

LONGLEY PARK SIXTH FORM COLLEGE

MINUTES of the meeting of the AUDIT COMMITTEE

held on **11 DECEMBER 2014** at 4.30pm
at the College, Horninglow Road, Sheffield

Present: Margaret Ferris (Chair)
Zahid Abbas
Alastair Reid

Auditors: Rob Hanley (Mazars)
Richard Lewis (Baker Tilly)

In attendance: Dominic Harrex (Associate Principal (Resources))
Faith Tankard (College Accountant)
Sharon West (Clerk to the Corporation)

Apologies for absence were received from Paul White, the Principal and Narinder Sandher (Mazars).

Action by
Who When

1 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

2 **MINUTES OF THE MEETING HELD ON 30 OCTOBER 2014**

The Minutes of the meeting held on 30th October 2014 were approved as an accurate record and signed by the Chair.

3 **MATTERS ARISING**

There were no matters arising which were not covered by the business on the agenda.

4 **CO-OPTION**

The Committee **approved** the co-option of Zahid Abbas and welcomed him to his first full meeting.

5 **DRAFT AUDIT COMMITTEE ANNUAL REPORT 2013-14**

The Chair presented the draft annual report for the Committee's consideration. The Clerk explained that under the revised Joint Audit Code of Practice the College was required to submit a copy of the report to the Education Funding Agency for the first time.

Richard Lewis asked whether the Committee provided the Corporation with an opinion or conclusion on the adequacy and effectiveness of the College's audit arrangements. Members agreed that the Committee was providing the Corporation with

an opinion based upon evidence. They thanked Richard for raising the question as it was a useful point for Members to consider.

The report summarised the Committee's activities during the 2013-14 financial year. It covered the role of the Committee, its membership and meetings, the appointment of auditors and key areas of focus. There was a summary of the work undertaken by auditors, performance indicators on audit services in addition to the Committee's opinion.

The Committee **approved** the report for submission to the Corporation.

6 FINANCIAL STATEMENTS AUDIT

(a) Annual Report and Financial Statements for the Year Ended 31 July 2014

Richard Lewis presented the annual report and financial statements. He talked the Committee through the contents of the annual report. Members' attention was drawn to the statement in paragraph 4 on page 17. They confirmed that they were happy for the report to be signed off as nothing had made them think differently given the assurance and evidence they had received.

Members were clear that to the best of their knowledge the checks and balances within the College's processes and controls were effective and efficient. A discussion ensued on hypothetical concerns that might have arisen and associated action.

The Committee considered the income and expenditure account and the balance sheet. Members noted that the cash at bank position was positive. The reduction in funding was ongoing but there would not be such a big drop going forward. Recruitment numbers were stabilising. Richard recognised that the level of competition the College faced was difficult and acknowledged that Governors needed to assure themselves that its position was sustainable for the future. It was clear that these discussions were taking place.

Richard highlighted that pension contributions to the Teachers' Pension Scheme would increase. Members looked at the FRS17 position and assumptions. They noted that the Associate Principal (Resources) would be undertaking some further work to try and establish the reasons for the increase in the net pension liability.

The Committee **recommended** to the Governing body that the Annual Report and Financial Statements for the year ended 31

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July 2014 be approved.

(b) Financial Statements Audit Findings Report

Richard Lewis presented the report. He informed the Committee that the audit had confirmed unqualified opinions on regularity and the financial statements.

The Committee was advised that no sixth form college had received a reconciliation statement from the Education Funding Agency.

Richard talked Members through the key areas of the audit focus and resolution. Members noted that there had been some minor changes to some figures but that there had been no material changes. The issues that had been identified had arisen during the changeover in finance staffing. Richard believed that the introduction of the new finance system would avoid such issues in the future and bring additional benefits.

Members agreed that it was useful to have the information on how the early repayment penalty and redundancy costs had impacted on the surplus position. The Associate Principal (Resources) explained that the year-end surplus represented 2-3 months cash flow. Members acknowledged that many other providers had larger more established reserves, but they also had debt to service, and it was important to recognise this position.

The Committee recorded its thanks to Richard and his team and the College Accountant and her team for their conduct of the audit process.

7 INTERNAL AUDIT REPORTS

(a) HR and Payroll - Absence management, use and management of hourly paid staff, training

The Committee recognised the significance of this area given the size of the payroll.

Rob Hanley presented the report. He confirmed that the audit had provided adequate assurance that controls were operating sufficiently to mitigate the risks identified. A number of improvements could be made and three recommendations had been proposed and accepted by management.

Members queried how support could be provided prior to staff absence. The Associate Principal (Resources) explained that some absences could be prepared for and proactive interventions put in place to manage them.

(b) Rolling review of implementation of recommendations

Rob Hanley presented the report. He explained that a relatively small number of recommendations had been made but that the level of progress that had been made was below where he would have liked. However, the proposed time extensions were short. It was important that the revised deadlines were met. The Associate Principal (Resources) confirmed that this was his intention and outlined the action that had already been taken.

The Committee accepted the two reports.

8 RISK MANAGEMENT HEADLINES

The Associate Principal (Resources) presented his report. He talked the Committee through the key risks associated with the three strategic priorities.

Members were informed that Ofsted appeared to be happy with the progress that was being made in improving the quality of teaching, learning and assessment.

The Committee noted the report.

The Associate Principal (Resources) informed the Committee that planning for 2015 onwards would form a major item of business for the Corporation meeting on 16th December.

The Committee acknowledged that there would be no funding protection going forward. A number of providers had been identified as being in financial difficulty. Members were conscious that although the College was a going concern at this stage, it was a relatively small provider and the situation it faced in the next few years would be challenging. They accepted that this was the reality in the business sector and had been for some time. They agreed that the Governors should revisit a range of factors on a regular basis to ensure that they remained aware of the environment that the College was operating in and kept all risks on the radar.

9 AUDIT RECOMMENDATIONS PROGRESS REPORT

The Associate Principal (Resources) apologised as he had not alerted the Clerk that he had amended the report and therefore an incomplete version had been circulated.

Health and Safety - Policies and Procedures (pg 2)

The Associate Principal (Resources) informed the Committee that risk assessments needed to be refreshed across the board and that a rolling programme of training on conducting risk

assessments would be provided.

Risk Maturity – Advisory Review (pg 3)

Training for Governors on risk management was on the agenda for the Corporation meeting on 16th December.

HR - Recruitment and Payroll (pg 7)

The Resources Committee had approved a revised Recruitment and Selection Policy.

The Committee noted the report.

10 DATE OF NEXT MEETING

Thursday 12th March 2015 at 4.30pm.

The meeting ended at 5.35pm.

Signed: (Chair)

Date: