



## HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Audit Committee held on Monday 28<sup>th</sup> November 2016 from 6.15pm.

### Confirmed Minutes

**Present:** Mr A Nelson (Chair), Ms H Haigh, Mr K Webb and Mr N Uppal (100%)

**In attendance:** Mr A Shaw, Mr D Scott (Wylie & Bisset) and Mr A McCulloch (Tiaa)

**Clerk:** Mrs C Coupland

#### **1. Financial Statement and Members Report 31<sup>st</sup> July 2016 (joint agenda item with Finance and Resources Committee – Chaired by Mr Nelson)**

All members of both Committees introduced themselves.

The Financial Statements were then considered in detail. As a result of work undertaken, unqualified audit opinions were received from Wylie & Bissett showing that:

In relation to the financial statements, they

- give a true and fair view of the state of the College's affairs as at 31 July 2016 and of the College's results for the year then ended and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

And that

- proper accounting records have been kept;
- the financial statements are in agreement with the accounting records.

In relation to Regularity, Wylie & Bissett's reasonable assurance engagement with the College was undertaken in accordance with the Joint Audit Code of practice, the Regularity Framework and their engagement letter. It is the opinion of the Auditors that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2016.

It was also noted that the financial health category of the College had been maintained at 'Outstanding', and that this grading was confirmed by the EFA in November 2016. With a financial health score of 270 under the current methodology; this is comfortably above the minimum for the outstanding grade of 240.

Members were advised that the statements have been modified to reflect the new Statement of Recommended Practice for Further and Higher Education 2015 and FRS 102.

Based on the discussions had around the Annual Report and the Financial Statements, members agreed that:

- The Corporation can be assured that the College has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.
- The Corporation believes that it is able to identify any material irregular or improper use of its funds by the college, or non-compliance with the Education Funding Agency's terms and conditions of funding under the college's funding agreement.

- The Corporation is to consider that the College has adequate resources to continue in operational existence for the foreseeable future.

**Resolved:**

- **To record the Committee's thanks to Mr Shaw and his Team for the quality of their work, as endorsed by the External Auditors.**
- **To recommend the Financial Statements and Members' Report for approval by the Corporation.**
- **To forward the Financial Statements and Members' Report to the EFA following approval by the Corporation.**

## **2. Final Audit Findings Report for the year ended 31 JULY 2016**

*(Joint agenda item with the Audit Committee; item chaired by Mr A Nelson)*

The Final Audit Findings Report summarises Wylie & Bisset's key findings, as presented by Mr Douglas Scott, in connection with the audit of the financial statements of the College and the regularity audit of the College in respect of the year ended 31st July 2016.

Wylie & Bisset's External Audit Report therefore issues an unqualified opinion on the accounts of Huddersfield New College for the year and also undertakes an overall review of the governance arrangements and process of internal control at the College.

Mr Scott drew the following items to Member's attention prior to the approval of the financial statements:

- There were no audit and accounting issues identified during the audit of the College.
- There were no matters of impropriety identified during the course of the audit of the College.
- HNC has strong systems in place to comply with governance requirements
- There were no overall recommendations made to college management
- That the accounting policies adopted by the College are appropriate for the circumstances of the College and consistent with the FE sector.

Members were therefore satisfied that the audit approach adopted had provided them with the required confidence that a thorough and robust audit had been carried out.

**Resolved:**

- **To record the Committee's thanks to Mr Shaw and his Team for the quality of their work, as endorsed by the External Auditors.**
- **That the Final Audit Findings Report be recommended for approval by the Corporation, subject to the agreed amendment.**
- **That the letter of representation be recommended for approval by the Corporation and signed by the Chair and the Principal.**

The members of the Finance & Resources Committee left the meeting at this point.

## **3. Apologies for Absence/ Declaration of Interest**

No apologies had been received.

There were no declarations of interest.

Mr Nelson took this opportunity to advise other members of the Audit Committee that Ms Pryce shall be an invited staff member to future Audit Committee Meetings when the Board Assurance Framework is to be considered. Ms Pryce is the College's Director to SLT - MIS, Planning and Student Services and Chairs the College's Risk Management Sub-Group. It has been checked with and verified by the College Auditors that Ms Pryce's co-opted status for the F&R Committee does not compromise nor conflict with her being a staff member in attendance at Audit Committee meetings, upon invitation.

#### **4. Minutes from Meeting held on 27<sup>th</sup> September 2016**

**Resolved:**

- **That these be accepted as a correct record.**

#### **5. Matters arising**

*BAF : Failure to appoint, develop, maintain and motivate effective staff to help lead the college's improving standards regime.*

The Director of CPD has informed the Clerk that the College intends to be assessed for Gold in Investors in People Award under the new assessment criteria during the Summer Term.

*Risk Register & Board Assurance Framework: A Review.*

The Clerk confirmed that she had since met with Mr Shaw and Ms Pryce to discuss refinements to the BAF Overview as suggested by the Committee; the requested changes to the BAF overview have been duly made and reported back to the Risk Management sub-group.

#### **6. Recommendation tracking**

Mr Nelson asked the Committee to note that this was a standing agenda item.

Mr Shaw subsequently confirmed that there have been no further Internal Audits undertaken since the Committee last met. As reported at the last meeting, all recommendations on the tracker have been completed but will remain on the tracker until the follow-up audit confirms this to be the case. The follow up audit will not be undertaken until May/June 2017.

#### **7. Audit Committee annual report 2015-16**

The report is a summary of all the activities of the Audit Committee for the financial year 2015-16 and covers all reports for that period.

The report confirms to the Corporation that the Committee's work has involved the consideration of detailed reports from the College's internal and external auditors, and has provided challenge, sought assurances and monitored progress. The focus of the report is on the main conclusions and issues arising from key documents.

Additional assurance has been duly provided by the Internal Auditors annual report for it concludes that, in their unqualified opinion, a substantial level of assurance has been given in terms of the adequacy and effectiveness of the college's arrangements for governance, risk management and control.

In addition, the External Auditors have also provided their unqualified audit opinions in terms of the Financial Statements and the Regularity Audit, the full compliance 'Corporate Governance and

Internal Control Statements' and the 'Responsibilities of the Members of the Corporation Statement'. Furthermore, no recommendations were raised by them during their audit.

**Resolved:**

- **For the Audit Committee to forward their report, for receipt by the Corporation at its 8<sup>th</sup> December 2016 meeting, and to then be forwarded onto the EFA.**

**8. Any other Business.**

There was no other business for the Committee to consider.

**9. Learner Impact Reflection**

The impact of discussions and scrutiny of the Committee work in improving the outcomes and experience for all learners was considered and the following agreed:

- **Assurance received that the college has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.**
- **Assurance received that the college has adequate resources to continue in operational existence for the foreseeable future**
- **Assurance received that the college remains compliant with regularity and propriety requirements as per the terms and conditions of funding**
- **Assurance received that the Audit Committee has fulfilled its statutory and delegated responsibilities.**
- **The College has strong governance and financial management as demonstrated by the clean External Audit Annual Report (no recommendations included)**

**10. Determination of confidentiality**

No items were deemed confidential.

**13. Date of next meeting: 28<sup>th</sup> March 2017 at 5pm.**