

# THE SIXTH FORM COLLEGE, SOLIHULL

## Audit Committee

Minutes of a meeting held on Tuesday 1 December 2015 at 4.30pm.

**Present:** Peter Farrow (Chair), Luke Banks

**Clerk:** Janice Hamilton

**Secretary:** Janet Parkes

**In attendance:** Louise Tweedie [Baker Tilly], Nick Simkins (Moore Stephens)  
Clare Sutton [Director of Finance], Danae Ablett [Observer]

Peter Farrow opened the meeting by welcoming Luke Banks (former student at the College), newly appointed cooptee, and Danae Ablett of the National College for Teaching & Leadership Immersion Programme as observer.

**1 Apologies** were received and accepted from Katie Chester and David Munton.

### **2 Declaration of Interests**

The Clerk must be informed of any changes to members' declaration of interest form as and when a change takes place. Governors must declare the nature and extent of any financial and personal interest in any agenda item and must take no part in the consideration of that item or vote on any question with respect to that item, or form part of the quorum. Governors must withdraw where requested to do so by a majority of the members of the Board present at the meeting.

The Chair informed the meeting that the Clerk attends all Board and Committee meetings. If she is requested or required to answer questions or to present a paper in her role as Vice-Principal, a Temporary Clerk will be appointed for that part of the meeting.

*Resolved:* the Clerk will present item 11 on Risk Management in her role as Vice-Principal; and declared an interest in item 9, Independence of the Clerk; Janet Parkes will be Acting Clerk for these items.

Governors noted the College Mission and guidance on presentation of papers.

**3 Minutes of previous meeting** held on 9 September 2015 were agreed and signed.

### **4 Matters arising**

Item 10, External Audit Planning Letter: Nick Simkins had provided an email response to David Munton's query, and members were satisfied with the response.

Item 11.4, Internal Audit Report on Health & Safety: the final version of the document, which had been reworded, is attached at item 12.

Item 14, Whistleblowing Policy & Procedures: the amendment relating to the appeal process had been made and the document was approved by the Board at its meeting on 20 October 2015.

### **5 Regularity Audit 2015**

Peter Farrow had sampled the file of evidence in College on 14 October 2015. He noted that the questionnaire is shorter than in previous years, and asked for

clarification of the purpose of the document. The Clerk said it is a requirement of the Audit Code of Practice, and Nick Simkins said it is used as a base for external audit assessment.

*Resolved:* the Committee recommends to the Board for approval and signature.

## **6 External Audit**

6.1 Draft financial statements for year ending 31 July 2015: confidential and minuted separately.

6.2 Completion report: confidential and minuted separately.

6.3 Letter of representation: the final letter will require signature at the time of signing off the financial statements by the Corporate Board.

6.4 PI questionnaire: high ratings were noted.

Peter Farrow passed on the Committee's thanks for the straightforward external audit process.

*Resolved:* the Committee recommends the financial statements for year ending 31 July 2015 to the Board for approval.

## **7 Staffing Reconciliation: example of an in-house audit**

Clare Sutton presented the staffing reconciliation as an example of an in-house audit designed to ensure effective and efficient use of resources. One of the five Assistant Principal divisions was displayed to show how the MIS timetable information, student records and HR payroll records are all brought together in one single record for analysis by the College Leadership Team. In response to a question from Peter Farrow, Clare Sutton explained that a full check is carried out annually, but payroll checks are carried out monthly. Peter Farrow asked if a similar exercise is carried out for support staff. Clare Sutton said the College benchmarks with Cenbase colleges on support staff in relation to posts and hours. The Clerk confirmed that in-house audits feed into the assurance map.

## **8 Review of Financial Regulations & Procedures**

Clare Sutton said that no substantial changes have been made to controls. Full updated versions of the documents are available in the Governor Folder. It was noted that the Finance & General Purposes Committee had approved the documents.

*Resolved:* the Committee approved the updated Financial Regulations & Procedures.

*Resolved:* that Janet Parkes be Acting Clerk for this item.

## **9 Review of Independence of Clerk 2014/15**

Peter Farrow said that no issues had arisen during the year. Where there are potential conflicts of interest for the Clerk, these are declared at the beginning of the meeting and Janet Parkes acts as clerk in those cases.

*Resolved:* the Committee approved the review of the independence of the Clerk for 2014/15, and its inclusion together with the clerk's job description in the Audit Committee's Annual Report 2014/15.

## 10 Draft Audit Committee's Annual Report 2014/15

The Clerk had received a helpful document from Louise Tweedie on good practice in order to complete the draft report. Section 8 on external audit opinion will now be completed (reference agenda item 6). Peter Farrow queried the membership dates in section 2, and these will be checked prior to submission to the Board.

*Resolved:* subject to checking of section 2 and completion of section 8, the Committee approved the Audit Committee's Annual Report 2014/15.

5.15pm Nick Simkins left the meeting.

*Resolved:* that Janet Parkes be Acting Clerk for this item.

## 11 Risk Management

11.1 Risk Management Annual Report 2014/15: confidential and minuted separately.

*Resolved:* the Committee approved the Risk Management Annual Report 2014/15.

11.2 Risk Management Plan for 2015/16: confidential and minuted separately.

*Resolved:* the Committee approved the Risk Management Plan 2015/16 and the Risk Management Policy 2015/16.

## 12 Internal Audit Reports

12.1 Health & Safety: as previously reported, amendments had been made and the final document received by the Committee.

12.2 Annual internal audit report for year ended 31 July 2015: Louise Tweedie drew attention to page 3, direction of travel of opinions. The remainder of the report highlights the internal audits completed during the year. It was noted that this item should have been discussed prior to the Audit Committee's Annual Report.

12.3 Progress report: dates of internal audits taking place next year were noted. Information had been included on FE area reviews, which are taking place to ensure the sector is financially viable. In response to a question on page 5 from Peter Farrow, Louise Tweedie confirmed that the College had met the requirements of the JACOP in completion of the Audit Committee's Annual Report 2014/15. Louise Tweedie drew attention to page 8, future financial reporting, and Clare Sutton confirmed that she has drafted the impact on the College and sent to Moore Stephens for comment by January 2016.

12.4 Audit Committees: Fulfilling annual reporting requirements: Louise Tweedie confirmed that the College's report is strong as the changes have been recognised.

12.5 The New JACOP: again, the College has recognised the changes.

Luke Banks said he had found the information provided by Louise Tweedie extremely useful. Louise Tweedie explained that in the previous week she had brought Karen Gentles with her to meet Janice Hamilton, to discuss the forthcoming internal audits. As Louise Tweedie has been promoted to director at RSM, Karen Gentles (manager) will be taking on some of her support functions.

### **13 Audit Action Plan**

It was noted that all the outstanding actions will be the subject of the Follow Up audit in January 2016. The external audit recommendation will be added.

### **14 Review of Terms of Reference**

No changes are proposed to the current terms of reference.

*Resolved:* the Committee recommends the terms of reference to the Board for approval.

### **15 Review of Committee Meetings 2014/15**

The Clerk explained, for the benefit of Luke Banks, that the feedback proformas at item 17 feed into this report.

### **16 Determination of Confidential Items**

*Resolved:* that the following items be confidential and minuted separately: items 6.1 and 6.2 External audit; item 11 Risk management.

*Resolved:* that the following documents be confidential: item 5 Regularity audit; item 6, Financial statements whilst in draft, completion report, management letter and PI questionnaire; item 10 draft Audit Committee's annual report; item 12 Internal audit documents; item 13 Audit action plan.

### **17 Review of the Meeting**

The Chair drew attention to the proformas, and invited members to complete the form and hand to Janet Parkes at the end of the meeting. Two out of a possible two forms were returned, both with positive responses. Suggestion for a future agenda item: to receive an update on the cyber risks.

### **18 Date of next meeting: 21 April 2016**

The meeting closed at 5.45pm.

## **Released into public domain 27 March 2017**

### **6 External Audit**

6.2 Completion report: Nick Simkins confirmed a clean audit with a good flow of information, and thanked Clare Sutton and the finance team for the very efficient audit process. He highlighted sections of the report: page 3, no significant balance sheet events have emerged; page 5, conclusions on the audit areas considered; page 6, audit risk responses and conclusions – no areas of concern; page 8, no areas of fraud had arisen, and confirmation of independence; page 9, acceptance of the minor recommendation to retain declaration of interest forms for a period of three years.

### **11 Risk Management**

11.1 Risk Management Annual Report 2014/15: Janice Hamilton confirmed that the changes suggested by the Committee had been incorporated. In response to a question from Peter Farrow, Janice Hamilton said that College Leadership Team on

an annual basis scrutinises the plan at the end of the year and whilst some of the risks are rolled over, new areas are also added. Peter Farrow felt that the College had managed risks very well during the year, whilst noting that external factors are difficult to manage.

- 11.2 Risk Management Plan for 2015/16: Peter Farrow queried the red inherent risk for risk 8, information security, as the issues are not new for the College. Janice Hamilton said that due to existing controls, the residual risk is green. Luke Banks said that this information security section is about reputation. It was agreed that Martin Sullivan as risk owner would attend a future meeting of the Audit Committee. Peter Farrow said the document was comprehensive and a fair reflection of the risks facing the College.