

AQUINAS COLLEGE

AUDIT COMMITTEE

Meeting: 7 November 2022

Time: 4.30pm

Venue: College

GOVERNORS PRESENT

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

Mr A Martin in the Chair

IN ATTENDANCE

RSM	Ms L Tweedie
Murray Smith LLP	Mr M Benson and Mrs N Tucker
Wylie and Bissett	Mr G Gillespie
Cllr T P McGee	Chair of Governors
Mrs D Blackburn	Senior 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. INTRODUCTIONS

a) Mr Anwar was welcomed to his first meeting of the Audit Committee as a Co -opted member.

b) Mr G Gillespie from Wylie and Bissett was welcomed to the meeting as the new Internal Auditor's for the college.

For the benefit of Mr Anwar and Mr Gillespie 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 6 June 2022, 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 2021/2022 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 8 November 2022.

Mrs Blackburn circulated a paper that updated the movement on the surplus post the management accounts which included the normal amendments of removing the bursary payments and putting through the pension adjustments. This year there has been a significant change as a result of the adjustment of the pension liability of the college with an actuarial gain of £6,186,000, along with additional charges to salary costs and interest costs. These are normal changes but the actuarial gain is materially different to previous changes. The pension adjustments have changed the trading surplus of £847,000 to a final surplus of £6,308,000. The pension liability of £4,647,000 in the Balance sheet has become an asset of £814,000. Mr Benson from Murray Smith added that the pension costs are normally a liability, not an asset. There was a discussion about where this should be shown in the accounts and a definitive answer was awaited from the ESFA.

Mrs Blackburn drew Governors attention to the Streamlined Energy and Carbon Reporting part of the Statutory Accounts.

Mr Martin sought clarification on the term of office for those Foundation Governors whose term of office expired on 31 August 2022. The Clerk to the Governors replied that they had been re-appointed.

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 2021/2022, subject to any governor amendments be recommended to the Governing Body for approval.

## 8. EXTERNAL AUDIT COMPLETION REPORT

Mrs Tucker of Murray Smith LLP advised members that the college had been well prepared for the audit and that she had been impressed by its organisation.

Mrs Tucker advised members that the Audit Summary covered the Financial Statements of the College for the year ended 31 July 2022. She added that the report was in a format 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.

Mrs Tucker 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 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 2022. 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 2022.

Unadjusted misstatements – It was agreed that £66,000 would be released next year.

Mr Martin commented that the report was very clear and informative. Mr Anwar felt that it was a good audit outcome and the college should be congratulated.

Mr Benson and Mrs Tucker 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 2022 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.

## 9. INTERNAL AUDIT ANNUAL REPORT

Ms Tweedie of RSM advised members that the report summarised the work undertaken in 2021/2022. The areas covered were Key Financial Controls – General Ledger, Month End and Payroll controls, Learner Number Systems – 16-19 Classroom Based provision, Cyber Security Controls and Follow Up.

The report concluded that the college had an adequate and effective frame work for risk management, governance and internal control. The audits identified further enhancements to risk management, governance and internal control to ensure that it remains adequate and effective.

Ms Tweedie left the meeting at this point.

## 10. INTERNAL AUDIT STRATEGY 2022/2023

Mr Gillespie of Wylie and Bissett advised members that the timetable for audits for 2022/2023 had been agreed with the college as detailed in the Internal Audit Plan for 2022/2023.

The Audit Plan for 2022/2023 would consist of 18 days with the addition of contingency days as necessary.

Overall Financial Controls  
Corporate Governance  
Learners Number Systems  
Freedom of Information  
Follow Up Review  
Audit Management

Report in February 2023  
Report in February 2023  
Report in June 2023  
Report in June 2023  
Report in June 2023

The plan would also allow for one training session per year on a topic to be decided with the college.

CLlr McGee asked that in view of the recent significant changes in respect of safeguarding why was shown in the 2023/2024 and not 2022/2023. Mr Gillespie undertook to review this with the college.

Mr Martin asked how does safeguarding fit in to an audit plan. Mr Gillespie replied that the audit would cover DBS, policies and procedures and were they compliant with latest guidance.

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.

#### 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 2021/2022. Mrs Blackburn advised members that Mr Moss had updated the cyber security findings but this area of the college is always ongoing. She added that the ESFA want all colleges to be working towards Cyber Security essential plus(CSE+) but this is an industry standard and not specifically for the education sector. There is some debate in the sector that this was not compatible to work with an education setting and could disadvantage with students.

Members noted all the recommendations had been completed or were ongoing as they required input at a certain time of year.

#### 12. AUDIT CODE OF PRACTICE

There was nothing further to add to the information given at the last meeting of the committee.

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

The draft Annual Risk Management Report for 2021/2022 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. Changing the teaching delivery model once again to fully on site with protocols around students dialling in as COVID conditions changed in the year has been managed well by staff, and students have been well supported with all students being able to access all their lessons and succeed at their end of year examinations. It is hoped that Covid can be removed from the list in the near future.

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 both Internal and 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 29 November 2022.

RESOLVED: i) That the draft Annual Risk Management Report for 2021/2022 and ii) the Risk Management Policy be recommended to the Governing Body for approval at the meeting on 29 November 2022.

#### 14. RISK REGISTER

A copy of the updated Risk Register (October 2022) 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 risk has been added to the Risk Register. It covers the use of the building as it reaches capacity and that the college cannot afford replacement build. This has been added to reflect the work being undertaken on the potential new build.

RESOLVED: That the updated Risk Register be noted.

#### 15. 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 2021/2022 financial year including concluded work relating to 2020/2021. 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 2022. It is also sent to the ESFA as part of the statutory account's 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 29 November 2022.

#### 16. 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 the following changes would be made.

a) 2.2 (iii) add Teacher's Pension Scheme audit

b) 2.12 add

i) The Chair of Governors be invited to attend the Autumn Term Committee meeting to receive a report from the external auditors in respect of the External Audit ILR review for the previous year.

ii) The Principal be invited to the Summer Term Committee meeting to receive feedback from Internal Audit and External Audit on the performance of the college.

17. FRAUD LOG BOOK/WHISTLE BLOWING

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

The auditors left the meeting at this point.

18. ANY OTHER BUSINESS

Mrs Blackburn advised members that the following letters needed signing on behalf of the college;

It was agreed that they be signed on behalf of the college as follows

a) Engagement Letter from Wylie and Bissett – Mrs Blackburn to sign

b) Financial Statement Letter from Murray Smith LLP – Cllr McGee to sign as part of signing off the financial statements.

19. DATE OF NEXT MEETING

13 February 2023 at 4.30pm.

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

Date \_\_\_\_\_