



**MINUTES OF THE AUDIT COMMITTEE OF THE CORPORATION OF  
BLACKPOOL SIXTH FORM COLLEGE**

**Date:** Tuesday 9<sup>th</sup> March 2010  
**Venue:** Sixth Form College  
**Room:** Committee room  
**Time:** 1730hrs – 1900hrs

**Present:** Mr J Corry (Acting Chair)  
Mr S Carswell  
Mr T Nicholson  
Ms J Trembles

Mr J Boyle (Observer)  
Ms F Greeves (Principal)  
Mr D Fletcher (RSM Tenon)  
Ms C Higgins (RSM Tenon)  
Mr C Moss (Business Director RSM Tenon)  
Mrs A Pickup (Director of Finance)  
Mrs JA Trainor (Assistant to the Clerk of the Corporation)  
Dr J Burgess (Clerk to the Corporation)  
Mr G Saffery (Risk Management Champion)

	<b>Preliminaries</b>	<b>Action</b>
	Colleagues extended a warm welcome to Ms J Trembles to her first meeting of the Audit Committee. In the absence of the Chair, Mr Corry chaired the meeting.	
<b>1.2010</b>	<b>Apologies for Absence</b> Mr G Curry, Mr R Hutchinson and Ms L Randall (Director Internal Audit RSM Tenon).	
<b>2.2010</b>	<b>Declaration of Interest</b> All RSM Tenon staff in item 8.	
<b>3.2010</b>	<b>Consideration of any items of urgent business</b> None.	
<b>4.2010</b>	<b>Minutes of the meeting held on 24<sup>th</sup> November 2009</b> <i>(Paper A)</i> <b>4.2010 D1 Resolved: that the Minutes be approved.</b>	
<b>5.2010</b>	<b>Matters arising from the Minutes of the Meeting held on the 24<sup>th</sup> November 2009</b> <i>28.2009 Update on staff numbers between financial years</i> The Director of Finance advised that she had communicated the details to the Chair immediately following the last meeting. In essence, there was a change of 12 staff or a rise in full time equivalents from 154.9 to 170.8 between the last two financial years.	

*36.2009 Internal Audit Report 2008-2009*

The Director of Finance reported that despite polite requests, Hursts maintained the accuracy and robustness of the two “adequate” judgements.

The Risk Management Champion and Clerk confirmed that all other actions had been processed.

6.2010

**Risk Management  
Risk Management Plan**

*(Paper B)*

Mr Saffery explained that he had now completed a full review of the current Risk Register and a revised Risk Management Plan covering the risk areas scoring 8 and above and that this was in place. He drew attention to the changes in the numbers of risks over the last three years and highlighted the seven highest risks. He reflected that it had been a most interesting exercise, which had broadened his understanding of the College and currently he was reviewing the cost effectiveness of a number of integrated risk management software packages.

Governors thanked Mr Saffery on the progress so far but wondered if it would be possible to indicate the weightings on the document.

**Risk  
Champion**  
*To action*

**Risk register for the Phase 3 Property Strategy**

*(Paper C)*

As in previous re-building phases, the College maintains a separate Strategic Risk Register for the forthcoming Phase 3 of the Property Strategy. The Principal commented that the current proposals would involve demolition of buildings at a time when the College was busy with its highest number of students. A variety of mitigating strategies were being planned and it was hoped that the disruption would be limited to the inconvenience of external walking between buildings.

Governors were re-assured that the financing arrangements for Phases 1 & 2 were safely and robustly secured over the 22 year duration of the loan.

*Mr Nicholson joined the meeting.*

**Strategies for effectively managing risk**

*(Paper D)*

Governors scrutinized the summary report from RSM Tenon, of the Board's Risk profile and the key challenges in respect of future risks, which was generated as an outcome of the Governors' Residential Conference in January 2010. The Director of Finance confirmed that it was proposed to cross-check each of the risks identified to the Risk Register and adjust as necessary to ensure that these strategic issues were fully integrated and assessed within the Risk Register and Management Plan.

**Risk  
Champion**  
*To action*

**6.2010 D1 Resolved:** that the **Risk Management Plan March 2010** be received.

**6.2010 D2 Resolved:** that the **Risk Register for the Phase 3 Property Strategy** be received.

**6.2010 D3 Resolved:** that the **Strategies for effectively managing risk summary report** be received.

## 7.2010

### Internal Audit Reports – Visit one.

*(Paper E)*

Governors reviewed the three separate reports from the first visit of the Internal Auditors for the financial year 2009 / 2010. Mr Fletcher introduced and contextualized each of the Reports.

#### *Funding Assurance Review – follow up on 2008/09*

This report confirmed that all of the recommendations made within the original 2008 /09 Funding Assurance Review had been implemented.

#### *Student Records – Examinations*

Mr Fletcher explained that the judgement of “adequate” related to the effectiveness of the control framework and their finding that there is no process in place to reconcile exam board invoices to the actual exam board entries. Whilst they were not advocating a full and detailed reconciliation, some form of electronic process or some sample testing should be considered as an improvement opportunity. The Director of Finance observed that there were no issues on the quality of exam entries sampled and that the apparent deficit of £40k at the time of the audit had already been reported to, and reviewed by, the Administration and Finance Committee. There were a number of reasons to explain this variance at that time, however, it was hoped to be in balance at the year- end. The two action plan recommendations, one classed as “significant” and the other as “merits attention”, were in progress.

**Director of Finance**  
To take forward.

The Principal reported that a recent re-organization of the College had successfully integrated the Examinations and MIS functions. The College was seeking further cost effective savings through improved selection of appropriate examination boards.

#### *Risk Maturity.*

Governors were particularly interested in this thematic review, which involved benchmarking with a large number of similar client colleges, to determine the College’s position on the Risk Maturity spectrum. The assessment of being “Risk Managed” was pleasing and re-assuring. The three “merits attention” recommendations were accepted. The Chair wondered whether in future a split should be provided to differentiate strategic, management and operational risks. It was hoped that an integrated software solution might be found to take this forward.

**Risk Champion**  
To take forward

#### *Internal Audit Progress Report March 2010*

Mr Fletcher discussed the function and structure of the Progress Report and drew attention to the informative client briefings.

**7.2010 D1 Resolved: that the 3 Internal Audit Reports and Progress Report March 2010 be received.**

8.2010

**Provision of Internal and External Audit services 2010 – 2011**

*(Papers F & G)*

As a consequence of the merger, on the 30<sup>th</sup> December 2009, of Tenon and RSM Bentley Jennison, the College now needs to appoint new auditors (either internal or external) in readiness for the commencement of, and in respect of, the next financial year 2010 / 2011.

The LSC had confirmed that it was acceptable to continue for the remainder of this financial year with the current arrangements with the merger organization, provided that there was independence of the external and internal audit activity. It was necessary to ensure that the engagement partner and audit manager and their respective office locations did not change. Governors requested that RSM Tenon produce a letter of comfort confirming the extent of the separation in place at RSM Tenon, as indicated by the LSC. RSM Tenon confirmed that they were happy to continue serving the College, but clearly could only do so in one capacity. They also agreed that fee agreements would be honoured and that no cancellation charges would apply.

*Representatives of RSM Tenon left the meeting.*

Governors reflected upon the strengths and weaknesses of keeping the respective teams of internal and external auditors. Given the very recent appointment of the internal auditors, coupled with their considerable national presence in the sector and their major role of working with the Audit Committee, (and Corporation as at the recent Annual Conference), it was concluded to seek another firm to provide External Audit Services.

Governors recommended that the College:

- seek tenders as soon as possible
- involve a small number of both regional and national External Audit firms
- ensure that all firms have experience in the sector
- arrange a short-listing event prior to the next meeting of the Audit Committee in mid June 2010.

**8.2010 D1 Resolved:** that the College seeks a new External Audit Team for 2010 / 2011.

**8.2010 D2 Resolved:** that the College retains RSM Tenon as the Internal Auditors for 2010 / 2011.

9.2010

**Estimation of Risk**

The Chair observed that from his perspective the only new risk issue, which had arisen related to the appointment of new External Auditors.

10.2010

**Date of next meeting**

The next meeting of the Committee would be confirmed in due course. Governors thanked the Acting Chair who closed the meeting 1900hrs.

Signed:

Chair:

Date:

Action

RSM Tenon  
To action

Director of  
Finance  
To take  
forward.