



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

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

Date: Monday 19th June 2017
Venue: The Blackpool Sixth Form College
Room: Committee Room
Time: 4.30-5.30pm

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

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

Apologies: No apologies

		Action
13.2017	Preliminaries The Chair welcomed everyone to the meeting especially Patrick Green who introduced himself to Directors There were no apologies	
14.2017	Declarations of Interest There were no declarations of interest	
15.2017	Consideration of any items of urgent business. There were no items of urgent business to discuss	
16.2017	Confirmation of Quoracy It was noted the meeting was quorate	
17.2017	Minutes of the meeting held on 22nd November 2016 The minutes of the meeting were approved	
18.2017	Matters arising from the minutes not covered elsewhere on the agenda There were no matters arising from the minutes	

19.2017	<p>Code of Governance</p> <p>Asked for clarity of assessment of governance requirements under the new Code of Conduct and what to include on the college website in addition to the annual accounts statement it was noted that this will be cross checked by the partner from Mazars.</p>	External Auditor
20.2017	<p>Internal Audit</p> <p>a) Internal Audit Plan 2017-18</p> <p>The Head of Internal Audit from RSM provided a summary of the report (paper 8.1) and stated that as part of the Internal Audit RSM want to focus on work of value linked to the annual opinion of the college. He highlighted the listed subject matter relevant for the college for the coming year which includes;</p> <ul style="list-style-type: none"> • Health and Safety- it was noted that this subject is definitely worth looking at least once in a cycle. • Human Resources (HR)-it was noted that this should be done over a period of time • Student Bursary and free meals- ensuring students are receiving what they require <p>It was noted these are three substantive subjects as part of the overall cycle which are well managed by the college.</p> <p>Questions from Directors</p> <p>Directors stated the importance of the Principal and Head of Finance being involved in not only normal audit work but any specialist pieces of work carried out.</p> <p>The Principal challenged the service received during the last audit, it was noted that Auditors did not spend enough time on site and a lot of input was gathered through emails afterwards. It was noted that there had been some team changes and continuity of staff and a good working relationship with the college was a key point for RSM.</p> <p>A discussion took place about whether or not the college require three audits in 2017-18 when college finances are limited. In response to a question about the follow up audit with one minor management action it was noted that this was perhaps not a priority.</p> <p>The overall view given by the Head of Audit from RSM was that they could reduce the effort in terms of not giving an opinion but helping the Audit committee to come to their own opinion. It is the quality of the audit that is far more important over quantity. He re-iterated that the Audit Committee need to be sure they have enough assurance they have all the information they need to make an opinion.</p> <p>The Principal explained study programmes had been chosen because the college wanted validation and reassurance through internal audit. A new trips policy due to be introduced would benefit from audit.</p> <p>Other questions asked were how can we work better? And are we getting best value for money?</p> <p>Senior Leadership Team (SLT) discussed the three subjects all of which are valid subjects, however decided that should college decide to reduce the number of audits next year then they would suggest carrying forward the audit of HR. It was noted that the college have their own internal tracker which monitors recommendations from the audits.</p> <p>Directors were asked if a Management Follow Up is needed or would the internal tracking system provide Directors with the information they require.</p>	

The Chair asked the opinion of the External Auditor in terms of any impact on his work carried out on behalf of the college. Although the internal audit gives intent level of comfort in terms of risks the college is healthy and is well controlled. There would be no impact on External Auditors work or fees.

The Chair noted that the college have never not had a strong internal audit function even though it is not a requirement and noted that RSM may not be the most appropriate to carry out specific pieces of work. It was agreed SLT will have a discussion with Patrick Green and Paul Haydock (Senior Auditor RSM) and discuss at the next audit meeting. It was noted the term of office for the Chair of Audit is due to end in July therefore the new Chair should be part of the decision making process. Asked about the current plan it was noted that the plan stands in principle, however no commitment from the college is required at this stage.

b) Internal Audit Progress June 2017

Directors considered the progress report (paper 8.3) which provides a summary update on progress against the Internal Audit Plan 2016-17 and summarises the results of work carried out to date. The Head of Internal Audit from RSM summarised the following three reports;

- Internal Audit Report No3-Study Programme (paper 8.5)
- Internal Audit Report No4-Examinations Processes (paper 8.7)
- Internal Audit Report No 5-Academic Quality Framework (paper 8.9)

Directors were informed that there were no issues apart from one low recommendation around Director Succession Planning.

D1: 20.2017 Resolved: Recommend the Internal Audit Progress report June 2017 to the Corporation for approval

D2: 20.2017 Resolved Recommend Internal Audit Report No 3 2016-17 Study Programmes, No 4 2016-17 Examinations Processes, and No 5 2016-17 Academic Quality Framework to the Corporation for approval

21.2017 Financial Audit Plan year end 31st July 2017

Directors considered the draft Audit Strategy Memorandum for the year ending 31st July 2017 from Mazars (paper 9.1) outlining the company's approach and scope of engagement. He stated that it was consistent with previous years and that the changes in relation to FRS102 had gone smoothly and he is not expecting any significant work going forward. He went through the plan page by page highlighting section 3 of the report significant risks and key judgements identified i.e **management override of controls** to which there are no issues, **income recognition** which he highlighted was very clean and includes uncomplicated funding streams and **covenant compliance and going concern**, cuts in funding represent a potential issue in respect of covenant compliant and the college remain a going concern. **Defined benefit pension scheme assumptions** it was noted that the audit will review the disclosures included in the financial statements to ensure all requirements have been met. **Depreciation** the audit will consider the depreciation methods used are appropriate.

Directors were given a breakdown of fees in relation to audit and other services.

D1 21.2017 Resolved: Recommend the Financial Audit Plan to the Corporation for approval

22.2017 Risk Management

It was noted that the Risk Management Champion is currently on maternity leave the Head of Finance provided Directors with the Risk Management Report (paper 10.1) Risk Register (paper 10.3) and the latest Management Action Plans (paper 10.4) dated June 2017.

One new risks was identified 3:56 failure to record gifts and hospitality

Questions from Directors

Asked about changes to six risks rating from below 9 to above 9 it was noted that many of these risks were linked to the Area Based Review (ABR) process, it was also noted that some risks have been merged, however Head of Finance will double check the register for clarification. The Principal asked Directors about the format/quantity of risks reports Directors noted that more information is better for evaluation purposes however they are not responsible for operational functions at the college so perhaps do not need so much detail. It was also noted that Directors can get bogged down with too much information.

A discussion took place about presenting the risk management reports annually and any changes more regularly, it was noted that at the end of every SLT meeting any new risks are identified. Every half term SLT review the Risk Management Action Plans. It was noted some colleges discuss risks on a rotation basis i.e every lead person take turns to attend Directors meetings to discuss the risks they hold responsibility for, this was considered a good idea.

D1 22.2017 Resolved: Directors agreed to receiving the Risk Register annually

23.2017 Internal Audit Tracking Report

Directors considered the Internal Audit Tracking Report (paper 11.1) summary February 2016 presented by Head of Finance. She informed Directors that once the management actions were completed and targets met the issue would drop off the tracker for reporting.

Directors were invited to ask questions.

There were no questions to answer

24.2017 Private meeting of the committee with Auditors without staff

There were no matters to discuss

25.2017 Private meeting of the committee without staff or Auditors

There were no matters to discuss

26.2017 Identification of any new risks

No new risks were identified

Date and Time of next meeting

Tuesday 21st November 2017 at 4.30pm

LG

Signed _____

Date_____