

**NOT FOR PUBLICATION**

(Minutes numbered U16.39 ((ii) (ix) (in part)) and U16.46 to 48)

SANDWELL COLLEGE

Minutes of a Meeting of the Audit Committee  
held on Tuesday 29th November 2016,  
in the Room 6F/39, at Central Campus,  
commencing at 8.00 a.m.

Present:-	Mr. A. Scott	(Independent)	(in the Chair)
	Mr. J. Britton	(Independent)	(part of meeting)
	Mrs. R. Jenkins-Crutchley	(Independent)	
	Mr. M. J. Uddin	(Independent)	

In Attendance:-

Miss J. Berry	Corporation Secretary	
Mr. G. Pennington	Principal and Chief Executive	(part of meeting)
Mr. D. Hawkins	Executive Director for Finance and Resources	
Mr. D. Holden	Vice Principal	(part of meeting)
Mrs. K. Gentles	RSM – Internal Audit Service	(part of meeting)
Mr. S. Turner	Grant Thornton – Financial Statements Auditors	(part of meeting)

U16.30 Welcome U16.30

The Chairman welcomed Mr. Uddin to his first meeting of the Audit Committee.

U16.31 Declarations of Interest U16.31

There were no declarations of interest.

U16.32 Apologies U16.32

Apologies were received from Mr. Britton for late arrival.

U16.33 Minutes of the Meeting of the Audit Committee held on Tuesday 5th July 2016 U16.33

The minutes of the meeting of the Audit Committee held on Tuesday 5th July 2016 were approved and signed by the Chairman.

RESOLVED: that the minutes be approved.

U16.34 Matters Arising U16.34

i) Internal Audit Strategy/Plans 2016/17 (Vide Minute U16.21)

Members noted that the Board of Governors had approved the Internal Audit Plan for 2016/17.

ii) Financial Statements Audit Plan 2015/16 (Vide Minute U16.22)

The Board of Governors had been reminded that the College was now required to report in accordance with FRS 102 and had approved the financial statements audit fee for 2015/16.

iii) Regularity Audit Self-Assessment Questionnaire 2015/16 (Vide Minute U16.23)

Members noted that the Board of Governors had been advised that the Committee had considered the Regularity Assurance Self-Assessment Questionnaire for 2015/16.

iv) Risk Management (Vide Minute U16.24)

Members were informed that the Board of Governors had approved the revised Risk Register and noted that the Audit Committee had reviewed the Risk Management Policy with no amendments being recommended.

v) Review Appointment of IAS and Performance Indicators 2016/17  
(Vide Minute U16.26)

The Board of Governors had approved the recommended internal audit fee for 2016/17.

U16.35 Audit Committee – Membership U16.35

The Corporation Secretary informed members that Mr. Uddin had been appointed to serve as a member of the Audit Committee with effect from 1st August 2016.

RESOLVED: that the membership of the Audit Committee be noted.

U16.36 Value for Money 2015/16 U16.36

The Executive Director for Finance and Resources presented the Value for Money Report 2015/16 and outlined progress against targets during the year, particularly with regard to catering, examinations and credit cards. Members noted that a new finance system had been procured and would become operational in May 2017. The Value for Money targets for 2016/17 were explained, which included a review of payroll arrangements.

RESOLVED: that the report be received.

Messrs Britton and Pennington joined the meeting during the above discussion.

U16.37 Health and Safety Annual Report 2015/16 U16.37

The Executive Director for Finance and Resources presented the Health, Safety and Security Annual Report 2015/16 and outlined the work of the Occupational Health, Safety and Security Unit. Members noted the revised security arrangements.

RESOLVED: that the report be received.

U16.38 Financial Statements Auditors – Letter of Engagement U16.38

The Chairman informed the Committee that the financial statements auditors had issued a revised letter of engagement, which had been reviewed in line with the Joint Audit Code of Practice (JACOP) and 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 had been received and signed by the Chairman of the Board of Governors.

U16.39 Financial Year-End 2015/16 U16.39

i) Regularity Assurance Review – Final Self-Assessment Questionnaire 2015/16

The Executive Director for Finance and Resources presented the Final Regularity Assurance Self-Assessment Questionnaire 2015/16, which was unchanged from the draft Questionnaire considered at the previous meeting.

RESOLVED: **that the Board of Governors be asked to note that the Audit Committee had considered the Final Regularity Assurance Self-Assessment Questionnaire 2015/16.**

ii) Financial Statements and Regularity Audit - Audit Findings Report 2015/16

The financial statements auditors presented the auditors' findings in relation to the financial year-end 2015/16.

The financial statements auditor informed members that the auditors expected to present an unqualified opinion on the financial statements once they had received the final funding confirmation from the Skills Funding Agency (SFA) and the signed letter of representation from the College. No issues had arisen from the regularity assurance review.

(NFP) NOT FOR PUBLICATION

(NFP)

A discussion took place regarding the audit findings and transition to reporting under FRS 102, which had gone very smoothly.

RESOLVED: **that the Financial Statements and Regularity Assurance Audit Findings Report 2015/16 be recommended to the Board of Governors for approval.**

iii) ILR Funding Audit 2015/16

Members noted that the College had not been selected for an ILR Funding Audit during 2015/16. In response to a query, members were informed that selection for an ILR Funding Audit was either random or risk based.

RESOLVED: that the verbal report be received.

iv) Internal Audit Annual Report 2015/16

The internal auditor presented the Internal Audit Annual Report 2015/16 and outlined its contents. Members were informed that the report was very positive with the highest annual audit opinion given by the internal audit service.

The Chairman commented that the Annual Report reflected the internal audit findings that the Audit Committee had evidenced during the year.

RESOLVED: **that the Audit Committee recommend the Internal Audit Annual Report 2015/16 to the Board of Governors for approval.**

v) Risk Management Annual Report 2015/16

The Executive Director for Finance and Resources presented the risk management annual report for 2015/16.

The Director reminded members that the Audit Committee had received regular risk monitoring reports during the year. The Chairman commented that risk management had been much more focussed in recent years.

RESOLVED: **that the Audit Committee recommend the Risk Management Annual Report 2015/16 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 fraud and irregularity. It was noted that there had been no instances of fraud or suspected fraud during 2015/16.

**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 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 2016) to the Financial Statements 2015/16

The Executive Director for Finance and Resources presented a reconciliation of the July 2016 management accounts to the year-end financial statements 2015/16. The reconciliation detailed five adjustments that the College had made during accounting period 13 and one adjustment where the policy was to not include within the management accounts. There had been no audit adjustments.

**RESOLVED: that the reconciliation of the period 12 management accounts to the financial statements 2015/16 be received and noted**

ix) Members Report and Financial Statements 2015/16

The Executive Director for Finance and Resources presented the Members Report and Financial Statements 2015/16.

Members were informed of the year-end surplus position and the main movements in terms of income and expenditure compared to the previous year. Increases in income reflected the increase in learner numbers and the transfer of Future Skills into the College. It was noted that increased staff cost were mainly due to additional lecturing staff recruited due to increased learner numbers and the catering service being brought in-house.

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Members were pleased to note that the SFA's financial health score for the College was 'outstanding'. The elements used to calculate the score were explained.

**RESOLVED: that the Members Report and Financial Statements 2015/16 be recommended to the Board of Governors for approval and signature by the Chairman and Principal.**

x) Draft Annual Report of Audit Committee to Board of Governors and the Accounting Officer – 2015/16

The Chairman presented a draft Annual Report of the Audit Committee to the Board of Governors and Accounting Officer 2015/16. Members were reminded that in accordance with the JACOP the Annual Report had to be submitted to the SFA with the financial statements.

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

**RESOLVED: that the Annual Report of the Audit Committee to the Board of Governors and Accounting Officer 2015/16 be approved for submission to the Board of Governors, the Accounting Officer and the SFA.**

U16.40 Summary Report – FE Associates

U16.40

The Vice-Principal was invited to join the meeting.

The Vice-Principal presented a summary report outlining the outcome of an external review of Apprenticeships, Business Studies, GCSE and Functional Skills English and Maths, and work experience. The report detailed the actions that would be taken to address areas for improvement. Members noted that the report had been considered, in detail, by the Learners, Quality and Curriculum Committee, which would monitor the implementation of actions moving forward.

A discussion took place regarding the funding condition in relation to English and Maths and the strategies put in place by the College to support learners, together with actions being taken in relation to work experience initiatives. In response to a query, members were informed that the results of GCSE exams taken in November 2016 would be known in January 2017.

Changes to the way in which future external reviews of curriculum provision would be undertaken were explained.

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

Messrs Holden and Uddin left the meeting.

U16.41 Internal Audit Progress Report 2016/17

U16.41

The internal auditor presented a report detailing progress against the Internal Audit Plan 2016/17. Members were reminded that internal audit reviews would commence in January 2017.

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

U16.42 Register of Outstanding Internal Audit Recommendations

U16.42

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 33 outstanding recommendations of which 11 had been implemented and 14 were low priority.

**RESOLVED:** that the review of outstanding internal audit recommendations be received and noted.

U16.43 Progress on Implementation of Action Points arising from Sub-Contracting Controls Report

U16.43

The Executive Director for Finance and Resources asked that this report be deferred to the next meeting of the Committee. This was agreed.

**RESOLVED:** that the Progress Report on Implementation of Action Points arising from Sub-Contracting Controls Report be deferred to the next meeting of the Audit Committee.

U16.44	<u>Risk Management Report</u>	U16.44
	<p>The Executive Director for Finance and Resources presented the Risk Management Report. Members noted that a risk relating to sub-contracting arrangements had been added to the risk register. Members agreed that an additional risk relating the pension liabilities should also be added to the register.</p> <p>RESOLVED:</p> <p>a) that the risk register be amended to include a risk relating to pension liabilities.</p> <p>b) that the report be received.</p>	
U16.45	<u>Any Other Business</u>	U16.45
	<p>There were no items of other business.</p> <p>The auditors left the meeting.</p>	
U16.46	NOT FOR PUBLICATION (NFP)	U16.46 (NFP)
U16.47	NOT FOR PUBLICATION (NFP)	U16.47 (NFP)
U16.48	NOT FOR PUBLICATION (NFP)	U16.48 (NFP)
U16.49	<u>Determination of Confidential Items</u>	U16.49
	<p>The Audit Committee agreed that discussions relating to parts of agenda items 10 (ii), 10 (ix) and agenda items 17, 18 and 19 should be should be minuted confidentially.</p> <p>RESOLVED: that discussions relating to agenda items 10 (ii), 10 (ix) in part and agenda items 17, 18 and 19 be minuted confidentially.</p>	
U16.50	<u>Date of Next Meeting</u>	U16.50
	<p>The next meeting was planned to take place on Tuesday 21st March 2017, commencing at 8.00 a.m., at Central Campus.</p> <p>It was noted that, subject to the Board of Governors approval of minutes numbered U16.48 (a) and (b) above, the meetings planned to take place at 10.00 a.m. and 12.30 p.m. on Tuesday 21st March 2017 would be cancelled.</p> <p>The meeting terminated at 10.03 a.m.</p>	