



Oldham College

Oldham College

Annual Report of the Audit Committee for 2019/2020

Audit Committee: 19 January 2021

Corporation Meeting: 28 January 2021

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR 2019/20

Introduction

The Annual Report of the Audit Committee which complies with the requirements of the current Post 16 Audit Code of Practice (ACoP) and the Code of Good Governance for English Colleges, deals with audit activity relevant to the year 1 August 2019 – 31 July 2020 and reviews the work of the Audit Committee in relation to this period.

The purpose of the report is to advise on the effectiveness of the College's risk management, control and governance processes.

Membership

Katrina Hann, Governor and Chair of Audit Committee 2019-20

Anthony France, Governor and Vice Chair of Audit Committee 2019-20 (retired June 2020)

Jane Shelton, External Member (appointed June 2020)

Laura Smart, Governor

Lorna Unwin, Governor

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

Audit Service Providers

Providers of Audit Services for the period covered:-

Internal Audit Service – ICCA Education, Training and Skills Ltd

Financial Statements and Regulatory Auditors – Mazars LLP

Attendance

The Audit Committee met on three occasions during the year and an Audit Strategy meeting took place in September 2019 with an invitation to all Corporation members to attend.

Audit	4/12/19	3/03/20	18/06/20	Attendance		
				Attended	Possible	%
K Hann	Y	Y	Y	3	3	100
A France	Y	Y		2	2	100
J Shelton			Y	1	1	100
L Smart	Y	Y	Y	3	3	100
L Unwin	A	Y	Y	2	3	67
Totals	3	4	4	11	12	92%

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 remit and responsibilities of the Committee for 2019/20 are set out in its Terms of Reference (Appendix 1).

The Committee review its Terms of Reference annually to ensure it carries out its duties as per the requirements of Post 16 Audit Code of Practice and the College's respective Financial Memorandum.

Schedule of Work

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

Appointment of Auditors

Mazars LLP were appointed as the external audit provider for 2018/19. Mazars were appointed on a three year contract with 2019/20 being the second year of operation.

The College's internal audit service throughout the year was ICCA Education, Training and Skills Ltd and were appointed for a period of three years, starting from 1 August 2017. This contract is now in its third year of operation.

Internal Audit Service

The Board, on an annual basis approve the Internal Audit Plan. The work undertaken during 2019/20 was in accordance with the letter of engagement and Annual Internal Audit Plan.

Internal Audits Undertaken in 2019/20 and Internal Audit Opinion

The objective of the internal audit service is to give the Committee a formal opinion as to the adequacy of the internal controls, for the systems audited during the period of audit. This opinion will support the Committee in giving its opinion to the Board, upon which the Board may base its judgement as to whether it is carrying out its statutory duties.

ICCA successfully delivered the Audit Plan and regularly reported back to the Audit Committee on progress. They produced a 2019/20 Annual Report which was presented to the Audit Committee on 10 December 2020. The Internal Audit Annual Report outlines that ICCA completed eight internal audits during the year. The audits covered a range of systems, business areas and systems of internal control. As a result of this work five 'substantial assurance' opinions and three 'reasonable assurance' opinions were issued. No 'limited assurance' opinions were issued, although one 'high priority' recommendation was raised within the 'Student Journey – Retention and Intervention Audit' report.

The areas of review included:-

Internal Audit Opinions and Recommendations 2019/20				
	Audit Title	Design	Application / Compliance	Overall Assurance
1.	Student Journey – Retention and Intervention	Good	Adequate	Reasonable
2.	Strategic Planning	Good	Good	Substantial
3.	ALS and High Needs Students	Good	Good	Substantial
4.	HR, Training and Succession Planning	Adequate	Good	Reasonable
5.	IT Data Security, Infrastructure and Disaster Recovery	Adequate	Good	Substantial
6.	Capital Project Management	Good	Good	Substantial
7.	Risk Management	Adequate	Good	Substantial
8.	ESFA Mock Funding Audit	Good	Adequate	Reasonable
9.	Follow-up of Previous Internal Audit Recommendations	N/A	N/A	Substantial

COVID-19: There were no delays to internal audit or other governance procedures due to Covid-19.

There were no advisory reviews carried out during the year

The Internal Audit Annual Report overall opinion is:

*“Based on the work undertaken during the year, and the implementation by management of previous internal audit recommendations, we can provide the Audit Committee and Corporation with **Reasonable Assurance** that Oldham College’s governance, risk management, and systems of internal control were operating adequately and effectively, and that there were no instances where any breakdown of control resulted in a material discrepancy.*

In our opinion, the College has adequate and effective governance, risk management, and systems of internal control in place to manage the achievement of its objectives and securing economy, efficiency and effectiveness.

No significant control issues were identified in 2019/20 as a result of our work undertaken.”

The internal auditors based their opinions for these areas as follows:

Corporate Governance:

Based solely on the audits completed by ICCA in 2019/20, no significant governance issues were identified.

Risk Management:

Based on the internal audit service risk-based audit coverage during the year the findings indicate that the College’s risk management framework has continued to operate adequately and effectively.

The following risks identified on the College risk register for 2019/20 formed part of ICCA’s risk-based audit coverage during the year.

- Risk A – Income targets not achieved, especially HE, Apps and Adult FE;
- Risk E – Insufficient progress - to maintain OfSTED Good, to ensure OfS continued registration, TEF status and QAA assurance
- Risk F – Failure to improve the quality of teaching and learning consistently across the College;
- Risk G – Student recruit and retention targets not met, especially 16-18 and Adult FE, Apprenticeships and HE
- Risk H – Failure to achieve improved success rates, particularly Maths, English, underperforming SSAs timely success in Apprenticeships;
- Risk I – Failure to provide an enriched student experience through safeguarding, PDBW and enrichment;
- Risk K – Negative impact on staff morale of uncertainty and change
- Risk L – Failure to recruit, retain and properly reward the right staff
- Risk M – Failure to provide and maintain appropriate facilities and resources to protect and enhance the student experience;
- Risk N – Failure to manage impact of proposed capital works (especially skills capital bid project) on finances and the student experience;
- Risk O – Impact of GDPR and compliance therewith;
- Risk P – Failure to ensure Governance arrangements provide sufficient challenge and assurance; and
- Risk Q – Failure to ensure resilience of and protect IT systems from cyber attacks and other potential hazards.

Financial Statements to 31 July 2020

The meeting of the Corporation on 28th January 2021 will review the draft financial statements for the year ended 31 July 2020 and the Audit Findings Report by Mazars. No significant issues have been raised on accounting systems and controls by the external auditors.

Regularity Audit

Mazars anticipated an unqualified opinion, without modification 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.

Fraud, Bribery and Whistleblowing

The College has policies and procedures in place which relate to areas of fraud, bribery and Whistleblowing. The processes are, in the opinion of College management, suitably designed and appropriate to the College's needs. The relevant documents are available on the College's website.

During the year there were no whistleblowing disclosures.

Committee Self Assessment

On an annual basis the Audit Committee undertake a Self-Assessment of its performance. In 2019/20 this resulted in a number of actions to improve the effectiveness of the Committee:-

- To continue to seek suitably qualified members to be appointed to the two vacant positions on the Committee
- To continue to deliver training to members to enhance their understanding of the sector, the various funding sources and the quality and curriculum complexities.

Other Audit Committee Work

The Audit Committee at each of its meetings receive a presentation on a risk area associated with a College area or activity and what actions have taken place to mitigate risk. Presentations for 2019/20 included:-

- Understanding the medium and long term viability of the College
- GDPR
- Technology Plans for 2020/21

Mazars delivered presentations to the committee to further improve members understanding and roles:-

- The Role of the Audit Committee
- Audit Progress Report – Update on delivering the responsibilities of the External Auditor

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 meetings 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 Committee's opinion is:

In our opinion The Oldham College has adequate and effective management, control and governance processes in place to manage its achievement of the Colleges objectives.

Laura Smart
Chair of Audit Committee

Date: 19 January 2021

OLDHAM COLLEGE CORPORATION

AUDIT COMMITTEE

TERMS OF REFERENCE

1. CODE OF CONDUCT

All members are required to adhere to the Code of Conduct as set out in the Standing Orders for the Corporation.

2. AUTHORITY OF THE COMMITTEE

The Committee is an advisory body to the Corporation.

3. DUTIES OF THE COMMITTEE

The Committee shall ensure that the internal control systems, including audit activities, of the Corporation and any of its subsidiaries is monitored actively, independently and objectively in order to:-

- Improve the effectiveness of the College's internal control.
- Reinforce the independence and effectiveness of the internal audit function.
- Provide a sounding board for the College management on issues of concern in connection with the College's internal control systems.
- Advise on the reliability of the College's information systems.
- Monitor and review the objectivity and independence of the external auditors.
- Increase public confidence in the objectivity and fairness of the Corporation's financial reports and in the quality of the College's Corporate Governance.
- Provide a medium of communication from the Corporation's auditors, which is not controlled by College management.

Internal Audit

- To monitor and review the effectiveness of the Internal Audit Services, make recommendations to the Corporation on the appointment, remuneration, re-appointment or dismissal of the internal auditors (IAS), the scope of their work and their other terms of engagement.
- Advise the Corporation and the Accounting Officer (Principal) on the adequacy and effectiveness of the College's internal control systems and its arrangements for risk management, control and governance processes, including controls for securing economy, efficiency and effectiveness (value for money). The report should incorporate any significant matters arising from the work of the IAS and FSR auditors.
- To consider and advise the Corporation on internal audit assignments reports and annual reports on control issues included in the FSRs auditors, management letters and managements responses to those.
- To monitor the effectiveness of the internal audit service.
- To consider and advise the Corporation on the audit needs assessment, and strategic and short term audit plans for the internal audit service.

- To discuss problems and reservations arising from the internal audit reports and any matters which the internal auditors wish to discuss (in the absence of management where necessary).
- To ensure that the internal audit service is adequately resourced and has appropriate standing within the Full Corporation.

External Audit

- To advise the Corporation on the appointment, remuneration, re-appointment or dismissal of the financial statements and regularity auditors (FSR), the scope of their work and their other terms of engagement.
- To consider and advise the corporation on external audit reports and management letters.
- To monitor, annually or more frequently if necessary, the implementation of approved recommendations relating to the external audit reports and management letters.
- To monitor the effectiveness of the external audit service.
- To discuss with the external auditors before the audit commences the nature and scope of the audit.

Risk Management

- To review control and risk management systems.
- To consider an annual risk management report.
- To advise the Corporation of the use of Consultants.

General

- To ensure co-ordination between the internal and external auditors.
- To receive and advise the Corporation on, any relevant reports from the National Audit Office or the Skills Funding Agency and other funding bodies.
- To consider and review the College's Risk Management Strategy and monitor its effective implementation.
- Ensure that all allegations of fraud and irregularity are properly followed up.

4. MEMBERSHIP

The Committee shall comprise six members, excluding members of the Resources Committee, staff governors, the Chair of Corporation and the Principal of Oldham College.

The Clerk to the Corporation shall act as the Clerk to the Committee.

5. QUORUM

The quorum for the meetings shall be three members.

6. APPOINTMENT OF CHAIR AND VICE CHAIR

The Chair and Vice-Chair of the Committee shall be elected by the Committee on an annual basis and at the first meeting in the academic year.

7. FREQUENCY OF MEETINGS

The Committee will meet at least 3 times per year.

8. ATTENDANCE AT MEETINGS

Meetings shall be attended only by the membership and invited designated officers of the College.

The Deputy Principal and the Director of Finance and Governance will attend at every meeting and if requested by the Committee the Principal will attend.

9. COMMITTEE REPORTING

The minutes of each meeting will be prepared and circulated in accordance with Standing Orders for the Corporation and Committees and recorded and reported to the Corporation in a manner deemed appropriate to the Corporation.

10. REVIEW

The Terms of Reference of the Committee shall be reviewed by the Corporation every two years at its last meeting in the academic year.

AUDIT COMMITTEE

WORK PLAN 2019/2020

All meeting agendas will include the following standing items:

1. Minutes of the previous meeting
2. Declarations of conflicts of interest
3. Matters Arising and Rolling Action List
4. Meeting of Auditors with Members only if required (No Officers)
5. Permission for Officers of the Organisation to be Present
6. Risk Management Update and presentation on a College area /activity
7. Audit Rolling Recommendation Tracking Tool
8. Use of Consultants
9. Workplan – Notification / Deviation
10. Any other Business

MEETING 1 - 24 SEPTEMBER 2019	
	Change to reporting sequence
<ul style="list-style-type: none"> ▪ Consideration of the Strategic Risks for the Organisation ▪ Programme of Presentations of Individual Risks 2019/20 	<p style="text-align: center;">Additional Item</p> <ul style="list-style-type: none"> ▪ External Audit Planning Document 2019-20
MEETING 2 – 5 DECEMBER 2019	
<ul style="list-style-type: none"> ▪ Election of Chair and Vice Chair of Committee ▪ Internal Audit Strategy 2019/20 – 2022/23 and Annual Plan 2019/20 ▪ Risk Management Annual report 2018/19 ▪ Internal Audit Assignment Reports ▪ Internal Audit Annual report 2018/19 ▪ Audit Committee Annual Report to Corporation ▪ Risk Management Register and Action Plan 2019/20 ▪ Risk Management Policy ▪ Audit Management Letters 	<p style="text-align: center;">Additional Item</p> <ul style="list-style-type: none"> ▪ Programme of Presentations of Individual Risks 2019/20 ▪ Capital – Due Diligence Report ▪ Notification of Whistleblowing Disclosure

<ul style="list-style-type: none"> ▪ Draft Financial Statements 2018/19 ▪ Audit Findings Document (Key Issues Memorandum) ▪ Self-Assessment and Effectiveness Review 2018/19 	
MEETING 3 – 3 MARCH 2020	
<ul style="list-style-type: none"> ▪ Internal Audit Assignment Reports ▪ Presentation by External Audit Service on a topic related to the work of the Audit Committee 	<p>Additional item:</p> <ul style="list-style-type: none"> ▪ Teachers' Pension Return for year end 31 March 2019
MEETING 4 - 18 JUNE 2020	
<ul style="list-style-type: none"> ▪ External Audit Approach Memorandum and Appointment of Financial Statements Auditors ▪ Monitoring Financial Regulations ▪ Annual report on Audits by other Agencies ▪ Internal Audit Assignment Reports ▪ Internal Audit Follow up Report ▪ Presentation by Internal Auditors on a topic related to the work of the Audit Committee ▪ Topics on Risk Management to be delivered as presentations to the Committee in 2020/21 ▪ Audit TOR (July 2020) – last approved July 2018 	<p>Post 16 Audit Code of Practice 2019 to 2020 – not yet available – report to the next meeting</p>