be carried out in March 2019 with reports to the committee in June 2019.

Appendix B gave details of the Internal Audit Strategy for 2018/2021 and Appendix C detailed the levels of assurance given from 2015/2016 to date.

RESOLVED: That the Internal Audit Strategy for 2018/2021 be approved.

10. INTERNAL AUDIT PROGRESS REPORT

Ms Massel of RSM advised members that the timetable for audits for 2018/2019 had been agreed with the college as detailed in the Internal Audit Strategy for 2018/20121.

A Client Briefing - Further Education Emerging Issues Autumn 2018 had been circulated to all members prior to the meeting.

11. 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 2017/2018. Members noted the progress that had been made with particular reference to:

- a) staff training on eSafety.
- b) the use of PDSAT and the college's in-house data reports.

12. 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 2018. The reporting framework had included the FRS 102 Financial Reporting Standard. 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) Status of the Audit, iii) Audit Approach, iv) Significant Findings, v) Internal Control Recommendation and vi) Summary of Misstatements.

The following Appendices were also provided:

- Appendix A – Draft Management Representation Letter
- Appendix B – Draft Regularity Representation Letter
- Appendix C – Draft Audit Report
- Appendix D – Draft Regularity Audit Report
- Appendix E - Independence

A discussion took place on the draft Financial Statements Audit Summary that had been prepared by Mazars LLP for the year ended 31 July 2018. 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 Greater Manchester Pension Scheme for support staff. The scheme is a Defined Benefits Scheme which means that the benefits are already determined. Particular reference was made to the changes to the Statutory Accounts as a result of the GMPF's assets and liabilities being de-pooled and allocated to individual colleges. In 2017/2018 the college had received a large credit due to the increase in the discount rate that is applied to the scheme liabilities compared to the assets of the scheme and the actuarial gain in respect of pensions is included in the Statutory Accounts. The fund's valuation is reviewed every three years with the next one due in 2020. Mr Anwar asked if the assumed salary increases of 3.2% was sector specific. Mrs Blackburn replied that a lot of colleges will be below that due to salary rises of around 1%

Mrs Blackburn advised members that from September 2019 the employers contribution to the Teachers Pension Scheme will increase by 7% to 23.6%. This additional cost should be funded until April 2020. Details of this support are still outstanding.

The report indicated that subject to carrying out a post balance sheet events review there will be an unqualified opinion, without modification on both the Financial Statements and Regularity Audit for the year ended 31 July 2018. 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 2017/18 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 2018 be received and  
ii) That the draft Management Representation Letter, iii) That the draft Regularity Representation Letter, iv) draft Audit Report and v) draft Regularity Audit Report issued by Mazars LLP be received.

### 13. RISK MANAGEMENT ANNUAL REPORT/RISK MANAGEMENT POLICY

The draft Annual Risk Management Report for 2017/2018 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) Actions and Deadlines
  - 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 some minor changes had been made to the Risk Management Policy. |

RESOLVED: i) That the draft Annual Risk Management Report for 2017/2018 and the amended Risk Management Policy be recommended to the Governing Body for approval.

### 14. RISK REGISTER

A copy of the updated Risk Register (October 2018) 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 considered in more detail at the next meeting of the committee.

### 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 carried out in the 2017/2018 financial year including concluded work relating to 2016/2017.

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 2018.

It was agreed that the report be submitted to the Governing Body meeting for approval at the meeting on 20 November 2018.

15. FRAUD LOG BOOK/WHISTLE BLOWING

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

16. ANY OTHER BUSINESS

There was no any other business.

17. DATE OF NEXT MEETING

11 February 2019 at 5.00pm.

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

Date \_\_\_\_\_