



Oldham College

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Annual Report of the Audit Committee for 2016/2017

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR 2016/17

Introduction

The Annual Report of the Audit Committee which complies with the requirements of the current Post 16 Audit Code of Practice and the Code of Good Governance for English Colleges, deals with audit activity relevant to the year 1st September 2016 – 31 August 2017 and reviews the work of the Audit Committee in relation to this period.

Membership

Jonathan Edwards, Chair
Graham Bradbury
Anthony France, Vice Chair
Des Herlihy (from 20 June 2017)
Leanne Holmes

The Clerk to the Corporation acted as Clerk to the Committee. In addition the Deputy Principal, Director of Finance and representatives of the internal and external auditors and other members of staff were invited to attend as and when required.

Attendance

Audit	13/12/16	7/2/16	20/6/17	Attendance		
				Attended	Possible	%
J Edwards	Y	Y	Y	3	3	100
G Bradbury	Y	Y	A	2	3	67
A France	Y	Y	Y	3	3	100
D Herlihy			Y	1	1	100
L Holmes	A	A	A	0	3	0
Totals	3	3	3	9	13	69

It should be noted that the overall average attendance was 69%. This is below the target set by the Corporation for all committees. One member (LH) has since withdrawn from the Corporation due to work commitments that take her out of the country on a regular basis and therefore could not commit to the role. A new member, DH, joined the committee in June 2017 and will add value to the current skills and attributes of the committee.

My thanks go to members of the Committee for their time and support during the 12 month period covering the report.

Terms of Reference

The Committee reviewed its Terms of Reference at the first meeting of the year to ensure it carries out its duties as per the requirements of Post 16 Audit Code of Practice. See Appendix 1.

Schedule of Work

The work programme of the committee shows how it fulfils its remit. See Appendix 2.

Appointment of Auditors

Grant Thornton UK LLP were reappointed as the external audit provider for 2016/17.

RSM LLP UK were reappointed to provide the internal audit service for 2016/17.

Internal Audit Service

The Board, on an annual basis approve the Internal Audit Plan.

RSM successfully delivered the Audit Plan in 2016/17 and regularly reported back to the Audit Committee on progress. The reviews provided a balance of both assurance and value added reviews which provided assurance on data quality, financial matters and significant risks.

The reviews that focussed on data quality included;

- Higher Education Strategy and Compliance – received Substantial Assurance
- Framework for Student Loans and Bursaries – received Reasonable Assurance
- Apprenticeship Learner Records Compliance – received Substantial Assurance

The Internal Auditors produced a 2016/17 Annual Report to be presented to the Audit Committee on 30 November 2017 which outlined each of the four reviews completed (including those referred to above), one Advisory Review and a Follow-Up Review. They made one high risk recommendation, five medium risk recommendations, 15 low risk recommendations and 17 advisory actions.

The Internal Audit Annual Report overall opinion for 2016/17 is:-

The organisation has an adequate and effective framework for risk management, governance and internal control.

However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

External Assurance

ICCA carried out an external audit to provide assurance on the systems and controls in place during 2016/17 for managing sub contracted delivery. Nine areas were tested of which one requirement was not applicable, six requirements were fully compliant and two were partially compliant.

Financial Statements to 31 July 2017

The meeting of 12 December 2017 will review the draft financial statements for the year ended 31 July 2017 and the Audit Findings Report by Grant Thornton. No significant issues have been raised on accounting systems and controls by the external auditors.

Regularity Audit

Grant Thornton anticipated an unqualified regularity audit opinion within the financial statements.

Risk Management

The Audit Committee has received regular updates on Risk Management during the year and has had an opportunity to comment on and influence the Risk Register. An improved graduated risk scoring mechanism was adopted and the Risk Management Policy was revised and approved by the Corporation.

Committee Self Assessment

On an annual basis the Audit Committee undertake a Self-Assessment of its performance. In 2016/17 this resulted in a number of changes to improve the effectiveness of the Committee:-

- Increase the membership from five to six members, ensuring that members have the relevant skills to improve its effectiveness
- The terms of reference to be amended to reflect the requirement for the details of the use of consultants to be reported to the committee.

Other Audit Committee Work

The Audit Committee at each of its meetings receives a presentation on a risk area associated with a College area or activity and what actions have taken place to mitigate risk. Presentations for 2016/17 included:-

- Risk Management and Risk Assurance
- Apprenticeship Levy and Potential Impact on the College Finances
- College Insolvency Regime – Governor’s Liability

An additional meeting of the Audit Committee was convened in September 2016 that considered the strategic risks of the organisation. Members of the Corporation were invited to the meeting and reviewed and agreed the risk management framework and reporting process.

Conclusion

The Audit Committee can confirm that it has carried out its work in accordance with the Terms of Reference. It has been able to assess the information provided at its meeting including independent input from the internal auditors and external auditors.

The Committee wishes to record its thanks to the internal and external auditors for their professional approach in the way they have carried out their duties.

The Committee wishes to record its appreciation of the positive way in which the Principal and the team have accepted audit recommendations and adapted to the challenges facing the College and compliments them on the number of good practices mentioned in the reports reviewed.

The meeting of 12 December 2017 will review the draft financial statements for the year ended 31 July 2017 and the Audit Findings Report by Grant Thornton.

Regularity Audit

Grant Thornton anticipated an unqualified/unmodified regularity audit opinion within the financial statements.

Chair of Audit Committee