

PROSPECTS COLLEGE OF ADVANCED TECHNOLOGY

AUDIT COMMITTEE

30 JUNE 2015

Present: Theo Steel (Chair)
Gerry Levelle
Peter McKee
Rachel Richards (see item 2 below)

In Attendance: Robin Jones Clerk to the Corporation
Neil Warren Chief Operating Officer
Rakesh Shaunak MHA MacIntyre Hudson

1 APOLOGIES FOR ABSENCE

All Members were present or participating (see also item 2 below).

2 RACHEL RICHARDS

The Committee noted, for the purpose of the Minutes and future reference, that Rachel Richards was participating in the meeting via telephone on loud speaker and this satisfied the requirement of 10 (7) of the Instrument of Government.

3 DECLARATIONS OF INTERESTS

The Members and others present confirmed that there were no declarations of interest relative to the business to be considered.

4 MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 20 APRIL 2015

The minutes of the meeting of the Committee held on 20 April 2015 were confirmed to be a correct record and were signed by the Chair.

5 MATTERS ARISING FROM THE MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 20 APRIL 2015

The Committee agreed that there were no issues arising from the minutes of the last meeting which were not covered by the published agenda.

6 RISK POLICY

The Committee received and discussed the proposed updated version of the Risk Policy.

A number of comments were made by Members during a wide ranging review of the draft document and related matters including the value of defining the level of risk appetite, the potential impact of actions and inactions on the reputation of the College and the importance of explaining the responsibilities of staff in addressing risks.

The Committee agreed:

- To request the Chief Operating Officer to provide Members of the Audit Committee with an updated version of the Risk Policy once the comments made at this meeting had been incorporated
- to recommend to the Board on 21 July 2015 the approval of the updated Risk Policy subject to the addition of any final points following the provision of the revised version by the Chief Operating Officer.

7 RISK REGISTER

The Committee reviewed the updated version of the Risk Register.

It was acknowledged that one of the greatest risks for the College concerns Government (Including Government Agency) policy and practice such as the current deferment of making in year growth payments.

The developments in online learning opportunities were noted and the intention to meet the needs and expectations of learners at a time of great technological change.

A key factor concerned the suggestion that, based on the current scoring, there was a likelihood that some risks cannot be reduced even with controls and mitigating actions. This includes such major incidents as the loss of facilities, health & safety and safeguarding (sections 1.5 and 2.7 of the current Risk Register).

The Risk Register was seen as a “live document” subject to ongoing review. To assist Members and others to understand with ease significant changes, even where these did not change the current risk RAG rating, an indication would be given as to the direction of travel.

The Committee agreed to note that Risk Register as presented and asked that that the approach to certain risks be reviewed with the intention of the likelihood reducing as a result of the introduction of controls and mitigating actions.

8 ASSURANCE MAP

The Committee received the proposed Assurance Map which had been prepared in the context of the discussion on the approach to be used at the meeting held on 20 April 2015.

It was recognised that currently there are two aspects where further assurance should be considered – financial stability and the safeguarding of assets.

The Chief Operating Officer explained the basis of the suggestion that further assurance was appropriate.

In the case of financial stability, the review of the scope of work to be carried out by the Financial Statements Auditors indicated that there would be benefit for the Board of instructing a qualified auditor to consider the Financial Regulations, Controls, Budgetary process and reporting and benchmarking of financial performance. The timetable of events will be confirmed in the light of developments.

Whilst previous audits provided comfort that the risk remained low, it was suggested that there would be benefit if an audit of EFA and SFA funding be carried out in advance of one by the Government Agencies. This was not, however, thought to be urgent and could take place over the next two years.

The Committee agreed to receive the Assurance Map and to support the intention to carry out reviews of financial stability and the safeguarding of assets in terms of EFA and SFA funding.

9 EXTERNAL AUDIT

The Committee received a presentation by Rakesh Shaunak, the responsible Partner for the engagement of MHA MacIntyre Hudson to act as the College's Financial Statements Auditors as from 2014/15.

The Partner addressed a number of key issues including:

- the scope of the audit
- materiality
- risks
- the audit timetable leading to approval of the Financial Statements by the Board on 9 December 2015 and publication
- the schedules and documents to be prepared to support the audit

The Financial Statements would provide a true and fair representation of the College as a going concern.

One of the factors highlighted concerned when the SFA would issue the confirmation of funding generated in 2014/15. In all likelihood, and based on experience in the last few years, this would be after the meeting of the Audit Committee in November. If this was the case the Corporation would be advised accordingly as to the assumptions that had been made when considering the Financial Statements although, hopefully be then, the SFA certificate of funding would be available.

The commentary to the Financial Statements would provide an opportunity for Members to highlight key issues. This would be drafted by the College Executive with a contribution by the Clerk to the governance section and this would draw on the experience of the year as reflected in, for example, the Annual Self-Assessment Report (SAR).

The Chief Operating Officer presented a report on the accounting treatment available to PROCAT in terms of the preparation of the first set of accounts since incorporation.

In summary it was explained that there were two accepted and allowed methods of producing consolidated accounts in such circumstances – acquisition and merger.

Given the factors described it was thought that Merger Accounting would be appropriate for PROCAT in 2014/15.

The Committee agreed, following discussion:

- to note the presentation by the Audit Partner on the arrangements for reviewing the income and expenditure accounts and providing an assurance prior to the approval of the Financial Statements by the Board in December 2015
- to look forward to receiving an update following the completion of the audit fieldwork and initial discussions between representatives of the College and MHA MacIntyre Hudson
- to note that the Board will be invited to consider on 21 July 2015 the method of producing consolidated accounts in the current circumstances for PROCAT.

10 FINANCIAL CONTROLLER

The Committee noted that, following advertisement, 20 applications had been received for the post of Financial Controller which will become available in December 2015 due to the retirement of the existing post holder (current designation noted to be the Director of Finance & Resources).

The assessments and interviews of the shortlisted candidates were scheduled for the following day and it was hoped that it would be possible to make an appointment so that the successful candidate could join the College in about September providing an overlap with the existing Director of Finance & Resources.

The outcome of the recruitment process will be made known to Members as soon as practicable.

11 JOINT AUDIT CODE OF PRACTICE

The Committee noted the publication by the EFA and SFA of the draft for consultation of the Joint Audit Code of Practice (JACOP).

The JACOP will apply for accounting periods ending on or after 31 July 2015.

The document addressed a number of issues including the terminology to be used for assurance purposes – as from 2014/15 Financial Statements this will be revised from reasonable to limited.

The Committee also noted the Self-Assessment Questionnaire set out as Annex C to the JACOP which will need to be signed by the Accounting Officer (the Principal) and the Chair of the Board as part of the end of year routines prior to the publication of the Financial Statements which are due to be signed off for PROCAT on 9 December 2015.

12 CALENDAR OF MEETINGS – 2015/16

The Committee agreed to amend the Calendar of Meetings for 2015/16 so as to meet on 18 and not 17 November 2015 at 2.30pm at the Basildon campus.

The following meetings are planned for Tuesday 15 March 2016 and Tuesday 21 June 2016.

It is anticipated that these meetings will also commence at 2.30pm and, subject to ongoing review, will take place at the Basildon campus.

Signed: _____ Date: _____