



HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Audit Committee held on Tuesday 28th November 2017 from 6.15pm.

confirmed Minutes

Present: Mr A Nelson (Chair), Mr K Webb and Mr N Uppal (75%)

In attendance: Ms S Compston, Ms A Ogston (Wylie & Bisset), Mr A McCulloch (Tiaa), Mr A Smith and Ms J Pryce
(The External Auditors (Wylie and Bisset) joined the committee for agenda items 1 and 2 only)

Clerk: Mrs M Baxter

1. Financial Statement and Members Report 31st July 2017

(Joint agenda item with the Finance and Resources Committee; item chaired by Mr A Nelson)

The Financial Statements were 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 2017 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 2017.

It was also noted that the financial health category of the College had been maintained at 'Outstanding', which will be again reviewed by the ESFA, once the financial statements have been forwarded onto them by the end of December 2017. With a financial health score of 240 under the current methodology; this is as per the minimum for this grade, but Members were asked to note that the financial health score was negatively affected as a result of the £94k unplanned for asbestos works completed in the summer. Without this one-off item the financial health score would have been 250.

Based on the discussions about 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 can be confident 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:

- **The Financial Statements and Members' Report to be recommended for approval by the Corporation and forwarded onto the ESFA by 31st December 2017.**

2. Final Audit Findings Report for the year ended 31 JULY 2017

(Joint agenda item with the Finance and Resources Committee; item chaired by Mr A Nelson)

The Final Audit Findings Report summarises Wylie & Bisset's key findings 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 2017.

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.

Members' were informed that:

- 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 wider 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 for the quality of his 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 (subject to the correct spelling of 'New Hey' in the address).**

The business of the Joint Audit and Finance and the Resources Committees was concluded. The members of the Finance & Resources Committee, Ms S Compston and Ms A Ogston left the meeting at this point 6.30pm

3. Apologies for Absence/ Declaration of Interest

Apologies for absence had been submitted by Ms H Haigh.

There were no declarations of interest.

4. Minutes from Meeting held on 26th September 2017

Resolved:

- **That the minutes of the meeting held on 26th September 2017 be accepted as a true record of the meeting**

5. Matters arising

Post 16 Audit Code of Practice Self Assessment questionnaire:

The Principal and Chair have since signed Self-Assessment Questionnaire.

Risk Appetite Statement:

Ms Pryce confirmed that the Senior Leadership Team had considered the proposed Statement of Risk Appetite and were of the opinion that it accurately articulates how much risk the college is willing to take. The Senior Leadership Team were however of the opinion that section 2 (the management of risk) should be redrafted as a confidential appendix to the statement given that it concerns sensitive commercial and/or business information used to inform the Board Assurance Framework. Members of the Committee endorsed this request from management. Members also asked for the Statement of Risk Appetite to be referred to within the College's Risk Management Policy, once approved by the Corporation.

ACTION: For the Statement of Risk Appetite to be amended as follows:

- The wording 'the statement' to be replaced with 'this statement'
- For the current section 2 (Management of Risk) to be redrafted and clearly marked as a confidential appendix to the statement.

Resolved:

- **The Statement of Risk Appetite to be recommended to the Corporation, once amendments made.**
- **For the Statement of Risk Appetite to be subject to annual review by the Corporation.**

6. Recommendation tracking

Mr Shaw confirmed that there are no further recommendations and no items to bring to attention of the committee

7. Audit Committee annual report 2016-17

The report is a summary of all the activities of the Audit Committee for the financial year 2016-17 and covers all reports for that period.

Action: Audit committee annual report to be amended as follows:

- item 4.1 refers. The word 'fraud' to be replaced by the words 'case of known fraud'
- Formatting of dates to be the same throughout the document.

Resolved:

- **For the amended report to be received by the Corporation at the meeting on the 14th December 2017. For the signed report to be forwarded onto the ESFA.**

8. Any other Business.

There was no other business for the Committee to consider.

Members noted that for the second time both meetings had been concluded particularly swiftly. This was felt to be due in part to the absence of any findings of note or recommendations from the external auditors.

Resolved:

- **For the Chair to discuss with the Clerk to the Corporation the schedule and timings for both the joint Audit and Finance and Resources Committee and the subsequent Audit Committee with the intention of maximising the use of time.**

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

As resolved within the meeting, the appendix to the Statement of Risk Appetite is to be deemed confidential

11. Date of next meeting: 20th March 2018 at 5pm