



## Northern College

### THE AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held on **26 July 2021**.

**Present:** Liz Stanley (Chair), Cllr Ken Richardson and Seb Schmoller.

**In attendance:** The Principal (Yultan Mellor), the Assistant Principal – Finance and Business Services (Sue Saunders), the Financial Statements Auditor (Mike Redfern – Grant Thornton) and the Clerk to the Governors (Sarah Johnson).

**Apologies:** None.

### DECLARATIONS OF INTEREST

A21/54 None.

### ANNUAL AUDIT COMMITTEE REPORT TO THE BOARD 2019/20 AND ADDENDUM (Document 4i)

A21/55 The committee considered the previously approved Audit Committee Report to the Board 2019/20 and the draft addendum which covered the period to 26 July 2021 and agreed that:

- together the reports provided assurance for the whole period up to the signing of the 2019/20 financial statements on 26 July 2021;
- based on the work undertaken by the committee during 2019/20, and in the period from November 2020 to July 2021, it was the Audit Committee's opinion that the Board of Governors could be satisfied with the adequacy and effectiveness of the College Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets, and that there were no significant issues or matters of internal control raised during the period;
- the Audit Committee remained of the opinion that the ESFA funding audit had not arisen as a result of governance or control issues at the College, but rather was a consequence of a change in approach by the funders and their desire to 'end a position where there are discreet arrangements with particular providers outside the funding rules' and apply alternative rules retrospectively.

**Resolved: i That the Annual Audit Committee Report to the Board 2019/20 and Addendum be approved for submission to the Board of Governors.**

### FINANCIAL STATEMENTS 2019/20 (Document 4ii)

A21/56 The committee considered the **Audit Findings Report** and noted that:

- the audit was now substantially complete and there were no matters of which the auditors were aware that would require modification of their audit opinion or regularity report conclusion;

- with regards to regularity the auditors confirmed that ‘we have not identified any findings from the work conducted in this area, and as a result we will be issuing an unqualified regularity opinion within the financial statements’;
- whilst going concern remained a significant audit risk for the College the assessment work undertaken by the auditors had enabled them to concur with management that application of the going concern assumption was appropriate;
- the FSAs assessment to support this view had included consideration of:
  - the ESFA funding audit and the potential clawback of £2.4m;
  - the impact of the repayment of the full amount on the College’s cash flow forecast for the period to 31 July 2022;
  - the risk of a clawback as a result of under recruitment and the impact of this on the forecast;
  - pensions liabilities;
  - the College’s financial performance;
  - the wider economic environment;
  - the assessment provided by management including the cash flow forecast;
  - the key assumptions included within the forecast including the sensitivities applied;
- the anticipated audit report opinion would be unmodified;
- the audit findings report had been considered by the Audit Committee at its meeting on 26 July 2021 which had concluded that from their point of view there were no issues that should prevent the Board of Governors from approving signing of the financial statements for 2019/20.

A21/57 The committee considered and recommended for signing the **financial statements for 2019/20**, noting that two updates had been included relating to a successful legal counter claim and the release of clawback not required for the adult loans bursary.

A21/58 The committee considered and approved the contingent liability statement included in the financial statements at note 24, noting that the financial statement auditors had agreed that it was accurate, appropriate and descriptive, and the wording had been reviewed by Stone King LLP.

A21/59 The committee concluded that from their point of view there were no issues that should prevent the Board of Governors from recommending signing of the financial statements for 2019/20.

**Resolved:        i    That the draft financial statements for 2019/20 and audit findings report from the College’s financial statements auditor be recommended to the Board of Governors.**

#### **DATE AND TIME OF THE NEXT MEETINGS**

A21/60    Monday 15 November 2021 - 11.30am  
           Monday 21 February 2022 - 11.30am  
           Monday 13 June 2022 - 11.30am