



Audit Committee Meeting

To be held on Monday 7 November 2016 at 5.30pm

In Room 02.03, Osprey House, Redditch

AGENDA

Item:		Page:	Lead:
9.1	Apologies		CC
9.2	Declarations of Interest		Ch
i)	Members are asked to declare any Interests, financial or otherwise, which they may have in any Agenda Item		
9.3	Audit Committee Concerns		Ch
i)	Members are invited to raise any issues which they wish to discuss in the absence of College Management and Auditors		
	<i>The auditors will join the meeting at this point</i>		
9.4	Auditor Concerns		Ch
i)	Auditors are invited to raise any issues which they wish to discuss in the absence of College Management		
	<i>Members of the College Executive will join the meeting at this point</i>		
9.5	Minutes of the Previous Meeting	1	Ch
i)	To approve the Minutes of the meeting held on 13 June 2016		
9.6	Matters Arising	7	Ch
i)	To monitor action taken, and remaining to be taken, in respect of Matters Arising from the Minutes of previous meetings		
9.7	Determination of any other Urgent Business		Ch
9.8	Bank Covenants		DoF
i)	To receive information about the bank covenant position	8	
9.9	2015 – 16 Financial Statements		DoF
i)	Regularity Assurance Review and Regularity Self Assessment Questionnaire	10	
	To review the findings of the audit and the Regularity Self Assessment Questionnaire, which supports the Corporation in drafting the statement on regularity, propriety and compliance		
	To recommend that the college accounting officer and Corporation Chair sign the Regularity Self Assessment Questionnaire		

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ii)	<p>Financial Statement Auditors Audit Findings Report, Letters of Representation,</p> <ul style="list-style-type: none"> • To review the findings of the audit with the external auditor. This shall normally include but not be limited to, the following: <ul style="list-style-type: none"> • a discussion of any major issues which arose during the audit • any accounting and audit judgements • levels of errors identified during the audit • the effectiveness of the audit • To advise the Corporation on control issues included in the Financial Statements Auditors Audit Findings Report in respect of the accounts of Heart of Worcestershire College for the year ended 31 July 2016 and on management's response to these and recommend the Financial Statements Auditors Audit Findings Report to the Corporation for approval • To review the Letters of Representation for the year ended 31 July 2016 and to recommend them to the Corporation for approval 	22	GT
iii)	<p>Going Concern and Compliance Review</p> <ul style="list-style-type: none"> • To receive confirmation from College Management that the going concern basis remains appropriate, that the contents and representations in the Letters of Representation are appropriate, that risk management and internal controls have operated effectively in their areas of responsibility throughout 2015/16 and that that the College has complied with the Financial Memorandum Part 1 • To receive the cashflow forecast for the period to 31 July 2017 	49	DoF
iv)	<p>Financial Statements</p> <ul style="list-style-type: none"> • To monitor the integrity of the annual financial statements, reviewing significant financial reporting issues and judgements which they contain; In particular reviewing and challenging where necessary: <ul style="list-style-type: none"> • the consistency of, and any changes to, accounting policies • the methods used to account for significant or unusual transactions where different approaches are possible • whether the college has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor • the clarity of disclosure in the company's financial reports and the context in which statements are made; all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management) • To review the statements to be included in the annual report 	54	DoF

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	concerning internal controls and risk management		
v)	Financial Statements Recommendation To recommend the Heart of Worcestershire College financial statements for the year ended 31 July 2016 to the Corporation for approval		Ch
vi)	Teachers Pension Statement <ul style="list-style-type: none"> To note the Engagement Letter with Grant Thornton To review the Teachers' Pension Statement and to recommend it to the Corporation for approval 	126	DoF
vii)	Subsidiary Company Accounts To note the Molinna Ltd and NEWCEL Accounts	130	DoF
9.10	Internal Audit Annual Report 2015/16	145	
i)	To advise the Corporation on the Internal Auditor's Annual Report for the year ended 31 July 2016 and recommend the Internal Audit Annual Report for Corporation approval		
9.11	Audit Committee Performance Review	156	CC
i)	To monitor the effectiveness of the Audit Committee in 2015/16 and establish PIs for 2016/17		
9.12	Revised Joint Audit Code of Practice and Terms of Reference Review	167	CC
i)	To receive the revised Joint Audit Code of Practice June 2016		
ii)	To review the Terms of Reference and recommend revised Terms of Reference to the Corporation for approval	214	
9.13	Audit Committee Annual Report	220	CC
i)	To produce the Audit Committee's Annual Report to the Corporation for the year ended 31 July 2016 To delegate authority to the Audit Committee Chair to approve the final version for submission to the Corporation		
9.14	Risk Register and Assurance Framework	231	VPCR
i)	Risk Management 2015/16 Report To review the Risk Management Report and recommend it to the Corporation for approval		
ii)	Risk Management Plan for 2016/17 <ul style="list-style-type: none"> To review the revised Risk Register and consider action proposed to address assurance gaps in 2016/17 To consider the Audit Committee's approach to monitoring the Risk Register in 2016/17 	Paper to follow	VPCR
9.15	Annual Procurement Report	236	DoF
i)	To review the Procurement Report for 2015/16 and recommend it to the Corporation for monitoring		
9.16	Internal Audit Reports		RSM

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	To advise the Corporation on the Internal Audit Reports from RSM:		
i)	Follow Up of Human Resources and Payroll 2.15/16	242	
ii)	Progress Report	252	
9.17	Audit Action Plan	286	CC
i)	To monitor the implementation of agreed recommendations relating to Internal Audit Reports		
9.18	Students Union Accounts		
i)	To note that the Students' Union Accounts will be presented to the Corporation meeting on 13 December 2016		
9.19	Update on the Funding Audit		DoF
i)	To receive the Audit Report to the Education Funding Agency from KPMG	291	
ii)	To receive the Audit Report to the Skills Funding Agency from KPMG	305	
	<i>The Auditors will leave the meeting at this point</i>		
	CONFIDENTIAL ITEMS		
9.20	Minutes of the Previous Meeting	318	Ch
i)	To approve the Confidential Minutes of the meeting held on 13 June 2016		
9.21	Review of Performance of External Auditors for 2015/16:		DoF
i)	To consider the performance of Grant Thornton for 2015/16 and if appropriate recommend their reappointment to the Corporation meeting on 13 December 2016	Paper to follow	
9.22	Subcontracting Control Audit 2016/17	321	DoF
i)	To consider submissions from auditors and if appropriate recommend an appointment to the Corporation meeting on 13 December 2016		
9.23	Any Other Urgent Business		Ch
9.24	Date and Time of Next Meeting		Ch
i)	Monday 6 March 2017, 5pm, M316, All Saints Building, Worcester		

Sue Frost
Clerk to the Corporation
11 October 2016