



Mission Statement: *Inspiring learning, developing character, building futures*

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

Date: Tuesday 22nd November 2016
Venue: The Blackpool Sixth Form College
Room: Committee Room
Time: 4.30-5.20pm

Present: Mr J Corry (Chair)
Cllr D Clapham
Ms J Gray (Principal)

Together with: Ms L Gates (Head of Finance)
Ms N Crail (Head Internal Audit)
Mr G Hitchmough (Audit and Assurance Partners-Mazars)
Mrs S Hawitt (FCAT-Governance Administrator)

Apologies: No apologies

		Action
67.2016	Preliminaries The Chair welcomed everyone to the meeting. There were no apologies	
68.2016	Declarations of Interest There were no declarations of interest	
69.2016	Consideration of any items of urgent business. There were no items of urgent business to consider	
70.2016	Confirmation of Quoracy It was noted the meeting was quorate	
71.2016	Minutes of the meeting held on 14th June 2016 The minutes held on 14 th June 2016 were approved	
72.2016	Matters arising from the minutes not covered elsewhere on the agenda a) Risk Management Report -(item 60.2016 from the previous minutes) confirmation changes from the word Governor-Director have been made to page 1 of the report	
73.2016	Internal Audit a) Annual Internal Audit Report 2015-2016	

Directors reviewed the Annual Internal Audit Report for 2015-2016 (paper 7.1) The Principal confirmed that procedures have improved regarding IT Security Control and good progress has been made.

b) Benchmarking Report

Directors received the Benchmarking Report (paper 7.3) Directors were pleased with the vast range of comparisons against other colleges than in previous years. It was noted that BSFC are amongst the best of other Sixth Form Colleges.

The Principal noted the disappointment in the assurance opinions for 2015-2016 in comparison to the score of 100% in 2014-2015. The Head of Internal Audit reassured Directors of the importance of using the internal audit to address any issues and proves the college has strong internal audit functions.

Internal Audit Planning Assignment Sheet-Succession Planning

The Chair shared the assignment sheet with Directors which sets out key information relating to the internal audit assignment, which includes dates and agreed deadlines, the internal audit team and client staff to be involved and the scope of the assignment. It was noted that Directors were pleased to see the planning sheet.

Internal Audit Planning Assignment Sheet-Follow up

Directors considered the planning assignment sheet for follow up which includes the scope of the assignment, including the limitations to the scope.

73.2016 D1:Resolved: to recommend the Annual Internal Audit Report for 2015-2016 to the Corporation for approval

73.2016 D2: Resolved: to recommend the Benchmarking Report to the Corporation for approval

74.2016 Annual Accounts for the year ending 31st July 2016

a) Annual Accounts and Financial Statements

The Head of Finance presented the Annual Accounts and the Financial Statements for the previous academic year (paper 8.1) attention was drawn to note 23 of the report –Transition to FRS102 and the 2015 FE HE SORP. The year ending 31st July 2016 is the first year that the college has presented its financial statements under FRS102 and the 2015 FE HE SORP and this note summarises the changes.

As a consequence of adopting both of these, a number of accounting policies have changed to comply with those standards.

Directors noted that the Head of Finance had done an exceptional job since taking on her new role.

b) Management Report on the Audit of the Financial Statements 31st July 2016

Directors considered the Management Report which summarised the external auditor's findings from the year ending 31st July 2016 (paper 8.3) The Audit and Assurance Partner from Mazars presented the report page by page highlighting the following: Financial highlights, significant risks and key areas of management judgements. He drew attention to page 2 financial highlights, in particular the losses in terms of pension scheme in relation to FRS102. He also stated that the whole sector is feeling the impact of the changes.

Questions

In response to a question about the discount rate and the impact of the deficit it was noted that the next two or three years will see a change in discount rates.

In response to a question about deferred capital grants being lower than the previous year it was noted that these were stated as a mezzanine reserve in the prior year financial statements and have now been disclosed within creditors in line with the new financial framework. Directors were informed of the key changes to the cash flow statement, highlighting the increase in cash in the year. Directors were also informed of the new methodology for assessing financial health. The college has maintained an 'Outstanding' Financial Health score for the last two years. The forecast for 2016-2017 appear to show that the college will have a financial health score as 'good' due to the decline in student numbers across the demographic area, however this is one trigger point away from Outstanding.

The Audit and Assurance Partner from Mazars outlined the significant audit risks, including FRS102 conversion. He stated that, the key transitional adjustment identified which affected the income and expenditure account was the recognition of short term employment benefits as a liability and an expense. The impact was that a large accrual was required as at the transitional date (1st August 2014) of £186K which increased to £211k in 2015 and £226K in 2016, reflected through expenses.

He also highlighted under FRS 102, deferred capital grants are recognised within the statement of financial position as a liability split between current liabilities and liabilities due after more than one year. There were no issues on going concern and key areas of management judgements. However, the regularity assurance engagement identified that the Directors register of interest had not been completed by all members and key staff during the year. These forms are due to be completed this year. This has not been included in the regularity audit report and has not resulted in a material error.

No adjustments were made to the accounts.

74.2016 D1:Resolved: to recommend the Annual accounts for the year ending 31st July 2016 for approval to the Corporation

74.2016 D2:Resolved to recommend the Management Report on the Audit of the Financial Statement 31st July 2016 for approval to the Corporation

75.2016 Internal Audit Tracking

Directors considered a draft Internal Audit Tracking form (paper 9.1) it was agreed that any items that need to be tracked outside of the External Audit Team will be made a note of and followed up accordingly.

76.2016 Review of committee performance 2016-2016

a) Annual Report

Directors considered the Annual Report of the Audit Committee, (paper 10.1) it was noted that the previous Head of Finance and HR be added to the list of members. Clerk agreed to make the changes.

Clerk

b) Key Performance Indicators (KPI) 2015-16

Directors reviewed and approved performance against the committee's KPI's for 2015-16 (paper 10.2) which had all been achieved.

c) Key Performance Indicators (KPI) 2016-17

Following a discussion Directors agreed to use the current KPI's for 2016-17 with the addition of succession planning for Directors. The Clerk agreed to make the changes.

76.2016 D1: Resolved: to recommend the Annual Report of the Audit Committee to the corporation for approval

76.2016 D2: Resolved: to approve progress against the KPI's for 2015-16

76.2016 D3: Resolved: to approve the committee's KPI's for 2016-17

77.2016 Committee Terms of Reference

Directors reviewed the committee's Terms of Reference (paper 11.1) it was noted that the word 'The' needed to precede Blackpool Sixth Form College in the title of the document, which the Clerk agreed to change

78.2016 Identification of any new risks

No new risks were identified

79.2016 Private meeting of the committee with Auditors without staff

There were no matters to discuss

80.2016 Private meeting of the committee without staff or Auditors

There were no matters to discuss

Date and Time of next meeting

Tuesday 31st January 2017 at 4.30pm

Clerk

Clerk

Signed _____

Date _____