

**Minutes of a Meeting of the Audit Committee
Wednesday 29 November 2017**

- Present** Ms L Graves (Chair)
Mrs C Ajit Singh
- Also present** Mr J Allen (Clerk)
Ms T Aust (Principal)
Mr M Cooper (Executive Director Funding & Finance)
Mr M Patel (Financial Accountant)
Mr S Rahman (MacIntyre Hudson)
Ms S Blakemore (Buzzacott)

The meeting commenced at 1800.

WELCOME, APOLOGIES, & DECLARATIONS OF INTEREST

1. Apologies were received from Ms M Izquierdo. There were no declared interests against any of the agenda items. It was confirmed the meeting was quorate.
2. The Clerk updated the Committee on governor interviews conducted that day, and the plans in place to appoint a non-governor co-opted member to the Audit Committee. It is hoped to increase the membership of the Audit Committee.

MINUTES

3. It was **RESOLVED** that the minutes of the meeting held, 14 June 2017, (Paper 1) be confirmed as a correct record and signed by the Chair, subject to the amendment to confirm the audit opinion on the audit of budget setting and control being recorded as 'substantial assurance'.

SUMMARY ACTION LIST & MATTERS ARISING

4. The '*Summary Action List*' (Paper 2) was received. It was confirmed the two action points had been completed.

INTERNAL AUDIT REPORTS

(i) Mock ESFA Funding Audit

5. The mock ESFA audit was conducted by RSM and involved the reviewing of a sample of 110 learner files and testing against 2016/17 funding rules. The audit identified 5 'Medium'; and 5 'Low' issues requiring management actions. However, due to the recent Ofsted inspection, time was not available to complete management responses. It was confirmed that management responses would be agreed with RSM next week and will be recorded in the next version of the 'Outstanding Audit Recommendations' report.
6. The report confirmed a number of exceptions had been identified where the College was not compliant with funding rules, but these have not resulted in any significant errors in the funding being claimed.

It was **RESOLVED** to note the report,

(ii) Internal Audit Reports Visit 02 May 2017

7. Two audit areas were reported on; Budget setting and control and commercial income and diversification.

8. For Budget setting and control, a substantial audit opinion was confirmed. There were 3 'Low' priority issues arising from the audit requiring management responses.

9. For commercial income and diversification, the College is in the early stages of pursuing commercial opportunities and given no commercial strategy has yet been put in place, the auditors were unable to provide assurance in this area.

10. It was **RESOLVED** to note the report.

(iii) Internal Audit Annual Report 2016-17

11. The Annual Internal Audit Report confirmed the areas subject to audit were in accordance with the agreed audit plan for 2016/17.

12. The Internal Audit Service (IAS) reviewed and evaluated the College's processes in a number of business areas. From these examinations, the IAS concluded that the College has adequate policies, procedures and operations in place to:

- establish and monitor the achievement of the College objectives;
- identify, assess and manage the risks to achieving the College's objectives;
- advise on, formulate and evaluate policy within the responsibilities of the Principal as accounting officer;
- ensure economical and efficient use of resources;
- ensure compliance with the College's policies, procedures, laws and regulations;
- safeguard the College's assets and interest from losses of all areas, including those from fraud, irregularity and corruption;
- ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

13. The opinion of the IAS is that West Thames College has adequate and effective management, control and governance processes to manage achievement of the College's objectives.

14. The Committee welcomed the positive opinion expressed within the report and it was **RESOLVED** that the '*Internal Audit Annual Report 2016/17*' be included within the Annual Report from the Audit Committee, and be recommended for the approval by the Corporation at its meeting of 13 December 2017.

(iii) Internal Audit Strategy & Plan 2017-18

15. The Committee received, for review and approval, the proposed '*Internal Audit Strategy & Plan 2017-18*'. The focus of the two planned visits would be on financial viability focusing on:

- Health & Safety
- Attendance Systems and Monitoring
- Data Reporting System for Performance Monitoring
- Course Viability & Resource Utilisation
- Key Financial Control - Bank & Cash
- Key Financial Control - Suppliers & Purchasing

16. It was **RESOLVED** to approve the '*Internal Audit Strategy & Plan 2017-18*' as proposed, but for changes to be made, if required, following receipt and review of the Ofsted inspection report.

OUTSTANDING AUDIT RECOMMENDATIONS

17. The report on progress made in the implementation of outstanding audit recommendations was received. The report provided a progress update on the outstanding recommendations from June, and recommendations arising from the mock ESFA funding audit.

18. Of the 23 recommendations, 10 have been fully implemented; 2 are in progress; and 11 are not yet due.

19. There were no issues of concern reported to the Audit Committee on the implementation of outstanding audit recommendations.

20. It was **RESOLVED** to note the report.

FINANCIAL STATEMENT & REGULARITY AUDIT POST AUDIT MANAGEMENT LETTERS & FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2017

21. Under this agenda item, the Committee received the following reports:

- Financial Statements 2016/17
- Post Audit Management Letter
- Letter of Representation
- Completed regularity self-assessment document for information only

22. As required by the Audit Code of Practice, a copy of the College's draft '*Financial Statement and Annual Report 2016/17*' was made available. Whilst the Audit Committee has sight of the full financial statements for reference, the main purpose of the Audit Committee is to review the Statement of Corporate and Internal Control, and Statement of Responsibilities of the Members of the Corporation as well as reviewing and recommending, for Corporation approval, the '*Post Audit Management Letter*'. The Finance Committee reviewed the financial details in the accounts and there were no issues arising from this review, that had been conducted by the Finance Committee on 22 November 2017.

23. Financial Statement Auditors (FSAs) are required to issue two audit opinions:

- An opinion on the financial statements
- An opinion on the regularity of financial transactions

24. The financial statements opinion is addressed to the College. The regularity opinion is addressed to the College and the Education Skills Funding Agency (ESFA).

25. The financial statement auditor has issued an unqualified report on the 2015/16 accounts.

26. The Audit Findings Report raised no internal control issue relating to regularity audit. An unqualified regularity audit opinion was confirmed for 2016/17

27. Both audit opinions are confirmed in the Financial Statements and Annual report for the year-ended 31 July 2017.

28. It was **RESOLVED** that the '*Post Audit Management Letter*' and '*Letter of Representation*' be included within the Annual Report from the Audit Committee and be recommended, for the approval by the Corporation, at its meeting of 13 December 2017.

CONFIDENTIAL SESSION

29. Prior to considering its Annual Report to the Corporation, the Committee has the right to go into confidential session without college management being present, should the Committee or the Auditors deem it to be necessary. It was confirmed that there was no need to go into a confidential session.

ANNUAL REPORT 2016/17 FROM THE AUDIT COMMITTEE

30. The '*Annual Report 2016/17 from the Audit Committee*' was received. There is a requirement in the Joint Audit Code of Practice stating that the annual report of the audit committee is to be written for both the governing body and the Principal, as the accounting officer of the College. The annual report should be used as a summary document explaining the work of the Committee during the course of the year.

31. The Annual Report must offer an opinion from the Audit Committee to both the Corporation and Principal. The Audit Committee agreed the following opinion:

The Audit Committee, through review of auditors' reports and discussion with auditors and college managers, has arrived at the opinion that West Thames College has adequate and effective assurance frameworks, framework of governance, risk management and control processes for the effective use of resources, solvency of the institution and the safeguarding of its assets.

The Committee is satisfied with the financial reporting of West Thames College and the performance of the internal and financial statement & regularity auditors.

The Audit Committee considers that the Corporation's responsibilities have been satisfactorily discharged and recommends this report to the Corporation.

32. It was **RESOLVED**

- (i) That the Committee approves the '*Annual Audit Report 2016/17 from the Audit Committee*'; and
- (ii) That the '*Annual Audit Report 2016/17 from the Audit Committee*' be made available to the Principal and Corporation at its meeting on 13 December 2017.

RISK MANAGEMENT

33. The Committee received for review all 'Red' and 'Amber' risks in the Strategic Risk Register. It was noted that none of the high risks fall within the terms of reference of the Audit Committee.

34. The Clerk confirmed that the Finance Committee and Quality Committee, at their respective meetings this term, conducted a review of the high risks that fall within their terms of reference. Both Committees were satisfied with the robustness of the proposed mitigation actions to reduce the risk and of the sources of 'independent assurances'.

35. It was confirmed the following changes to the Register have been made since the last committee meeting:

- Increased score for risk #14 concerning attendance targets.
- Increased score for risk #20 due to considerable under-recruitment of 16-19s and HE students.
- Reduced score for risk #38 as the financial impact associated with any shortfall of income from TU Education courses will not exceed £100k.
- Increased score for risk #45 concerning English and maths achievement rates.

36. It was **AGREED** for the Risk Register to be subject to further review, to take into account the judgments made in the Ofsted Inspection report, once the report has been published.

37. It was **RESOLVED** to note the report.

(The Auditors left the meeting at this point).

ANNUAL REVIEW OF AUDITORS' PERFORMANCE

38. The '*Annual Review of Auditors' Performance Report*' was received. The Audit Committee is required to assess annually the performance of the internal audit service against agreed performance indicators. It was agreed to use the agreed performance indicators as an aide memoir to guide discussions.

39. It was **RESOLVED** to approve the annual review of the performance of the internal audit service.

40. It was **RESOLVED** to approve the annual review of the performance of the external audit service.

ANY OTHER BUSINESS

41. There was no other business.

FAREWELL

42. As this is to be the last meeting attended by the Chair of the Committee, the Chair thanked the Committee for their oversight and work during her period of being the Chair and, in return, the Committee thanked Linda for her excellent chairing.

DATE OF NEXT MEETING

43. Wednesday 07 March 2018 @ 6pm.

The meeting closed at 19.30

Signed: _____ Date: _____

(Chair)

AUDIT COMMITTEE SUMMARY ACTION LIST

MINUTE	ACTION POINT	REVIEW DATE
5	The mock ESFA audit was conducted by RSM and involved the reviewing of a sample of 110 learner files and testing against 2016/17 funding rules. The audit identified 5 'Medium; and 5 'Low' issues requiring management actions. However due to the recent Ofsted inspection, time was not available to complete management responses. It was confirmed that management responses would be agreed with RSM next week and will be recorded in the next version of the 'Outstanding Audit Recommendations' report.	07/3/18
16	It was RESOLVED to approve the ' <i>Internal Audit Strategy & Plan 2017-18</i> ' as proposed, but for changes to be made if required following receipt and review of the Ofsted inspection report.	07/3/18
36	It was AGREED for the Risk Register to be subject to further review, to take into account the judgments made in the Ofsted Inspection report, once the report has been published.	07/3/18