



WOODHOUSE
COLLEGE

Annual Report of the Audit Committee

2014-15

1. Introduction

The Terms of Reference which the Audit Committee is required to adopt under the Audit Code of Practice includes the requirement, “To produce an annual report for the Governing Body, which should include the Committee’s advice on the effectiveness of the College’s risk management, control and any significant matters arising from the work of the Internal Audit Service and the Financial Statements Auditor.”

2. Period Covered

This report covers the audit year ending 31 July 2015.

3. Membership

The Membership of the Audit Committee during the year comprised of:

Hem Savla (Chair)

Peter Green (Vice Chair)

Fernando Garcia

Mary McHugh

Milton McIntosh

In addition to this, the Principal, Director of Business Operations and Clerk to the Corporation were *in attendance*. Representatives of the Financial Statements Auditors and Internal Audit Service also attended meetings where appropriate.

4. Meetings

The Audit Committee met four times during the academic year;

22nd September 2014

24th November 2014

26th January 2015

18th May 2015

5. Attendance

All the meetings held were quorate, with an average attendance of 80%. This is inline with the Board’s average for the year of 81%.

6. Terms of Reference

The Terms of Reference for the Audit Committee were reviewed in September 2014 with minor amendments. These amendments included the addition of ‘Audit Tendering’, which appeared as a standing item for the Committee during the year.

7. Internal & External Audit Service

In 2013, the Board delegated authority to the Audit Committee to agree whether the College should continue to employ the services of an Internal

Auditor since the removal of this requirement. In January 2014, the Committee agreed that there is a need for some kind of internal audit work in order to discharge the committee's responsibility to provide suitable assurance to the Board.

The Committee also agreed that as the Internal Audit Service was due to be reviewed in July 2014, this would be an opportune time to go out to tender for a company who could provide both the Internal and Financial Statements & Regulatory Audits. Governors agreed that there would be minimal risk in having one company conduct both audits due to the specialized nature of each audit.

Therefore the Committee agreed on the following timeline for this academic year:

- External Audit to take place in October 2014 as normal.
- Final Financial Statements report to Governor and the EFA in December 2014.
- Internal Audit conducted in January/February 2015 by Buzzacott.
- Final Internal Audit report to be received by the Committee in March 2015.
- Tenders to go out in March 2015, to be returned by April/May 2015.
- New Auditors in place by June/July 2015.

As agreed by the Audit Committee at its May meeting, a panel (consisting of the Chair and Vice Chair of the Committee, the Director of Business Operations and the College Accountant) met on the 14th July to review the three tenders received by the College.

After careful consideration the panel agreed to appoint Buzzacott as the College's Internal and External Audit Service from 1st August 2015 for a period of 3 years.

8. Internal Audit

At its September meeting, the Audit Committee held a discussion of the Internal Audit Plan for 2014-15, as drafted by *Buzzacott* in consultation with the College. *Buzzacott* advised the Committee that there were now greater 'freedoms' available and the Internal Audit could be tailored to the needs of the College. Therefore, various amendments suggested by the Committee were subsequently agreed with *Buzzacott* and confirmed at the January meeting.

There were 5 areas reviewed as part of the Internal Audit. These were:

- Payroll
- Budget Setting & Management Reporting
- Student Enrolment
- IT Security
- Data Protection & Freedom of Information

Buzzacott presented the Audit Report at the May meeting of the Committee. It

was reported that most areas gave substantial or satisfactory assurance, with 15 recommendations in total, 1 of which was deemed to be high risk, however the College had drafted an action plan to mitigate all risks identified in the audit.

9. Financial Statements Audit

The Committee discussed the Financial Statements Audit Report at its November meeting, at which a representative from *Buzzacott* was present.

The objectives of the audit were to:

- give an opinion on the financial statements of the College for the year ended 31st July 2014;
- form an opinion on whether funds given for specific purposes had been properly applied for the intended purpose and managed in accordance with appropriate legislation;
- form an opinion on whether funds provided by the EFA were applied in accordance with the Financial Memorandum and other terms and conditions.

The auditors were of the opinion that *“the financial statements give a true and fair view of the state of affairs of the College”*.

10. Regularity Audit

The Regularity Audit was conducted in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the EFA. The review included examination, on a test basis, of evidence relevant to the regularity and propriety of the College’s income and expenditure.

The Regularity Audit opinion was that *‘in all material respects the income and expenditure during the year ended 31 July 2014 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them’*.

There were no issues arising during the course of the audit that the Auditors wished to bring to the attention of the College.

11. Risk Management

Despite having no specific areas of risk management to oversee, the Audit Committee is able to provide assurance to the Board that the College has a robust process for Risk Management in place, by reviewing and approving the Risk Management Plan and Policy at its May meeting for the next academic year.

12. Health & Safety and Environment

The Audit Committee considers a report on Health & Safety and Environment as a standing item on each agenda. Reports in 2014-15 included information

regarding a small number of accidents, all of which had been thoroughly investigated and none of which had been caused by any negligence on the part of the College.

The Audit Committee can give assurance to the Board that Health & Safety and environment are managed effectively.

13. Fraud

The Audit Committee considers a report on Fraud as a standing item on each agenda and can give assurance to the Board that adequate procedures are in place to minimise the risk of fraud, especially since the implementation of the BACS system. The Committee was pleased to note that there were no incidents of fraud during this academic year.

14. Conclusions

On the basis of information presented to the Committee as referenced above, the Audit Committee expresses the opinion that the College's systems of internal control and its arrangements for risk management, control and governance processes, securing economy and efficiency and health, safety and the environment are adequate and effective.

Once again, the Committee commends the College for their outstanding efforts in continuing to manage a very effective, efficient and safe college.

15. Approval

This document was recommended for approval by the Audit Committee on **21st September 2015**, then agreed and approved by the Board of Governors on **19th October 2015**.