



MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

Date: Tuesday 14th June 2016
Venue: The Blackpool Sixth Form College
Room: Committee Room
Time: 1700-1800hrs

Mission Statement: *"Inspiring Learning, Developing Mind and Character, Building Your Future"*

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

Together with: Ms L Gates (Head of Finance)
Ms A Miller (Risk management Champion)
Mr P Haydock (Senior Auditor-RSM)
Mr G Hitchmough (Audit and Assurance Partner-Mazars)
Mrs S Hawitt (Governance Administrator-FCAT)

Apologies: None

52.2016 Preliminaries

The Chair welcomed everyone to the meeting, especially Lindsay as it was her first meeting as Head of Finance.
There were no apologies

53.2016 Declarations of Interest

None

54.2016 Consideration of any items of urgent business.

Refer to item 62.2016

55.2016 Confirmation of Quoracy

It was noted the meeting was quorate

56.2016 Minutes of the meeting held on 9th February 2016

The minutes of the meeting held on the 9th February 2016 were approved

57.2016 Matters arising from the minutes not covered elsewhere on the agenda

a) Tracking update

Action

The Chair is keen to reintroduce an internal tracking system to enable Directors to ensure any outstanding actions are carried out in a timely manner. The Clerk agreed to produce a proforma and discuss with the Chair before the next meeting.

Clerk

58.2016 Internal Audit Progress Report

A) Operational Planning –High Levels Control report

The Senior Auditor from RSM provided a summary of progress against the progress report no 3 (paper 7.1) to date. He drew Directors attention to the slight change in format pointing out that the opinion graphic had changed which allows for a clearer differentiation between positive and negative opinion.

Operational planning processes were only partially complete at the time of the audit (18 April 2016), and therefore the review considered the processes undertaken by the college up to that point.

The report highlighted one low priority management action relating to the use of course level contribution analysis wherever this becomes relevant in the future, however this matter has not impacted on the positive opinion in the report.

He confirmed that the college has appropriately designed operational planning framework in place and processes are consistent.

Questions:

It was noted that although some classes are not cost effective, the college cannot omit these from the curriculum model as it would be detrimental to the offer available to the students.

The Principal highlighted the work carried out relating to the budgeting process i.e. avoiding unnecessary deployment of staff and scrutinising staff contracts to make savings.

b) Student Support-Pastoral Model

The Senior Auditor from RSM provided a summary of the report (paper 7.3) highlighting that Directors can take substantial assurance that the controls upon which the organisation relies to manage identified risks are suitably designed and are being consistently applied.

One low priority action already proposed by the Senior Leadership Team (SLT) is included in the report relating to the amendment of Pastoral Mentor performance targets, however this has not impacted upon the positive assurance opinion.

Questions:

In response to a question about the overall attendance and absence rates the Principal confirmed that students studying A level subjects usually have better attendance than students on BTEC study programmes. She went onto say that college are driving targets up which were very challenging, these will need reviewing and amending to make them more appropriate and achievable, particularly in relation to some of the vocational areas.

It was noted that the feedback from students at the Residential Conference in relation to the Pastoral Mentor model was encouraging.

c) IT Security and Control

The Senior Auditor from RSM provided a summary of the report (paper 7.5) It was noted that there are six areas that pose a current risk to IT security control. He informed Directors that these issues reflect the sector as a whole.

Questions:

In response to a question about staff leavers' access to user accounts, the Principal confirmed that this action 3.3 had been completed. Directors raised a concern in relation to the timescale of outstanding actions and the date of the draft report (23 February 2016) It was noted that some of the actions could have been completed sooner. The Principal reassured Directors that a meeting with the IT Manager, SLT and Student Services Manager will take place and a working party will be formed to tackle the issues with immediate effect.

JG

d) Follow Up Report 2015-16

The Senior Auditor from RSM provided a summary of the report (paper 7.7) relating to the annual Follow Up process for 2014-2015. It was noted that 9 of the 10 management actions set out in the report had been fully implemented at the time of the review, resulting in a good progress opinion. One remaining management action relating to the annual budgeting process was partially implemented at the time of the review and is ongoing.

e) Internal Audit Strategy 2016-17 2018-19

The Senior Auditor from RSM provided a brief summary of the draft report (paper 7.9) Directors were asked to consider:

- Are sufficient assurances being received within the annual plan (Appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out in Appendix B) cover the college's key risks?

58:2016 D1: Resolved: Recommend Operational Planning report to the Corporation for approval.

58:2016 D2: Resolved: Recommend Student Support-Pastoral Model to the Corporation for approval

58:2016 D3: Resolved: Recommend IT Security report to the Corporation for approval.

58:2016 D4: Resolved: Recommend Follow Up report of previous Internal Audit Management actions to the Corporation for approval

58:2016 D5: Resolved: Recommend the Internal Audit Strategy to the Corporation for approval.

59.2016 Financial Audit Plan

The Audit and Assurance Partner from Mazars provided a summary of the Audit Strategy Memorandum (paper 8.1) for the year ending 31st July 2016 outlining the company's approach and scope of engagement. He explained he had meetings with management and had no concerns regarding the audit process.

Section 2 of the report focussed on audit scope, approach and timeline, the work undertaken will include a combination of the following as appropriate:

- Testing of internal controls
- Substantive, analytical procedures
- Detailed substantive testing

Section 3 of the report focussed on the significant risks and judgements identified i.e. management override of controls, income recognition, covenant compliance and going concern, FRS 102 conversion, defined benefit pension scheme assumptions and depreciation and how these would be addressed in the audits.

It was noted that the biggest change this year will be the new SORP

Questions:

It was noted that the amount of work on FRS102 will depend on how much work has been done internally.

59.2016 D1: Resolved: Recommend Financial Audit Plan to the Corporation for approval

60.2016 Risk Management

The Risk Management Champion provided Directors with the Risk Management Report (paper 9.1), Risk Register (paper 9.2) and review of the latest Management Action Plans (paper 9.3) dated June 2016. As a result of the Director of Finance and HR leaving the college, it was noted that the Principal will take SLT responsibility for risks in the future, the Internal Auditor saw no reason for concern with this decision. It was noted that some risks had been removed from the Risk Register and two risks have been added:

- 8.14 Failure to plan effectively for the implementation of a new timetable- risk score =5
- 7 college not having the expert understanding of the new performance measures – risk score =10

It was noted that, all staff including new staff have received Bribery Act and Risk Management training

It was noted a new system had been implemented in relation to staff requesting permission to run a trip which has been well received by staff.

It was noted that all risks on the Risk Register will be reviewed with a view to merging some of the risks and smartening the actions on some plans.

Questions:

In response to a question about adequate expertise to judge and monitor the new performance measures, the Principal informed Directors that she will meet with the Head of Finance and SLT to ensure they have an overview of the action plans.

It was noted Paper 9.1 refers to Governors as opposed to Directors on the first page. The Principal agreed to make the changes

60.2016 D1: Resolved: Recommend the Risk Management Report, Risk register and Management Action Plans to the Corporation for approval.

JG

62.2016 Consideration of any items of urgent business.

iPads

It was noted that £76K approximate debt incurred relating to the iPad scheme was written off in the audited year end accounts to 31/07/2015

It was noted that all legal options open to the college to recover the debt had been explored. It was noted that lessons had been learned throughout the process, as a result more robust procedures and due diligence will be used in the future.

Directors agreed to close the case.

62.2016 D1: Resolved: A decision was made by Directors to close the case and write off the debt incurred by the iPad scheme.

63.2016 Private meeting with the Auditors without staff present

There were no matters to discuss

64.2016 Private meeting of the committee with staff and Auditors present

There were no matters to discuss

65.2016 Review of Risks

IT report

66.2016 Date and Time of next meeting

Tuesday 22nd November 2016 **4.30pm Note the earlier time**

Signed _____

Date _____