



Mission Statement: *Inspiring learning, developing character, building futures*

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

Date: Monday 11th November 2019
Venue: The Blackpool Sixth Form College
Room: Committee Room
Time: 6pm-7pm

Present: Ms C Coyne (Chair)
 Ms W Middlemas (Observer)
 Ms J Gray (Principal)
 Cllr C Baxter

Together with: Ms C Lancaster (Audit Partner-Mazars)
 Ms L Gates (Head of Finance)
 Ms S Hawitt (Governance Administrator-FCAT)
 Mr S Rimell (Observer)
 Ms D Taaffe (Observer)
 Mr M Hellewell (Observer)

Apologies: Cllr D Clapham

		Action
26.2019	<p>Preliminaries The Chair welcomed everyone to the meeting, especially the members of the Admin and Finance Committee who were invited as observers.</p> <p>Apologies were received from Cllr D Clapham</p>	
27.2019	<p>Declarations of Interest There were no declarations of interest</p>	
28.2019	<p>Consideration of any items of urgent business. There were no items of urgent business to discuss</p>	
29.2019	<p>Confirmation of Quoracy It was noted the meeting was quorate</p>	
30.2019	<p>Minutes of the meeting held on 17th June 2019 The minutes of the meeting held on 17th June 2019 were approved.</p>	
31.2019	<p>Matters arising from the minutes not covered elsewhere on the agenda</p> <p style="padding-left: 20px;">a) Internal Audit Plan-(item 19.2019 from the previous minutes) confirmation an agenda item to discuss the VAT registration will be included in the Corporation meeting held on 5th December 2019</p>	
32.2019	<p>Internal Reports (if appropriate) There were no Internal Audit Reports to discuss at this meeting</p>	
33.2019	<p>Annual Accounts for the year ending 31st July 2019</p>	

a) Annual Accounts and Financial Statements

Directors received the Annual Accounts and Financial Statements for the year ending 31st July 2019 presented by the Head of Finance (paper 8.1) It was noted that these had been discussed at length in the Administration and Finance (A&F) meeting earlier, both committees discussed the role of recommending the annual accounts to the Corporation for approval, it was agreed that the Audit Committee should recommend the accounts to the Corporation alongside the Audit report. It was also agreed that each year the first meeting of Audit and A&F committees should be a joint meeting.

The Head of Finance gave a summary of the headlines for the benefit of the Audit committee. Including the final position deficit of £388k compared to break- even point last year. It was noted that the outcome was better than expected due to some additional funding from the bursary transport costs and savings on staff salaries.

She highlighted the decrease in cash of £165K and noted capital spending of £180k, some of which was used to complete work on the car park.

Directors were informed that the bank covenants had been met.

Directors were invited to ask questions, there were no questions to answer.

The Chair of A&F committee recommended the Annual Accounts to the Audit committee to recommend to the Corporation for approval.

b) Audit Completion Report 31st July 2019

Directors received the Audit Completion Report for the year ending 31st July 2019 presented by the Audit and Assurance Partner from Mazars (paper 8.3) who gave a summary of the report highlighting the following; management override of controls, of which there was nothing to report. Going concern and loan covenants were highlighted, the reports states that the college has a system of strong financial management and governance, sufficient cash reserves and is forecasting a 'good' financial health score in 2019-20 which is expecting to improve to 'outstanding' in 2020-21. Other discussions included the defined benefit pension scheme assumptions where no areas of concern were identified regarding the reasonableness of the assumptions used when calculating the relevant valuation.

Directors were informed of one level 2 internal control recommendation following a review on the total borrowing cost calculation, it was recommended that the college revisit the calculation of its borrowing costs and include principal loan repayments

Directors received as part of the report Appendix A –draft management representation letter which is a standard format.

Questions from Directors

In response to a question about how the recommendation will be managed it was noted that the calculation is currently well below the threshold of the bank covenant, however, future calculations will be changed to incorporate the recommendation in the report.

In response to a question about the short term and long term plans for teacher pensions it was noted that at present the Education and Skills Funding Agency (ESFA) have confirmed additional funding to March 2021 for the increased contribution, however the Local Government Pension scheme (LGPS) is currently undergoing an actuarial review and an increase in the rate is expected from April 2020.

33.2019 D1 Resolved: recommend annual accounts to the Corporation for approval

The Principal noted that due to lack of enhanced DBS checks for a third year, college staff were under a lot of pressure to accompany auditors during the time spent at the college, asked if these can be carried out for any future visits the Audit and Assurance Partner agreed these would be in place for future visits.

CL

Directors received the Counter Fraud Strategy Policy by email on 3rd September 2019

Questions from Directors

In response to a question about the regularity of fraud training it was noted that this takes place for staff throughout the year, taking into account updates from Lloyds bank.

In response to a question about the suitability of training for Directors it was noted that the Head of Finance had agreed to meet directors to discuss further, and incorporates this during 1:1's with new Directors.

Asked about other instances of fraud that may occur in a college, for example, exam fraud it was noted this would be covered in other related policies, it was agreed to add Exams and IT policies as related policies in the fraud policy.

SLT

35.2019 Internal Audit

Directors considered the Internal Audit Tracking report (paper 10.1) presented by the Head of Finance, she gave an update on progress since the last meeting which included the test on the disaster recovery plan and the timely manner in which IT systems can be recovered. Directors were informed that this piece of work was now complete and had been rag rated green.

The only other management action on the tracking sheet was the recommendation from Mazars regarding the calculations of borrowing costs discussed earlier in this meeting.

36.2019 Review of 2018-19 Annual Report

Directors considered and approved the Annual Report of the Audit Committee year ending 31st July 2019 (paper 11.1)

Key Performance Indicators

Directors reviewed and agreed the KPI's for 2018-19 (paper 11.2) and approved the KPI's for 2019-20

Committee Terms of Reference

Directors reviewed and agreed with slight amendment which the Clerk agreed to make the committee Terms of Reference (paper 11.4)

Clerk

36.2019 D1 Resolved: to approve the Annual Report of the Audit Committee year ending 31st July 2019

36.2019 D2 Resolved: to approve progress against the committee's KPI 2018-19

36.2019 D3 Resolved: to recommend committee KPI's for 2019-20 to the Corporation for approval

36.2010 D4 Resolved: to approve the committee Terms of Reference

37.2019 Private meeting of the committee with Auditors without staff

No meeting was required

38.2019 Private meeting of the committee without staff or Auditors

No meeting was required

39.2019 Identification of any new or amended risks

No new risks were identified

Date and Time of next meeting

Tuesday 28th January 2020 at 4.30pm

Signed _____

Date _____