

AQUINAS COLLEGE

AUDIT COMMITTEE

Meeting: 8 November 2021

Time: 4.30pm

Venue: Virtual

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

RSM

Murray Smith LLP

Cllr T P McGee

Mrs D Blackburn

Mr T Conlon

Ms L Tweedie

Mr M Benson and Ms N Tucker

Chair of Governors

Assistant Principal (Finance)

Clerk to the Governing Body

1. OPENING PRAYER

The meeting began with a prayer led by Mr A Martin.

2. INTRODUCTIONS

For the benefit of Cllr McGee everyone introduced themselves.

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 7 June 2021, copies of which had been circulated previously, were agreed as a correct record, subject to minute 10 reading June 2021 instead of June 2020.

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 2020/2021 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 9 November 2021.

A discussion took place on a number of points included in the draft Statutory Accounts for 2020/2021 with particular reference to the following points:

Mr Anwar felt that on page 17 there was a need to explain in the absence of internal audit, how the Audit Committee has obtained assurance over the control environment.

Mr Benson from Murray Smith agreed that there needed to be a reference to internal audit. Mr Anwar undertook to provide Mrs Blackburn with some suggested wording for inclusion in the Statutory Accounts.

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 2020/2021, subject to any governor amendments be recommended to the Governing Body for approval.

8. INTERNAL AUDIT REPORTS

No internal audit reports that had been prepared by RSM.

9. INTERNAL AUDIT STRATEGY

Ms Tweedie of RSM advised members that the timetable for audits for 2021/2022 had been agreed with the college as detailed in the Internal Audit Plan for 2021/2022.

The Audit Plan for 2021/2022 would consist of 18 days with the addition of contingency days as necessary.

Learners Number Systems – 16-19 Classroom Based Provision	Report in June 2022
IT Cyber Security Controls	Report in February 2022
Key Financial Controls – General Ledger, Payroll	Report in February 2022
Follow Up	Report in June 2022
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.

Ms Tweedie added that all the audits would have an element of how the college had dealt with lockdown as a result of the COVID pandemic.

Mrs Blackburn asked if it was possible to change the timing of the Learner Number Systems audit with the IT Cyber Security Controls. Ms Tweedie undertook to see if that was possible.

10. 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 as they required input at a certain time of year.

11. FINANCIAL STATEMENTS AUDIT AND MANAGEMENT LETTER

Mr Benson of Murray Smith LLP advised members that the college had been well prepared for the audit and that he had been impressed by its organisation.

Mr Benson advised members that the Audit Summary covered the Financial Statements of the College for the year ended 31 July 2021. He added that the report was in a different format from previous years and that the change had been made so that it was clear to the ESFA what work the External Auditor's had carried out. The reporting framework had included the FRS102 Financial Reporting Standard.

Mr Benson 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 Significant Findings, iii) Additional ESFA income testing, iv) Financial highlights, v) Other communication requirements, vi) Internal controls, vii) Unadjusted misstatements, viii) Regularity, ix) Independence and ethics and x) Communication of audit matters with those charged with governance.

A discussion took place on the draft Financial Statements Audit Summary that had been prepared by Murray Smith LLP for the year ended 31 July 2021. Copies of the report and had been circulated to members prior to the meeting. Members' attention was drawn to the Executive Summary 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. 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 2021. There were 4 management letter points that required to be drawn to the attention of Governors which were as follows:

a) The admissions internal controls and system notes were last updated in September 2016 and there have been a number of changes over the last 5 years. It is recommended that the admissions internal controls and system notes need to be updated to reflect all changes and should include the process for preparing the ILR returns. The college will review and update the systems note appropriately.

b) It is recommended that the withdrawals process is reviewed and documented to ensure that all aspects have been considered. The college noted that following the ESFA audit, the 42 day rule for U6 students has been further clarified and the ILR programme has been updated to ensure full compliance. The ESFA DSAT reports will be used to support this. This rule affects a very small number of students each year as most continue in to and complete U6.

c) Book Deposits – At 31 July 2021 £159, 494 was held as book deposits from students.

This fund has been built up over a number of years and the college had deemed it to be student money. It is recommended that procedures are agreed covering the use of the funds. The college will include a section in the financial regulations to formalise the treatment of book deposits.

d) Unadjusted misstatements – It was agreed that £130,000 would be released over the next 2 years.

Mr Martin and Mrs Miller both commented that the report was very clear and informative.

Mr Benson of Murray Smith 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 Murray Smith LLP on the college for the year ended 31 July 2021 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 Murray Smith LLP be received.

12. RISK MANAGEMENT ANNUAL REPORT/RISK MANAGEMENT POLICY

The draft Annual Risk Management Report for 2020/2021 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 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 the External auditors. The risk management process is sufficient to provide adequate assurance of sound systems of internal control.

An updated Safeguarding Policy would be circulated to Governors for approval at the Governing Body meeting on 23 November 2021.

RESOLVED: i) That the draft Annual Risk Management Report for 2020/2021 and ii) the Risk Management Policy be recommended to the Governing Body for approval at the meeting on 23 November 2021.

13. RISK REGISTER

A copy of the updated Risk Register (October 2021) 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.

Mrs Blackburn advised Governors that a new timetable has been introduced which provides an additional 20 minute in each teaching block to support student in making up the deficit of skills and knowledge they may have as a result of their disrupted education due to COVID.

RESOLVED: That the updated Risk Register be noted.

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 2020/2021 financial year including concluded work relating to 2019/2020. 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.

Ms Tweedie from RSM had suggested some amendments and additional points for inclusion in the Annual Report. These points were accepted and would be included in the amended Annual Report that would be circulated to members.

It was agreed that the amended report be submitted to the Governing Body meeting for approval at the meeting on 23 November 2021.

15. 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 no changes need to be made.

16. 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.

The auditors left the meeting at this point

17. ANY OTHER BUSINESS

a) Co-opted Governors

The Clerk to the committee reported that the term of office for Mr Anwar and Ms Garratt finished on 31 December 2021. Both indicated that they wanted to continue as Co-opted Governors on the Audit Committee.

RESOLVED: That the Governing Body be recommended to appoint Mr Anwar and Ms Garratt as Co-opted Governors for a period of 3 years starting on 1 January 2022.

b) Provision of Internal Audit

A discussion took place on the appointment of Internal Auditors for 2022/2023. Members noted that the college had not gone out to tender for some time, the appointment is on an annual basis recommended to the Governing Body by this committee. Mrs Blackburn reminded Members that an internal audit service was not mandatory but the college had appointed internal auditors to give greater assurance to this committee so that an Annual Audit Opinion can be given to the Governing Body.

It was agreed that the college would go out to tender for the provision of internal audit from 2022/2023.

18. DATE OF NEXT MEETING

7 February 2022 at 4.30pm.

Signed _____
Chair of the Audit Committee

Date _____