

OLDHAM COLLEGE

AUDIT COMMITTEE

Minutes of the Meeting held on 4 December 2019 at 12 noon

Present:	Katrina Hann Anthony France Laura Smart	Associate Member (Chair) Governor Governor
Officers:	Janet Frost Allan Tyrer Debra Woodruff Rebecca Johnson Patrick Clarke Daniel Watson Charlene Lancaster	Clerk to the Corporation Finance Director Vice Principal Asst. Director of Finance ICCA Mazars Mazars
Apologies:	Lorna Unwin	Governor

8/19 Election of Chair and Vice Chair 2019/20

The Clerk reported that as this was the first Audit meeting of the new academic year and members were required to elect a Chair and Vice Chair of the committee for 2019/20.

The Clerk invited nominations for Chair and Katrina Hann was proposed by Anthony France and seconded by Laura Smart.

There being no other nominations it was **RESOLVED** that Katrina Hann be elected as Chair for the academic year 2019/20.

Katrina Hann took the Chair

9/19 Election of Vice Chair

The Chair asked for nominations for Vice Chair for 2019/20 and Anthony France was proposed by Laura Smart and this was seconded by Katrina Hann.

There being no other nominations it was **RESOLVED** that Anthony France be elected as Vice Chair for the academic year 2019/20.

10/19 Apologies

Apologies for absence had been received and were accepted from Lorna Unwin.

11/19 Meeting of Auditors with Members only (No officers)

The Clerk advised that this item gave the opportunity for members to speak to Auditors with no management present. Members agreed that they had no matters to discuss with the Auditors. It was **RESOLVED** that the members did not currently require a meeting with Auditors without management present.

12/19 Declaration of Conflicts of Interest

None declared.

13/19 Permission for Officers of the Organisation to be Present

It was **RESOLVED** that officers present should remain in the meeting.

14/19 Minutes of the previous meeting held 18 June 2019

The minutes of the meeting held 18 June 2019 had been previously circulated to members for

consideration.

It was **RESOLVED** that the minutes of the meeting be approved and signed by the Chair as a correct record of the meeting.

Minutes of the Special meeting of the Audit Committee held 24 September 2019

The minutes of the Special meeting of the Audit Committee held 24 September 2019 had been previously circulated to members for consideration.

It was **RESOLVED** that the minutes of the meeting be approved and signed by the Chair as a correct record of the meeting.

15/19 Matters arising from minutes of the previous meeting

There were no matters arising.

16/19 Notification of Items of Any Other Business

There were no Items of AOB reported.

17/19 Rolling Action List Update

(i) 18 June 2019 Min 42/18(a) - Risk Management Register

- (i) A detailed report be presented at the next meeting on the medium and long term viability of the college,
- (ii) AT to arrange to meet with governors to provide further clarity on the financial position and budget projections
- (iii) the Student Operations Risk Register document reported the inherent risk score and net risk score the same and therefore required reviewing to ensure the correct information was recorded.

It was **RESOLVED** that actions (i), (ii) and (iii) would each be complete following reports at the current meeting.

(ii) 18 June 2019 Min 47/18 - Internal Audit Plan

The Internal Audit Plan be recommended for approval to the Corporation at its July 2019 meeting.

It was **RESOLVED** that this action was complete.

(iii) 18 June 2019 Min 50/18 - Risk Management Register

The Departmental Risk Register Reports be presented to the September 2018 Audit meeting

It was **RESOLVED** that this action was complete.

(iv) 18 June 2019 Min 53/18 - Financial Regulations

The Financial Regulations be recommended to the Corporation at its July 2019 meeting.

It was **RESOLVED** that this action was complete.

18/19 Presentation: The Role of the Audit Committee (Item 10)

At the request of newly appointed members to the committee the external auditors gave a presentation on the role of the Audit Committee. The presentation included:-

- The committees responsibilities and its primary purpose which is to provide oversight of the financial reporting process, the audit process, the college's system of internal controls and compliance with laws and regulations
- The Audit Committees responsibility in relation to internal audit
- The Audit Committees responsibility in relation to risk management
- Noted the characteristics of an Audit Committee.

The external auditor concluded that in terms of practice, members of audit committees do find meetings without officers present a useful exercise and asked this to be considered going forward.

The Chair thanked DW for his informative presentation.

19/19 Risk Management Presentation: Understanding the Medium and Long Term Viability of the College (Item 11)

The Finance Director provided a presentation to members which focussed on the medium and long term risks for the organisation. The Finance Director explained the tools used to identify risks and the mitigating factors that are considered to manage each risk.

A discussion took place and the following observations were made:-

- Government policy may change and the college has to adapt to these changes which could impact negatively on finances
- Technology is an area that the college must invest and this comes at a high cost
- Staff – the college must be competitive to retain and attract quality staff
- Must ensure the college is compliant as there are implications on clawback and reputation
- Estates – current investment is taking place however investment will be needed post 2021 in the Grange, Futsal, G Block and JT Hilton.

The Chair thanked AT for his presentation.

20/19 Programme of Presentations of Individual Risks 2019/20 (Item 12)

The Clerk informed members that at each meeting of the Audit Committee a presentation detailing the risks associated with a College area or activity and how those were mitigated would be delivered to members by a staff member or senior manager from the area/activity. This would form part of the training activity for Governors but be specifically directed at audit members.

Members considered the topics delivered in 2018/19 and agreed that in 2019/20 the following topics would be considered:-

- GDPR – March meeting
- Estates and Technology – June meeting

It was **RESOLVED** that members noted the topics and agreed the Finance Director arrange the presenter for each of the presentations.

21/19 Internal Audit Report 2018/19 (Item 13)

The Internal Audit Annual Report for 2018/19 had been prepared by internal auditors ICCA, and had been previously circulated to members for consideration.

Patrick Clarke of ICCA reported they had provided the Internal Audit Service to the College for the year ended 31st July 2019 and that the work had been carried out in accordance with the Annual Internal Audit Plan, approved by the Governing Body and was designed so that the Auditors are able to make a statement on the adequacy and effectiveness of the College's risk management, control and governance processes.

It was reported that there had been six audit assignment reviews, one follow-up report and one advisory review. The advisory review had looked at the Support Cost Benchmarking and did not give rise to any recommendations.

A member asked for further information relating to the ESFA Funding Audit and the recommendations from the report and PC provided clarity on the detail advising that a further audit was planned for January with the outcome being presented to the Audit Committee in the Spring 2020.

It was **RESOLVED** that the Internal Audit Annual Report 2018/19 be recommended to Full Corporation for approval at its December 2019 meeting.

22/19 Internal Audit Assignment Reports (Item 14)

The Internal Audit Assignment Reports had been prepared by ICCA in accordance with the Audit Plan for 2018/19 and all had been previously circulated to members for consideration. In discussion the following reports were considered:-

22/19.1 ILT Strategy Report (Item 14.1)

The Internal Auditor introduced the report and highlighted the scope of the review which had been to provide management and the Audit Committee with an independent assurance opinion that the College's ILT Strategy is resourced, communicated and consistently applied.

It was reported that the Internal Audit opinion was that the Board could take 'reasonable assurance' that the areas of the control environment tested were designed and operating effectively with no significant weaknesses.

Three medium management actions had been agreed in the report.

The Chair concluded that this was a positive report.

It was **RESOLVED** that the report be received as presented

22/19.2 Internal Audit – Follow Up Report (Item 14.2)

The Internal Auditor reported that as part of the approved internal audit periodic plan for 2018/19 they had undertaken a review to follow up progress made by the College to implement previous internal audit recommendations. The auditor informed members that as a result of the work undertaken he could provide management and the Audit Committee with 'Substantial Assurance' that progress with implementing previously agreed internal audit recommendations had been timely and effective.

It was **RESOLVED** that the report be received as presented

23/19 Risk Management Annual Report 2018/19 and Risk Management Policy (Item 15 & 15.1)

The Finance Director had previously circulated the Risk Management Annual Report and updated Risk Management Policy. The Annual Report summarised the activities of the College and the Committee to give assurance on the effectiveness of the College's Risk Management procedures and processes in the year ending 31st July 2019. He reminded members that the financial accounts include a "Statement of Corporate Governance and Internal Control" which is signed by the Chair of the Corporation and the Principal, as accounting officer, confirming that the Board had fulfilled its remit in these areas.

Members considered that Risk Management Policy and noted the changes as highlighted.

It was **RESOLVED** that:-

- (i) members recommended approval of the Risk Management Annual Report to the Full Corporation
- (ii) Recommended approval of the Risk management Policy to the Corporation.

24/19 Risk Management Register (Item 15.2)

A report detailing the updated Risk Register had been prepared by the Finance Director and previously circulated for consideration.

The Finance Director introduced the report, advising the Committee that the key operational risks had been updated and the mitigated scores adjusted to reflect the current position.

Members considered the report and acknowledged that the Finance Director would further update the document and present to the next meeting.

It was **RESOLVED** that the Risk Management Register as at December 2019 be accepted and endorsed the progress on the Colleges approach to Risk Management.

25/19 Draft Financial Statements 2018/19 (Item 16)

A report detailing the draft Financial Statements for year ended 31 July 2019 had been prepared by the Finance Director and previously circulated to members for consideration.

The Finance Director provided a detailed review of the accounts advising that the accounts reported full compliance with the loan covenant obligations and were in accordance with in year reporting to the Resources Committee and Corporation.

In discussion members were advised that Adult Bursary will now be reported as a college cost and an explanation was provided for this.

Members considered:-

- the reported Principle Risks and Uncertainties and confirmed their agreement to these
- the valuation of the teacher's pension scheme and the impact on the accounts
- noted the financial results for 2018/19 and the financial health grade
- noted the statements of comprehensive income and expenditure and statement of changes in reserves

The Finance Director concluded that the work of the Finance Team had been exemplar and thanked the staff.

It was **RESOLVED** that it be a recommendation to the Corporation that the Financial Statements for the year ended 31 July 2019 be approved once the final document is received.

It was agreed that Item 18 would be taken as the next report ahead of Item 17.

26/19 Audit Completion Report (Item 18)

A report detailing the Audit Findings had been prepared by the External Auditor, Mazars, and had been previously circulated to members for consideration. .

The report was presented by Charlene Lancaster for Mazars. CL advised members that the purpose of the report was to highlight the key issues affecting the results of the College and the preparation of the College's financial statements for the year ended 31 July 2019 and also used to report to management in order to meet the mandatory requirements of International Standard on Auditing.

CL reported that at the time of drafting the report there were a number of matters outstanding and she referred members to these matters in her report. She advised that subject to the satisfactory conclusion of the remaining audit work, Mazars anticipated issuing an unqualified opinion, without modification.

In discussion the following areas were highlighted:-

- (i) There had been no significant findings or adjustments made to the accounts
- (ii) The findings deemed management's assessment of going concern to be appropriate
- (iii) The assumptions, with the exception of the salary increase assumption, were in line with Mazar's Actuarial Team's range of expectations
- (iv) Noted the testing had not identified any material errors or inconsistencies in relation to depreciation
- (v) Reported that three internal control improvements had been identified during the audit and actions had been put in place to rectify these

The Chair thanked both the auditors and the financial team for its work.

It was **RESOLVED** that :-

- (i) the Draft Audit Findings Report and Management Letter be received as detailed and the content of the report be noted by members
- (ii) that the final report be presented to the Full Corporation at its December meeting.

27/19 Capital Due Diligence Report (Item 17)

The Finance Director reported that RSM Corporate Finance LLP had been asked to carry out confirmatory due diligence on the business plan presented to GMCA in relation to the new construction skills centre. A copy of the final report was presented to members of the Audit Committee for information.

The Finance Director advised that the report had been accepted by GMCA and the contract approved.

A governor commented that the report provides the assurance that the scheme is affordable. It was **RESOLVED** that the Committee received the report.

28/19 Audit Rolling Recommendation Tracking Tool (Item 19)

A report detailing a copy of the Audit Rolling Recommendation Tracking Tool had been prepared by the Assistant Director of Finance and previously circulated to members for consideration. The Assistant Director reported that the tracking system had been developed based on the RAG rated system of reporting and included all recommendations taken from the Internal Audit assignment reports that required implementation by the College.

The Finance Director provided an update on each action that remained RED on the report. It was **RESOLVED** that members noted the report and progress achieved.

29/19 Audit Committee Annual Report 2018/19 (Item 20)

The Clerk reported that in accordance with the Audit Code of Practice the Audit Committee was required to prepare a report on its work undertaken during the previous year for presentation to the Corporation.

The report had been circulated to members and included as required details of the Terms of Reference and Membership of the Committee; dates of meetings and schedule of attendance of members; information relating to the Internal Audit service and its work and a comment relating to the Regularity Auditors.

Members confirmed that the report reflected the work the Committee had carried out in 2018/19 and it had done so in accordance with its terms of reference.

It was **RESOLVED** that the Annual Report of the Audit Committee for 2018/2019 be recommended to the Corporation for approval.

30/19 Self-Assessment and Effectiveness Questionnaire (Item 21)

A copy of the Self-Assessment and Effectiveness questionnaire had been previously sent to members of the Audit Committee and the Clerk reported the findings. It was agreed that a priority was to strengthen the membership of the Committee with members that have financial and audit expertise.

It was **RESOLVED** that members noted the report as presented.

31/19 Use of Consultants (Item 22)

The Director reported that the use of consultants since the previous meetings as follows:-

- CPD work Tom Sherrington - £6,053
- Marina Gaze College Improvement Partner - £1,883
- Elaine Carter, Strategic Support to Principalship - £5,450
- Linda Frost, Apprenticeship Telemarketing - £4,800
- Mark Southam, ALS Access Assessments - £4,096

It was **RESOLVED** that members noted the report.

32/19 Notification of Whistleblowing Disclosure (Item 23)

A report was presented to members that provided detail and the outcome of a recent whistleblowing disclosure.

It was **RESOLVED** that members noted the report as presented.

33/19 Workplan 2019/20 and Commentary on Changes (Item 24)

A copy of the Workplan for 2019/20 including changes to the reporting sequence for the current meeting was presented to members for consideration. Members noted the amendments.

It was **RESOLVED** that members noted the report.

33/17 Items of Any Other Business

There were no Items of AOB.

34/19 Dates of meeting for 2019/20

3 March 2020

18 June 2020

The meeting finished at 1.45pm

Minutes Approved: **Date:**

Chair

Rolling Action List – Audit Committee

Meeting Date & Item No.	Rolling Action List (Outstanding actions from previous meeting(s) to be carried forward, listed below, and not removed until completed/closed.)	Actionee	Reported as Completed at meeting of
04 12 19 Min 20/19	Presentations: GDPR – March meeting Technology – June meeting	A Tyrer	