

QUEEN ELIZABETH SIXTH FORM COLLEGE

Minutes of the meeting of the Audit Committee held on Thursday 14th November 2019

Present: Mr A Teague, Chair
Mr I Clyde
Mr J Deane

In attendance: Mr T Fisher, Principal
Mr S Hargrove, Chief Financial Officer
Mr S Hogg, Wylie and Bissett, External Auditor
Mr D Long, Haines Watts, Internal Auditor
Mr S Dowson, Clerk

12/19 Welcome and introduction

The Chair welcomed Mr Hogg, Wylie and Bissett, External Auditor and Mr Long, Haines Watts, Internal Auditor.

13/19 Declarations of interest

There were no declarations of interest.

14/19 Minutes of the previous meeting

The minutes of the meeting held on Monday 3rd June 2019 were agreed and approved for signing by the Chair.

15/19 Matters arising

06/19 Vehicle checklists. Mr Clyde said he had met with the Estate Manager, Mark Anderson and had been impressed by the good practice that was already in place. Mr Clyde stressed the need for the Senior Management Team to understand the importance of good vehicle husbandry.

When challenged about insurance arrangements for private vehicles, Mr Hargrove explained that vehicle owners were required to provide evidence that they held business use insurance before they could use their vehicles on College business.

09/19 Insolvency Regime. The examination of the Insolvency Regime for financial trigger points will be carried forward to the next Audit Committee meeting on 1st June 2020. Mr Hargrove said that the Education and Skills Funding Agency had introduced new, additional reporting requirements to give them reassurance of schools and colleges finances via the submission of an updated budget position required in January.

16/19 Internal Audit Visit 2 Report, Annual Report 18-19 and Audit Strategy

Mr Long introduced the Internal Audit Visit 2 Report and the Annual Report 18-19. Mr Long explained that although there were 17 findings they were all minor and low priority.

Mr Teague noted that the Internal Audit had been completed on time and on budget.

Mr Long stressed that there were no individual findings which the Internal Auditors considered significant enough to impact negatively on the auditor's overall annual opinion in respect of the college's risk management, governance and control processes.

Mr Clyde challenged by asking if there were measures in place to limit the total number of self-certified sick days a member of staff could claim each year. Mr Fisher said self-certified sickness could be reviewed along with the Return to Work Policy which would be done soon.

Mr Deane challenged by asking if there were measures in place to ensure all college property, including data, was returned by staff when they left the college.

Mr Hargrove explained that there were records of items that had been given to staff. For example the IT department had records of devices, notebooks and laptops and Estates had records of keys. Staff were required to return all college property before they left.

17/19 Agenda item 12, Outstanding Internal Audit Recommendations 2018-19

There were three low priority recommendations.

Exception reports. Mr Hargrove said that the College payroll provider, Durham County Council, had still not been able to supply reports on changes to employee standing data. Discussions were continuing.

Chemical Risk Assessment. Partially completed, still working through each chemical record.

Risk Appetite. To be discussed at Agenda item 11. Risk Management Policy/Strategy, Report and Risk Register.

The Committee **accepted** the Outstanding Internal Audit Recommendations 2018-19.

18/19 Internal Audit Strategy 2019-20

The Committee **accepted** the prioritised Internal Audit Strategy in Appendix B of the report and the allocation of resources for 2019-20

Discussion followed a challenge by Mr Deane to include measures taken to ensure data security.

The Chair reminded the Committee that data security would be covered by the high level IT health check which was included in the Internal Audit Strategy for 2019-20.

19/19 Financial Statements and Regulatory Audit Management Report 2018-19

Mr Hogg said that in the auditor's opinion the financial statements gave a true and fair record.

There were no material errors and no regulatory issues.

The papers supplied for the audit were excellent and the clean report was a credit to Mr Hargrove and his team.

The Committee thanked and congratulated Mr Hargrove and **approved** the Financial Statements and Regulatory Audit Management Report 2018-19

20/19 Annual Report and Financial Statements for year ended 31 July 2019

The Chair reminded the Committee that the figures had already been approved by the Finance and Resources Committee.

The Committee considered that the non-cash pension adjustments gave a misleading picture of the financial position and this could be made clearer if the figures were split out more.

Mr Hogg highlighted two key audit risk areas (revenue recognition and the overriding of internal controls) that had been audited with no issues found.

Mr Clyde asked if the College's financial position compared to the published financial objectives.

Mr Hogg explained that if the college had stated in the accounts that they had met their financial objectives this would have been checked as part of the audit.

The Committee **approved** the Annual Report and Financial Statements for year ended 31 July 2019

21/19 Management Representation Letter

The Committee **approved** the Letter of Representation

The Committee **approved** the Regulatory Letter of Representation

22/19 Value for Money Strategy and Report 2018-19

Mr Hargrove explained that the layout of the Strategy and Report had not changed from previous years and highlighted some of the examples of value for money activity during 2018-19 and the planned actions for 2019-20

Mr Hargrove also introduced and explained the Education and Skills Funding Agency Finance Dashboard for October 2019 and highlighted the College's excellent performance when compared to the Sixth Form College national average.

The Committee **approved** the Value for Money Strategy and Report 2018-19

23/19 Annual report on the work of the Audit Committee 2018-19

The Committee **accepted** the Annual report on the work of the Audit Committee 2018-19 for signing by the Chair.

24/19 Risk Management Policy/Strategy, Report and Risk Register

Mr Hargrove explained that he had included a new paragraph about Risk Appetite in this year's report.

After very lengthy discussion and challenge from the committee, it was decided that the proposal to have a different risk appetite for each of the four categories of risk was potentially too confusing because each of the five colours could now mean four different things depending on the risk and appetite score.

The Committee considered the Risk Register.

The Committee **approved** the Risk Management Policy/Strategy, Report and Risk Register

25/19 Progress on outstanding recommendations

These had been covered under Agenda item 5 above.

26/19 Terms of reference

Were approved for a further twelve months from 14th November 2019

27/19 Withdrawal of College Management Team

Following the withdrawal of the College Management Team both the Internal and External Auditors confirmed that they had no concerns and there was nothing to raise with College Governors. The College finance team had provided the auditors with everything they had asked for in a clear and timely manner.

28/19 Re-appointment of auditors

The College Management Team returned and the Auditors left.

The Committee confirmed the reappointment of both the internal and external auditors for the final year of their three year engagement.

29/19 Confidentiality

There were no confidential matters

30/19 Date of next meeting

1st June 2020