

Minutes of the Audit and Assurance Committee Meeting

held on 13 June 2017

Present Mark Johnson (*Chair*), Geoffrey Elliott, Peter Coley.

In attendance Jacque Carman (*Director of Finance and Corporate Services*)
Paul Foster (*RSM UK Audit*)
Peter Harrison (*TIAA Ltd*)
Jennifer Sunter (*Clerk to the Corporation*)

1 Apologies

Apologies were received from Peter Mitchell and Paul Oxtoby.

2 Declarations of Interest

There were none.

3 Minutes of Meeting held 7 March 2017 and Matters Arising

The minutes of the meeting held 7 March 2017 were approved as a correct record.

Members agreed that the action under the Risk Management Report from the meeting of 23 August 2016 could now be removed, as assurance reporting on Shared Services and Multi Academy Trust arrangements was clearly being embedded in Corporation reporting.

Jacque Carman highlighted the planned audit review of the impact of Shared Services, which will be provided for the Corporations of both Halesowen and King Edward VI Colleges.

Review of Audit and Assurance Committee Terms of Reference under actions from the meeting held 7 March 2017 was addressed under the agenda

4 Internal Audit Reports

Peter Harrison presented the findings of internal audit across the following reports.

4.1 Student Learning and Support

The Assurance of Student – Learning Support Arrangements awarded substantial assurance, with two routine recommendations.

Mark Johnson asked about difficulty consolidating funding claims. Jacquie Carman confirmed that the College had very clear procedures in place. However, dealing with multiple Local Authorities, each with differing systems, was complex.

Peter Coley asked if the College was subject to claw-back in this funding area. Jacquie Carman reported that this was not the case and that the College was applying for additional funding.

4.2 Key Financial Controls

The Assurance review of the Key Financial Controls Arrangements awarded substantial assurance, with no recommendations made. The transition from QL to Open Accounts had taken place in a timely and accurate manner. Sound practice supported by procedures was noted.

4.3 ICT Network Security

The ICT Review of the Network and Infrastructure Security Arrangements awarded substantial assurance, with two routine recommendations.

Geoffrey Elliott asked if Colleges had been affected under recent cyber-attacks affecting the NHS. Jacquie Carman confirmed that Colleges had not been affected, however, there was an overall increase in cyber issues such as cyber fraud.

Jacquie Carman reported that while the College was pleased with the audit outcomes and progress made since the previous year's audit, that constant vigilance was required.

4.4 Human Resources Review

The Assurance Review of the Performance Management Arrangements awarded reasonable assurance, with two important recommendations.

Members noted the management comments and the integration of an approval form for any future settlement agreements.

The Audit and Assurance Committee resolved to accept the TIAA Internal Audit reports; Assurance Review of Student – Learning Support Arrangements, Assurance Review of Key Financial Controls Arrangements, ICT Review of the Network and Infrastructure Security Arrangements, Assurance Review of the Performance Management Arrangements, noting the assurance provided, accepting the recommendations as agreed by management and the management responses provided.

5 Regularity Audit Annual Self-Assessment

Jacquie Carman presented the self-assessment outcomes, which would be provided for external audit as the basis for their regularity audit. The College's response and supporting evidence was comprehensive, with documents having been seen by members and with no issues of concern.

The Audit and Assurance Committee considered the self-assessment of compliance with regularity and propriety requirements, resolved to recommend this to the Corporation and to be signed by the Chair of Corporation and the Accounting Officer of the College prior to submission to the external audit providers, as part of the 2016/2017 regularity audit process.

6 Self-Assessment of Compliance with Financial Memorandum

Jacque Carman explained that in order to ensure compliance, the College had developed a checklist against each aspect with the Financial Memorandum, which was in turn RAG rated. From this exercise there remained one amber rated area regarding the need to inform the ESFA 'if any sanction is received from an awarding body'.

Members noted that the report provided a useful review and evidence in consideration of compliance with funding arrangements.

Action 6a It was agreed that management comments be expanded under the amber rated Condition 14 'to inform the Chief Executive of ESFA if any sanction is received from an awarding body'.

The Audit and Assurance Committee noted the self-assessment and compliance with Financial Memorandum as part of the overall assurance framework, with one amber rating.

7 External Audit

7.1 External Audit /Plan 2017

Paul Foster outlined the Audit Plan addressing financial statements of the College and Halesowen College Enterprises, regularity audit and audit of teacher pension schemes.

Paul Foster also drew attention to audit approach, scope and timetable before highlighting the key areas of audit focus/risk.

Members were assured of the independence of the audit partner and satisfied with RSM's internal controls.

Mark Johnson asked about tax and comparison models. Jacque Carman detailed the use of the Casterbridge model, audit comparison with year on year data to highlight variance and the College's outturn model, which illustrated any areas of variance. Paul Foster emphasised that the work on the College company was undertaken by RSM's team of tax accountants.

The Audit and Assurance Committee resolved to accept the External Audit Plan for year ending 31 July 2017.

8 **Audit and Assurance Plan 2017/2018**

Jacquie Carman explained that an Audit and Assurance Plan for 2017/2018 had been drafted based on identified areas of greatest risk or uncertainty. These were linked to the College risk strategy and would be reviewed following the current process of risk review workshops.

Jacquie Carman elaborated on key issues facing the College including Apprenticeship reform, the Skills Plan, increased competition, partnerships, financial pressures and student needs.

Members noted that staff skills and marketing were two crucial areas for the College moving forward in an increasingly competitive market.

The Audit and Assurance Committee resolved to recommend that the Corporation adopt the proposed Audit and Assurance Plan for 2017/18 subject to review in the Autumn term 2017.

9 **Internal Audit Appointment 2017/2018**

Jacquie Carman reported that the working relationship with TIAA continued to be effective. TIAA were sector knowledgeable, there was good communication and onsite auditors were very thorough.

The Audit and Assurance Committee resolved to recommend to Corporation the re-appointment of TIAA as Internal Audit Service providers for 2017/2018.

10 **Audit Code of Practice 2016/2017**

Members noted that the new Audit Code of Practice 2016/17 reflected the change to one funding agency.

Jacquie Carman reported that a summary of evidence had been provided against the four main areas of assurance listed within the Audit Code of Practice, which contributed to the body of assurance supporting the Corporation signing of the Annual Members' Report and Financial Statements.

The Audit and Assurance Committee received the update on the revised Post 16 Audit Code of Practice for 2016 to 2017 and the summary of evidence against the four key areas of assurance.

11 **Audit and Assurance Committee Terms of Reference**

The Clerk reported that the Audit and Assurance Committee Terms of Reference had been revised to reflect the Audit Code of Practice 2016/2017 and to address revised membership and quorum arrangements.

The Audit and Assurance Committee resolved to recommend to the Corporation that the revised Committee Terms of Reference be adopted.

12 Any Other Business

There was none.

13 Date of Next Meeting

The first meeting of the 2017/2018 calendar was scheduled for 6pm on Tuesday 22 August 2017.

The meeting closed at 6.50pm

Actions from Meetings		
Audit and Assurance Committee Meeting 13 June 2017		
6	Self-Assessment of Compliance for the Financial Memorandum It was agreed that management comments be expanded under the amber rated Condition 14, 'to inform the Chief Executive of ESFA if any sanction is received from an awarding body'.	JCa June 2017