

SANDWELL COLLEGE

Minutes of a Meeting of the Audit Committee
held on Tuesday 1st December 2015,
in the Room 6F/39, at Central Campus,
commencing at 8.00 a.m.

Present:-	Mr. A. Scott	(Independent)	(in the Chair)
	Mrs. R. Jenkins-Crutchley	(Independent)	
	Mr. T. Mahmood	(Independent)	

In Attendance:-

Mr. G. Pennington	Principal and Chief Executive	
Mr. D. Hawkins	Executive Director for Finance and Resources	
Mrs. S. Shelton	Personal Assistant to the Principal	
Mrs. L. Tweedie	RSM – Internal Audit Service	(part of meeting)
Mr. J. Golding	Grant Thornton – Financial Statements Auditors	(part of meeting)
Mr. S. Turner	Grant Thornton – Financial Statements Auditors	(part of meeting)

U15.31 Welcome U15.31

The Chairman welcomed Mrs. Jenkins-Crutchley and Mr. Mahmood to their first meeting of the Audit Committee.

U15.32 Declarations of Interest U15.32

There were no declarations of interest.

U15.33 Apologies U15.33

Apologies were received from Mrs. Brook, Mr. Britton and the Corporation Secretary.

U15.34 Minutes of the Meeting of the Audit Committee held on Tuesday 23 June 2015 U15.34

The minutes of the meeting of the Audit Committee held on Tuesday 23 June 2015 were approved and signed by the Chairman.

RESOLVED: that the minutes be approved.

U15.35 Matters Arising U15.35

i) Internal Audit Reports 2014/15
Progress Report 2014/15 (Vide Minute U15.20 (iv) (a))

Members were informed that the internal audit client briefing entitled 'Emerging issues and financial reporting for further education colleges' had been circulated to all members of the Board of Governors.

ii) Internal Audit Strategy/Plans 2015/16 (Vide Minute U15.22)

Members were informed that the Board of Governors had approved the internal audit plan for 2015/16 as recommended by the Audit Committee.

iii) Financial Statements Audit Plan 2014/15 (Vide Minute U15.23)

The Chairman informed members that the financial statements audit fee had been approved by the Board of Governors.

iv) Risk Management (Vide Minute U15.24 (i) and (iii))

Members were informed that the Risk Register Report and Risk Policy had been amended as requested by the Audit Committee and subsequently approved by the Board of Governors.

v) Review Appointment of Internal Audit Service 2014/15 (Vide Minute U15.27)

Members noted that the Board of Governors had approved the Audit Committee's recommendation regarding the appointment of Baker Tilly (now RSM) as the internal audit service provider for 2015/16.

U15.36 Audit Committee – Membership U15.36

The Chairman informed members of recent changes to the membership of the Audit Committee. For the benefit of the new members, the auditors provided an overview of the role of an Audit Committee.

RESOLVED: that the verbal report be received.

U15.37 Skills Funding Agency and Education Funding Agency Revised Joint Audit Code of Practice and Briefing from RSM on its Changes U15.37

The Audit Committee considered the revised Joint Audit Code of Practice (JACOP) that had been issued by the Skills Funding Agency and Education Funding Agency, which had become effective on 1st August 2015. Members also received a briefing issued by RSM outlining the changes to the JACOP, which related mainly to the Regularity Assurance Review.

RESOLVED:

- a) that the Joint Audit Code of Practice, effective from 1st August 2015, be received and noted.
- b) that the briefing issued by RSM outlining the changes to the JACOP be received.

U15.38 Value for Money 2014/15 U15.38

The Executive Director for Finance and Resources presented the Value for Money Report 2014/15 and outlined progress against targets during the year.

RESOLVED: that the report be received.

U15.39 Health and Safety Annual Report 2014/15 U15.39

The Executive Director for Finance and Resources presented the Health, Safety and Security Annual Report 2014/15 and outlined the work of the Occupational Health, Safety and Security Unit. It was confirmed that 'Prevent' Training was being undertaken.

RESOLVED: that the report be received.

U15.40 Financial Statements Auditors – Letter of Engagement

U15.40

The Chairman informed the Committee that the financial statements auditors had issued a revised letter of engagement to take into account changes required as a result of the revised Joint Audit Code of Practice, which related mainly to the Regularity Assurance Review. The letter had been reviewed in line with the JACOP and had then been signed by the Chairman of the Board of Governors.

RESOLVED: that the Audit Committee note that a revised Letter of Engagement from the Financial Statements Auditors, which had been amended in line with the revised Joint Audit Code of Practice, had been received and signed by the Chairman of the Board of Governors.

U15.41 Financial Year-End 2014/15

U15.41

i) Regularity Assurance Review – Final Self-Assessment Questionnaire 2014/15

The Executive Director for Finance and Resources presented the Regularity Assurance Self-Assessment Questionnaire 2014/15.

RESOLVED: **that the Board of Governors be asked to note that the Audit Committee had considered the Regularity Assurance Self-Assessment Questionnaire 2014/15.**

ii) Financial Statements and Regularity Audit - Management Letter 2014/15

The financial statements auditors presented the auditors' findings in relation to the financial year-end audit 2014/15. It was reported that the audit had been very positive and thanks were extended to the Executive Director for Finance and Resources and the Finance team.

It was reported that the auditors' final sign off of the financial statements would take place once final confirmation of grant income from the Skills Funding Agency had been received.

The financial statements auditors emphasised the importance of reviewing the College's Going Concern statement through to December 2016. The auditors agreed with College management's conclusion that the College is a Going Concern.

RESOLVED: **that the Financial Statements and Regularity Assurance Management Letter 2014/15 be recommended to the Board of Governors for approval.**

iii) ILR Funding Audit 2014/15

Members were informed that the College had not been selected for an ILR Funding Audit during 2014/15.

RESOLVED: **that the verbal report be received.**

iv) Internal Audit Annual Report 2014/15

The internal auditor presented the Internal Audit Annual Report 2014/15 and outlined its format and content. The report included a clean audit opinion with governance, risk management and control processes being adequate and effective.

RESOLVED: **that the Audit Committee recommend the Internal Audit Annual Report 2014/15 to the Board of Governors for approval.**

v) Risk Management Annual Report 2014/15

The Executive Director for Finance and Resources presented the risk management annual report for 2014/15.

The Director outlined the report's conclusion and reminded members that the internal audit service was of the opinion that the College risk management arrangements were satisfactory.

RESOLVED: that the Audit Committee recommend the Risk Management Annual Report 2014/15 to the Board of Governors for approval.

vi) ISA 240 Self-Assessment Questionnaire – Update

The Executive Director for Finance and Resources presented a self-assessment questionnaire in relation to ISA 240 "the auditor's responsibility to consider fraud in an audit of financial statements". It was emphasised that there had been no instances of fraud or suspected fraud during 2014/15.

RESOLVED: that the Board of Governors be asked to note that the Audit Committee had considered the College's self-assessment in relation to ISA 240 relating to fraud and irregularity.

vii) Letter of Representation

The financial statements auditors presented a letter of representation in relation to the year-end audit 2014/15 and informed members that the letter contained no specific representations in relation to the College.

RESOLVED: that the Audit Committee recommend the Letter of Representation to the Board of Governors for approval and signature by the Chairman.

viii) Reconciliation of Period 12 Management Accounts (July 2015) to the Financial Statements 2014/15

The Executive Director for Finance and Resources presented a reconciliation of the July 2015 management accounts and the year-end financial statements 2014/15. The reconciliation detailed two adjustments that the College had made during accounting period 13 and one adjustment where the policy was to not include within the management accounts. It was noted that there had been no audit adjustments.

RESOLVED: that the reconciliation of the period 12 management accounts to the financial statements 2014/15 be received and noted.

ix) Members Report and Financial Statements 2014/15

The Executive Director for Finance and Resources presented the Members Report and Financial Statements 2014/15. The Director explained the year-end outturn position in terms of operating surplus and cash generation. The key aspects of the balance sheet were discussed with explanations of assets and capital grant. The current ratio of the College was reported together with the forecast for improvement.

RESOLVED: that the Members Report and Financial Statements 2014/15 be recommended to the Board of Governors for approval and signature by the Chairman and Principal.

x) Draft Annual Report of the Audit Committee to the Board of Governors and the Accounting Officer – 2014/15

The Chairman presented a draft Annual Report of the Audit Committee to the Board of Governors and Accounting Officer 2014/15. Members were reminded that under the Joint Audit Code of Practice (JACOP) the Annual Report now had to be submitted to the Skills Funding Agency with the financial statements.

A discussion took place following which the Committee approved the report for submission to the Board of Governors and the Accounting Officer.

RESOLVED: that the Annual Report of the Audit Committee to the Board of Governors and Accounting Officer 2014/15 be approved for submission to the Board of Governors, the Accounting Officer and the Skills Funding Agency.

U15.42 Internal Audit Reports 2015/16

U15.42

i) Financial Support for Students

The internal auditor presented a report detailing the outcome of an internal audit review of financial support for students, which had focussed on the allocation of Discretionary Learner Support funds provided by the Skills Funding Agency and Free Meal funds provided by the Education Funding Agency. The review had resulted in two low, one medium and one high priority recommendations for management action.

RESOLVED: that the report be received.

ii) Marketing Impact

The internal auditor presented a report detailing the outcome of an internal audit review of marketing impact. The review had resulted in two low and one medium priority recommendations for management action.

The Principal explained the full range of marketing activities that had taken place across the College resulting in increased learner numbers for 2015/16.

RESOLVED: that the report be received.

U15.43 Internal Audit Progress Report 2015/16

U15.43

The internal auditor presented a report detailing progress against the Internal Audit Plan 2015/16.

RESOLVED: that the report be received.

U15.44 Risk Register Report

U15.44

The Executive Director for Finance and Resources presented the Risk Register Report. The number of risks had reduced to 11 and it was confirmed that these were closely monitored.

RESOLVED: that the report be received.

U15.45 Register of Outstanding Internal Audit Recommendations

U15.45

The Executive Director for Finance and Resources presented the Register of Outstanding Internal Audit Recommendations. Members were informed that at the beginning of 2015/16 there had been 22 outstanding recommendations, of which 10 had been implemented.

	RESOLVED: that the review of outstanding internal audit recommendations be received and noted.	
U15.46	<u>Any Other Business</u>	U15.46
	There were no items of other business.	
	The auditors left the meeting.	
U15.47 (NFP)	NOT FOR PUBLICATION	U15.47 (NFP)
U15.48 (NFP)	NOT FOR PUBLICATION	U15.48 (NFP)
U15.49 (NFP)	NOT FOR PUBLICATION	U15.49 (NFP)
U15.50	<u>Determination of Confidential Items</u>	U15.50
	The Audit Committee agreed that discussions relating to agenda items 17, 18 and 19 should be minuted confidentially.	
	RESOLVED: that discussions relating to agenda items 17, 18 and 19 be minuted confidentially.	
U15.51	<u>Date of Next Meeting</u>	U15.51
	The next meeting was planned to take place on Tuesday 15th March 2016, commencing at 8.00 a.m., at Central Campus.	
	The meeting terminated at 10.30 a.m.	