



**MINUTES OF THE MEETING OF  
THE AUDIT COMMITTEE**

**Date:** Tuesday 24<sup>th</sup> November 2015  
**Venue:** The Blackpool Sixth Form College  
**Room:** Committee Room  
**Time:** 1700hrs

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

**Present:** Mr J Corry  
 Cllr D Clapham  
 Ms J Gray

**Together with:** Ms A Pickup (Director of Finance and HR)  
 Ms L Gates (Management Accountant)  
 Mr L Hannaford (Assistant Manager – RSM)  
 Mr G Hitchmough (Audit and Assurance Partner – Mazars)  
 Mrs K Buddle (Governance Administrator – FCAT)  
 Mrs S Hawitt (Governance Administrator – FCAT)

**Apologies:** Apologies were received from Dr P Anderton and Mr J Boyle (Observer)

		Action
<b>29.2015</b>	<b>Preliminaries</b> The Chair welcomed everyone to the meeting.  Apologies were noted.	
<b>30.2015</b>	<b>Declarations of Interest</b> None	
<b>31.2015</b>	<b>Consideration of any items of urgent business.</b> None.	
<b>32.2015</b>	<b>Minutes of the meeting held on 16<sup>th</sup> June 2015</b> The minutes of the meeting were approved.	
<b>33.2015</b>	<b>Matters arising from the minutes not covered elsewhere on the agenda</b> a) <b>Service Level Agreements</b> (Item 20.2015) – the Clerk agreed to check that SLAs are in place for the next meeting. b) <b>Financial Reporting Standard 102</b> (Item 22.2015) – this item was deferred to the next meeting.	AP

**34.2015 Internal Audit**

**a) Internal Audit Report 2014-2015**

Directors reviewed the Annual Internal Report for 2014-2015 (Paper 6.1). The Assistant Manager from RSM provided a summary of the key points which brought together work carried out by RSM over the last 12 months. As part of the process, auditors had followed up on responses to recommendations made during the 2013-14 internal audit. Actions in respect of four recommendations made in 2013-14 would be reviewed during the 2015-16 internal audit cycle.

Appendix A of the report provided opinions for all three assignments carried out in 2014-15, which had all been rated as 'Green'. Actions in response to nine low level and two medium level recommendations had been carried out satisfactorily over the 2014-15 year.

**b) Management reporting of students with additional learning and high needs**

The Director of Finance and HR confirmed that management reporting was in place and Additional Learning Support (ALS) will be reporting to the Senior Leadership Team in December 2015.

**c) Joint Audit Code of Practice (JACOP)**

Directors noted the revised JACOP. The RSM Assistant Manager reported that there had been no major changes to the Code apart from a change of wording in respect of opinions provided i.e. from 'reasonable assurance' to 'limited assurance'.

**34.2015 D1 Resolved: to recommend the Internal Audit Report for 2014-2015 to the Corporation for approval.**

**35.2015 Review of 2014-2015**

**a) Annual report of the Audit Committee 2014-15**

Directors considered the Annual Report of the Audit Committee for 2014-15 (Paper 7.1) and recommended it for approval to the Corporation.

**b) Committee's Key Performance Indicators (KPIs) for 2014-15**

Directors reviewed the performance of the committee against the agreed KPIs for the previous year (Paper 7.2) and approved progress with the inclusion of additional information on the mock funding assurance audit which was completed in October 2014 (against the KPI on provision of additional services, page 2 of the document).

**c) Key Performance Indicators for 2015-2016**

Following a brief discussion, Directors agreed to use the current KPIs as for the previous year for 2015-16.

Clerk to  
amend

**35.2015 D1 Resolved: to recommend the Annual Report of the Audit Committee to the Corporation for approval.**

**35.2015 D2 Resolved: to approve progress against the KPIs for 2014-2015.**

**35.2015 D3 Resolved: to approved the same KPIs for the Committee for 2015-2016**

**36.2015 Annual Accounts for the year ending 31<sup>st</sup> July 2015**

**a) Annual Accounts and Financial Statements**

The Director of Finance and HR presented the Annual Accounts and Financial Statements for the previous academic year (Paper 8.1) The final outturn was healthy and would provide a solid foundation for the college as budget cuts were imminent. Currently, the college received £550k of funding protection which will cease completely in 2016-17. Information on the extent of other budget cuts was expected in February 2016. The Director of Finance and HR emphasised the importance of building on cash reserves rather than surplus in the future.

Directors were introduced to Ms L Gates, Management Accountant, who worked with the Director of Finance and HR in preparing accounts. Ms Gates would come to future meetings of the Committee to represent the Department if the Director of Finance and HR could not be present.

**Challenge from Directors**

In response to a comment about the college's performance in terms of paying invoices within the recommended 30 day time period, the Director of Finance and HR explained that the college did not actively delay payments and that she could only report on invoices not paid within 30 days. The system did not allow for reporting on invoices not paid within time frames outside of the 30 day period, for example within 35 days etc. In addition, the Finance Team did not always receive invoices early enough to be paid within the 30 day period. It was noted that the college had a good reputation for timely payments with large contractors.

**b) Management Report on the Audit of the Financial Statement 31<sup>st</sup> July 2015**

Directors considered the Management Report which summarised the external auditor's findings for the year ending 31<sup>st</sup> July 2015 (Paper 8.3). Attention was drawn to section 2 of the report which provided financial highlights. Income was higher than expected due to additional grants and free school meals funding. There had also been savings in staffing costs, including for the Head of Maths position which was still vacant.

The college's surplus and cash figures for the year were very strong and balance sheets consistent and financial health was classed as 'outstanding' for this year and likely to remain as such next year.

Two issues in respect of disclosures made in the financial statements were highlighted i.e. the agreement with Taylor Shaw, the caterers where it was noted that the college had forgone its profit share element of the contract in return for Taylor Shaw meeting the costs of renovation of the canteen, and the Instar Digital Ipad scheme through which the college had suffered an unexpected loss when the company went into liquidation.

Page 13 of the report highlighted two instances of irregularity that had been identified. These were that the Register of Interests had not been completed by all Directors and key members of staff and that formal procurement processes in respect of approving Instar as a supplier for the iPad scheme had not been followed. In both cases, the instance of irregularity had not resulted in any material error.

The auditors were satisfied that, generally, adequate controls were in place to mitigate against risks and no significant areas of concern had been identified.

A new further and higher education Statement of Recommended Practice (SORP) had been put in place for 2015, effective from January 2015. The key areas of impact were outlined in a table on page 26 of the report. In response to a suggestion about the potential to deliver a training session for Directors on SORP, the Audit and Assurance Partner from Mazars agreed to provide this prior to the Corporation meeting on 5<sup>th</sup> July 2016. The Audit and Assurance Partner also agreed to attend a meeting of the Administration and Finance Committee to provide technical training.

Clerk  
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#### **Challenge from Directors**

In response to a question about the contract with Instar Digital, the Director of Finance and HR explained that the company was new to the market and it had been a calculated risk to enter into contract with them. The procurement process was robust and would not have made a difference to the outcome. The company was expected to have kept money collected from students in respect of loans for iPads in a separate account, but this had not happened.

Asked about what had caused Instar Digital to become insolvent, the Director of Finance and HR explained that the company claimed that an agreement with another college had failed when a significant number of students owing monies for loans had disappeared and it had no longer been possible to collect from them. The college was exceptionally careful about which students it allowed to take out loans for iPads but other institutions were not as stringent.

The college had submitted a letter of claim to the directors of the company in conjunction with two other institutions in the same position and was waiting to hear the outcome of this.

The Principal thanked the Director of Finance and the Finance Team for their work and commitment which was integral to the success of the college. The Director of Finance and HR thanked the Audit and Assurance Partner for the work carried out by Mazars in support of the college's finances.

**36.2015 D1 Resolved: to recommend the Annual Accounts for the year ending 31<sup>st</sup> July 2015 for approval to the Corporation**

**36.2015 D2 Resolved: to recommend the Management Report on the Audit of the Financial Statement 31<sup>st</sup> July 2015 for approval to the Corporation.**

**37.2015 Committee Terms of Reference**

Directors reviewed the Committee Terms of Reference (Paper 9.1) which had been revised at the request of the Chair of the Corporation. An additional point had been included which explained that the Corporation was not obliged to appoint an internal auditor but chose to do so.

**38.2015 Any other business**

None.

**39.2015 Review of risks**

No additional risks were identified.

**40.2015 Private meeting of the Committee with Auditors without Staff**

There were no matters to discuss.

**41.2015 Private meeting of the Committee without Staff or Auditors**

There were no matters to discuss.

**42.2015 Date and Time of next meeting**

Tuesday 9<sup>th</sup> February 2016 at 1700hrs.

Signed J. Comy  
Date 9.2.16