



**MINUTES OF THE TRC  
AUDIT COMMITTEE MEETING**

**MONDAY 5 DECEMBER 2016**

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**PRESENT**

Mr M Chaudhary and Mr T Grice

**In Attendance:**

Mrs S Martin, Clerk; Mr M Patterson, Vice Principal Finance & Resources and Mr M Redfern (Grant Thornton UK LLP)

**APOLOGIES**

16.01 Apologies were received from Mrs J Collier and Mrs A Todd.

**DECLARATIONS OF INTEREST**

16.02 Members were reminded of the need to declare any interests.

- Mr T Grice reminded the corporation of his part time employment with Allotts Business Services Ltd.

**MINUTES**

16.03 The Minutes of the meeting held on 20 June 2016 were agreed as a true and accurate record and were signed by the Chair.

**MATTERS ARISING**

16.04 The committee received a list of actions arising from the previous meeting and it was noted that all actions are now complete.

**INTERNAL AUDIT PLAN 2016/17**

16.05 The VP F&R referred to the internal audit annual plan produced by Allotts Chartered Accountants. It outlines the work agreed to be undertaken during the five years of their appointment including 10 days' work scheduled to be carried out in the current financial year.

IT, management systems, teaching, quality, benchmarking and health and safety are excluded from their work as specialist experience is required. Mr T Grice queried whether there arrangements in place to consider each of these areas. The VP T&L confirmed that there are arrangements in place and provided examples of these.

**RESOLVED 16.05 to approve the Internal Audit Plan 2016/17**

## **ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE CORPORATION AND ACCOUNTING OFFICER 2015/16**

16.06 The Annual Report of the Audit Committee to the Corporation and Accounting Officer was presented for consideration. The Chair (absent during the meeting but having received a copy for approval in advance) and the Vice Chair were content with the report which provided assurance to the Corporation on the opinion of the internal and external auditors with regard to the adequacy and effectiveness of the college's assurance framework and internal controls.

**RESOLVED 16.06 That the Annual Report of the Audit Committee to the Corporation and Accounting Officer be recommended to the Corporation**

### **FINANCIAL STATEMENTS AND AUDIT FINDINGS Year end 31 JULY 2016**

16.07 Mr M Redfearn (Grant Thornton) presented the audit findings with the key discussion points as follows:

- It was confirmed that all outstanding items are now complete as the SFA regularity confirmation referred to had now been received. The committee noted that there were no areas of significant concern within the overview of audit findings.
- Segregation of duties and the review process for journals were raised as an internal control issue. It is, however, recognised by the auditors that it is not always possible or practical to achieve segregation of duties given the size of the finance team and the TRC management response does also reflect this.
- Mr M Redfearn spoke further on the content of the audit findings report with reference to TRC's position as a going concern, the regularity findings and the section entitled 'Misstatements'. It was explained that the 'misstatements' are in fact late entries relating to pension adjustments rather than actual misstatements. The pension figures are produced by Actuaries based on fixed national guidelines using negative future assumptions. These figures are inserted into the accounts by the auditors during or just after the audit week, as they do not become available until September or October.
- Presenting the financial statements, Mr M Redfearn referred members to the 'Statement of comprehensive income' explaining that 'Actuarial loss in respect of pension schemes' now has to be included within the figures as a result of the transition to the new reporting standard FRS 102. This means that the total comprehensive income for the year is showing a deficit of £815,000.
- The VP F&R highlighted the £122,000 surplus within the 2015/16 management accounts, explaining the differences between the financial statements and management accounts resulting from the FRS 102 changes. The committee noted the £815,000 deficit figure within the management accounts summary matched the deficit figure within the financial statements, acknowledging this figure as being a result of the FRS 102 changes.
- The committee along with Mr M Redfearn and the VP F&R discussed the audit findings and financial statements in more depth, paying particular attention to the effect that FRS 102 has had on inherited assets reserve transfers, LGPS salary costs

and pension interest charge and the staff accrued holiday pay which were all included within a detailed report presented by the VP F&R.

**RESOLVED 16.07 that the Financial Statements and Audit Findings for the year ended 31 July 2016, together with the letter of representation be recommended to the Corporation for approval.**

16.08 It was noted that within the financial statements that the 'Statement of cash flows' should state 'Net cash **inflow** from operating activities' rather than **outflow** and a request was made for this to be amended.

**RESOLVED 16.08 Grant Thornton to make the requested amendment**

#### **RISK MANAGEMENT ACTION PLAN – MONITORING**

16.09 The VP F&R referred to the paper distributed prior to the meeting, identifying the changes highlighted within the report:

3.3 – The actual number of students enrolled was on target, but there have been a high number of early leavers resulting in a shortfall of around 44 students. This will have an impact on the 2017/18 budget resulting from the decreased income.

3.10 – The departure date of the VP F&R remains unclear as this is linked to the MAT decision. Essential duties are being covered by the VP F&R on a 0.5 part time basis.

7.7 – IT issues – There have been recent improvements to bandwidth, with a further upgrade due soon.

10.3 – Compromised value added resulting from a reduction in the number of high grades is being addressed by introducing a number of measures.

**The report was noted.**

#### **DATE AND TIME OF NEXT MEETING**

16.10 The date of the next meeting is to be agreed.

Signed \_\_\_\_\_

Date \_\_\_\_\_