

To: All Members of the Audit Committee

1 February 2021

Dear Governor

Audit Committee  
8 February 2021

I should be pleased if you would attend a virtual meeting of the Audit Committee of Aquinas College to be held at 4.00pm on Monday 8 February 2021. Details of how to join the meeting will be sent near the time.

The papers for the meeting are attached.

If you are unable to attend the meeting your apologies for absence may be tendered to myself on 258 8743.

Yours sincerely

*Terry Conlon*

Terry Conlon  
Clerk to the Governing Body

AQUINAS COLLEGE GOVERNING BODY

AUDIT COMMITTEE

Date: 8 February 2021  
Time: 4.00pm  
Venue: College

SPRING TERM AGENDA

1. OPENING PRAYER/REFLECTION
2. APOLOGIES FOR ABSENCE  
  
To receive apologies for absence  
To accept apologies for absence
3. DECLARATION OF INTEREST  
  
Governors and Staff to declare any interest, which they may have, in any of the items included on the Agenda for the meeting.
4. COMMITTEE MINUTES  
  
To approve as a correct record and sign the minutes of the meeting held on 9 November 2020.
5. MATTERS ARISING FROM THE MINUTES
6. AUDIT COMMITTEE ASSURANCE
7. FEEDBACK ON PROGRESS AGAINST AUDIT FINDINGS
8. FEEDBACK ON RISK REGISTER AND MANAGEMENT ACTIONS
9. FRAUD LOG BOOK/WHISTLEBLOWING
10. APPOINTMENT OF INTERNAL AND EXTERNAL AUDITORS 2021/2022
11. ANY OTHER BUSINESS
12. DATE AND TIME OF NEXT MEETING

7 June 2021 at 5.00pm

AQUINAS COLLEGE

AUDIT COMMITTEE

Meeting: 9 November 2020

Time: 5.00pm

Venue: Virtual

GOVERNORS PRESENT

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

Mr A Martin in the Chair

IN ATTENDANCE

RSM

Mazars LLP

Mrs D Blackburn

Mr T Conlon

Ms L Tweedie

Mr C Martin and Mr D Watson

Assistant Principal (Finance)

Clerk to the Governing Body

1. OPENING PRAYER

The meeting began with a prayer led by Mr A Martin

2. INTRODUCTIONS

Mr Martin advised members that he had replaced Mrs Lancaster as the Audit Manager from Mazars.

3. APOLOGIES FOR ABSENCE

There were no apologies for absence.

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 1 June 2020, copies of which had been circulated previously, were agreed as a correct record.

6. MATTERS ARISING FROM THE COMMITTEE MINUTES

a) Compliance with Legislation and Regulation – Health and Safety – Minute 4 (a) ISO45001

Mrs Blackburn advised members that she would email them detailing the reasons why the Standard had not been adopted by the college.

## b) IT Security Framework – Minute 4 (b)

Mrs Blackburn advised members that Mr Moss had reviewed the use of USBs in college. The college has also compiled an acceptable risk document as suggested at the last IT audit. Due to Covid 19 the use of USBs in college had continued and was deemed an acceptable risk. The college had moved to Google Classroom for remote lessons. The use of USBs would be viewed once things were back to normal.

## 7. DRAFT STATUTORY ACCOUNTS

Mrs Blackburn introduced the draft Statutory Accounts for 2019/2020 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 2020.

A discussion took place on a number of points included in the draft Statutory Accounts for 2019/2020 with particular reference to the following points:

- i) The college had exceeded all its targets.
- ii) The college had ended the year with a £497,000 operating surplus.
- iii) Following the adjustments needed to reflect the GMPF FRS102 year end valuation that surplus has changed to a loss of £1,095,000
- iv) There is an actuarial loss in respect of the Greater Manchester Pension Fund.
- v) The accounts loss of £1,000,000 but this was a theoretical accounting loss.

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, Principal and the auditors.

RESOLVED: That the draft Statutory Accounts for 2019/2020, subject to any governor amendments be recommended to the Governing Body for approval.

## 8. INTERNAL AUDIT REPORTS

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

- |  |   |
|--|---|
| a) Student Records Control – 16-19 Classroom based provision | No Assurance given<br>Two recommendations - Low |
|--|---|

As part of the 2019/20 approved internal audit plan a compliance review was undertaken of the student records relating to the college's 16-19 classroom-based provision. The review was undertaken by reference to the Education and Skills Funding Agency's (ESFA's) Funding Guidance for Young People 2019/20. There were two recommendations in the report which were as follows:

- i) A sample of 20 students were reviewed and in two instances where the total planned hours stated within the enrolment form differed to those stated within the ILR. The corresponding curriculum timetable for these students also showed planned curriculum hours which were different to those stated in the ILR. Whilst this would have no impact on funding as the student was in the correct funding band in both cases. However, management should still ensure that the planned hours are consistent between the enrolment form and the Individual Learning Record. (Low)

ii) Each student undertaking work experience must have the following documents on file to evidence the agreement between the College, the student and the provider:

1) Work Shadowing Record form; 2) Insurance Cover form; 3) Work shadowing undertakings form (work shadowing agreement); and 4) Health and safety induction form. From a sample of 20 students two instances were identified where students were undertaking work shadowing/work experience. In both of these instances, the work shadowing undertakings form was not fully signed as authorised. As such, there is a risk that work experience is being undertaken without approval of the college and/or other parties. (Low)

b) Key Financial Controls – Budgetary Control Framework.

No recommendations  
Substantial Assurance

The object of the audit was to ensure that appropriate controls are in place to support the ongoing financial performance of the college.

The college has an established framework in place for the preparation and approval of the College's annual budget. The information included in the approved budget is being consistently reported on and monitored by management and governors on an ongoing basis. No management actions have been raised in this report based on our observations and this has been taken into consideration when determining substantial assurance opinion.

c) Follow Up 2018/2019 and 2019/2020

Recommendations

The object of the audit was to assess the degree of implementation achieved of the recommendations reported to the Audit Committee.

The eight management actions considered in this review comprised of three medium and five low actions. The review only considered the medium priority' management actions included within internal audit reports from 2018/19. As agreed in the meeting of the Audit Committee held on 10 February 2020, a follow up the status of the 2019/20 review of Framework for Compliance with Legislation and Regulation – Health and Safety (1.19/20) was undertaken. It was agreed that management actions raised to identify the progress made in implementation be included. The college has demonstrated good progress in implementing agreed management actions. All eight of the management actions had been fully implemented.

## 9. ANNUAL INTERNAL AUDIT REPORT

RSM submitted the Internal Audit Annual Report for 2019/2020 and it covered the work undertaken in the period 1 August 2019 to 31 July 2020. 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 of the four audits undertaken in 2019/2020 one had received substantial assurance and two reasonable assurance and no high priority management actions had been proposed, whilst the other audits was procedure and compliance reviews. There had been thirteen recommendations in total, ten had been classed as low, three were classed as medium. All recommendations had been accepted by the college.

RESOLVED: That the Annual Internal Audit Report for 2019/2020 be received.

## 10. INTERNAL AUDIT STRATEGY

Ms Tweedie of RSM advised members that the timetable for audits for 2020/2021 had been agreed with the college as detailed in the Internal Audit Plan for 2020/2021.

- i) Learner Number Systems – Core 16-19 classroom based provision – Report in June 2021
- ii) Key Financial Controls – General Ledger, Income and Debtors - Report in March 2021
- iii) General Data Protection Regulations (GDPR) – Advisory Review - Report in March 2021
- iv) Governance and Risk Management (Including the Framework for Senior Staff Pay) - Report in June 2021
- v) Follow Up would be carried out in April 2021 with reports to the committee in June 2021.

Members noted that due to the impact of Covid 19 no work in respect of the Audit Strategy for 2020/2021 had been undertaken to date.

Since the last meeting the following Briefing Notes had been issued:

- a) Update on the ESFA's Post-16 Audit Code of Practice;
- b) A number of Covid-19 related briefings

## 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 2019/2020. Members noted all the recommendations had been completed or were ongoing.

## 12. AUDIT CODE OF PRACTICE

A copy of the Post 16 Audit Code of Practice 2019/2020, Assurance and Accountability requirements for post 16 providers, including sixth form and further education colleges had been circulated to all members prior to the meeting.

The Post-16 Audit Code of Practice (the 'Code') sets out a common standard for the provision of assurance in relation to funding of post-16 providers. It sets out, the overarching assurance arrangements for post-16 providers, the specific responsibilities within the assurance framework for sixth-form and further education corporations, and their external auditors/reporting accountants, the requirements for independent training providers. The Code, together with supplementary bulletins, should be read alongside any agreement setting out conditions of funding in the Education and Skills Funding Agency's (ESFA's) grant funding agreements and contracts, as well as grant funding agreements and contracts issued by the Mayoral Combined Authorities (MCAs) in respect of devolved adult education funding.

Changes in this version include:

- i) recognition that adult education budgets have been devolved to a number of MCAs and that the ESFA and these devolved authorities will co-operate in respect of their audit and assurance arrangements.
- ii) the inclusion of a summary of the requirements relevant to independent training providers.
- iii) clarification in relation to the ESFA's expectations regarding how providers should manage their subcontracting arrangements.
- iv) a reminder to colleges that their internal and external audit services will need to be commissioned from separate audit providers.
- v) further clarification of the ESFA's own programme of funding validation and assurance.

- vi) recognition that colleges that have registered with OfS will be required to comply with the OfS accounts direction including the provision of an audit opinion on the appropriate use of funds.
- vii) a new requirement that any amendments to the standard terms of engagement for regularity assurance reviews (as prescribed in this Code) must be approved by the ESFA.
- viii) an update to the anti-fraud checklist including the provision of a link to the ESFA's published fraud indicators.

RESOLVED: That the changes to the The Post-16 Audit Code of Practice be noted.

### 13. FINANCIAL STATEMENTS AUDIT AND MANAGEMENT LETTER

Mr Martin of Mazars LLP advised members that the Audit Summary covered the Financial Statements of the College for the year ended 31 July 2020. The reporting framework had included the FRS 102 Financial Reporting Standard. Mr Martin 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) Audit Approach, iii) Significant Findings, iv) Internal Control Recommendation and v) 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 Assurance 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 2020. 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.

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 2020. There were no management letter points that required to be drawn to the attention of Governors.

Mr Anwar asked what the impact of Covid 19 had been on the college. Mrs Blackburn replied that the college had bought Personal Protection Equipment (PPE), class microphones have been ordered to ensure good audio transmission along with Chromebooks should they be needed. Lessons were delivered in the normal fashion but with half the group present and half remoting in so that social distancing could be maintained in classrooms. The aim was to make it as close as possible to normal. All classes were split into 2 streams. Whilst one stream attends college for a full week the other stream will be joining the class remotely. The following week they swap so that all students have access to staff and college.

A discussion took place on the future funding for the college. Mrs Blackburn advised Members that the Government's Spending Review was due to be published later this month.

The SFCFA has been pushing for a 3 year plan but it is likely that it will be a 1 year settlement with hope that recent increases in funding would be embedded in the settlement.

Mr Anwar asked if the fall in student number from September is normal. Mrs Blackburn replied that a number of students had dropped out for a variety of reasons including going back to their previous school, apprenticeships or transferring to another college. On average around 30 students drop out by the census date for funding so the movement this year is completely normal. The Clerk to the committee advised members that the General Purposes Committee monitor this and it had been discussed this at their last meeting in October 2020.

Mr Martin of Mazars LLP thanked Mrs Blackburn and other college staff for their assistance in carrying out the 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 2020 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 Assurance Report issued by Mazars LLP be received.

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

The draft Annual Risk Management Report for 2019/2020 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. It is considered that the College is well managed and that there are few significant risks. In the short term, the major risk is supporting the operations of college whilst the COVID regulations remain in force. The initial weeks of the new model are working well with all students being able to access all of their lessons. The remaining significant risk is due to external factors e.g. ESFA funding. The risk environment within College is considered well controlled. 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.

RESOLVED: i) That the draft Annual Risk Management Report for 2019/2020 and ii) the Risk Management Policy be recommended to the Governing Body for approval at the meeting on 24 November 2020.

#### 15. RISK REGISTER

A copy of the updated Risk Register (October 2020) 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 noted.

#### 16. 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 2019/2020 financial year including concluded work relating to 2018/2019. 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 2020. It is also sent to the ESFA as part of the statutory accounts submissions.

It was agreed that the report be submitted to the Governing Body meeting for approval at the meeting on 24 November 2020.

#### 17. COMMITTEE TERMS OF REFERENCE

A copy of the current Audit Committee Terms of Reference had been circulated prior to the meeting. After a full discussion it was agreed that as a result of the revised Audit Code of Practice a reference to fraud needed to be added as follows:

To oversee the Governing Body's policies on and processes around fraud, irregularity, impropriety and whistle blowing.

RESOLVED: That the Governing Body be recommended to agree the amended Audit Committee Terms of Reference.

#### 18. FRAUD LOG BOOK/WHISTLE BLOWING

Mrs Blackburn advised Members that there were no incidents of fraud, corruption or whistle blowing to report. Mrs Blackburn undertook to let the Chairperson have a sight of the fraudbook.

#### 19. ANY OTHER BUSINESS

Internal Audit Proposal for 2020/2021

Mrs Blackburn introduced a paper that had been circulated to all members prior to the meeting which outlined the college's concern over the delivery of the internal audit service by RSM during the current Covid 19 pandemic.

RSM have indicated that no Covid tier 3 areas will have audits on site and that for 2020/2021 it is likely that no audits would be on site. Mrs Blackburn advised members that the college had a poor experience with off site and partially remote audits this year. She added that Mazars carried out their audit on site and that the college can provide a secure Covid 19 environment.

The Audit Committee needs to give an opinion to the Governing Body on the adequacy and effectiveness of the college's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets. Whilst internal audit is not compulsory the Audit Committee has used the internal audit service as a third party to give the assurances outlined above. The external audit service also helps to provide a third party opinion of the college.

After a full discussion it was:

RESOLVED: a) That the internal audit service for 2020/2021 be deferred until such time as RSM can conduct audits on site, b) If audits recommence on site 2 audits would take place on Student Records and Finance and c) That in the meantime the college needs to develop in house processes and procedures to give the Audit Committee the assurances that it needs to give an opinion to the Governing Body.

Mrs Blackburn undertook to contact RSM to inform them of the Audit Committee's decision in respect of the Internal Audit Service for 2020/2021.

20. DATE OF NEXT MEETING

8 February 2021 at 5.00pm.

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

Date \_\_\_\_\_