

Minutes of a meeting of the Audit Committee held on Monday, 21st November 2016 at 5.00pm in Room FO27 of the College.

Present: Andrew Oldham (Chair); Norma Boyes; Sarah Farquhar; Sarah Graham; Claire Madden

Also present: Lyn Carroll and Karen Rae, External Auditors (Armstrong Watson); Kath Stott, Internal Auditors (Icca Ets); Jane Murray (Clerk)

17/16 **Minutes**

Agreed – that the minutes of the meeting held on Monday, 20th June 2016 be approved and signed as a correct record.

The Chair received assurance from the internal and external auditors that there was no issue on which they required to speak to the Audit Committee without staff present.

18/16 **Declarations of Interest**

None received.

19/16 **Internal Auditors' Annual Report**

It was noted the College had received the highest assurance rating that was possible for 2015-16, that of 'reasonable' assurance that the College's governance, risk management and systems of internal control were operating adequately and effectively.

There had been seven management reports, four of which had received a substantial assurance opinion and three a reasonable assurance opinion. There had only been one high recommendation.

The Committee noted the strong performance. It was requested and agreed that references to the risks on page 4 be expanded to give greater detail.

20/16 **External Audit Management Report and Financial Statements**

Attention was drawn to the decrease in funding body grants of £1.355m over the previous year; of a rise in employer paid fees but a fall in student fees and that contract income had fallen owing to the 'Edge' contract having come to an end.

Other income in 2015-16 had included £155k from the compensation payment with respect to legal charges for the College's windows. It was noted by the committee that the overall picture would have been worse without this payment.

Staff costs had increased, accounted for by increased teachers' pension costs, the annual pay increase and a shift in balance of teaching posts over the year, and restructuring costs.

Noting the pension deficit, the external auditor was asked how the College fared with other colleges and it was felt that it was in no worse a position than anyone else.

The committee was notified of one minor change of £27,000, which was not material, which was a change to the presentation of the results in comprehensive income.

The regularity audit also received a clean opinion and the auditor was able to report that there had been no significant difficulties in carrying out the audit.

The Committee asked the external auditor how the college fared against other similar organisations with respect to this audit. It was felt that the systems and standards were good. The committee requested that their thanks be passed on to the staff involved.

The style, and consistency of messaging, in the financial statements came under considerable scrutiny by the Committee and agreement was reached on the changes suggested.

The assurance letter to the External Auditor was received and noted

Agreed – to recommend approval to the board of

- 1) the external auditor's management letter;
- 2) the financial statements (subject to having taken into account points raised at the Audit Committee);
- 3) the assurance letter to the External Auditor.

21/16

Audit Committee's Annual Report

In light of the above report, the Audit Committee's annual report was agreed (with some minor corrections).

Agreed – that the Audit Committee's annual report be approved and recommended to the Board.

22/16

Financial Regulations

With respect to capital funding, it was requested that the limit for an investment appraisal be lifted from £25,000. A compromise was reached whereby it could be changed to read that a college investment appraisal was required for capital funding of £25,000+, and a Skills Funding Agency investment appraisal be required for projects above £50,000.

Two other changes, to post-tender negotiations (in line with CIPFA guidance) and a further minor change clarifying that the Corporation is responsible for setting the staff framework were agreed.

Agreed – that the financial regulations be recommended for approval to the Board.

23/16

Value for Money Report

The report was compiled using the benchmark material that was available. According to 'FE Choices' data for 2015-16 (used by the Skills Funding Agency), learner satisfaction was 2.6% above the national average at 83% and employer satisfaction was 14.6% above the national average at 89%. Within this, the score on employer responsiveness was 98.8%, the second highest in the country.

Based on 2013-14 data, destinations data was showing down on the national average by 2% at 70%.

The report continued to give a helpful overview of the curriculum performance for 2015-16, and it was asked that the report be circulated to all Governors for information. This included key points (previously reported to governors) such as the 16-18 achievement rates overall remaining below the national average owing to action taken on retention, but pass rates up by 12.5%.

With respect to financial health, it was noted that the College remained in the 21% of colleges nationally in outstanding financial health.

Agreed- that the report be given a wider distribution.

24/16

Audit Tracking Report

In their consideration of the Audit Tracking Report, it was requested that recommendation 4.1 with respect to electronic signatures remain open. The committee verified that tracking of governor attendance did take place and had been discussed by the Search and Governance Committee in September.

The meeting closed at 1845h