



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

Date: Tuesday 18th June 2013
Venue: Sixth Form College
Room: Committee room
Time: 1730hrs – 1945hrs

Present: Mr G Curry (Chair)
Cllr D Clapham
Mr J Corry (Vice-Chair)
Mr S Sheard
Ms J Trembles

Together with: Mr J Boyle (Observer)
Mr G Hitchmough (Audit & Assurance Partner Mazars)
Mrs A Pickup (Director of Finance & Personnel)
Mr K Rushton (Senior Manager Internal Audit RSM Tenon)
Mr G Saffery (Risk Management Champion)
Mrs JA Trainor (Assistant to the Clerk of the Corporation)
Ms G Yeadon (Deputy Principal)
Dr J Burgess (Clerk to the Corporation)

		Action
12.2013	Apologies for Absence Ms F Greeves	
13.2013	Terms of reference The Committee's Terms of Reference were reviewed and confirmed.	
14.2013	Declaration of Interest None were declared.	
15.2013	Consideration of any items of urgent business None.	
16.2013	Minutes of the meeting held on 5th March 2013 (Paper A) 16.2013 D1 Resolved: that the Minutes be approved.	
17.2013	Matters arising from the Minutes of the Meeting held on the 5th March 2013 not arising on the agenda None.	

18.2013	<p>RSM Tenon Benchmarking Report 2011 - 2012 (Paper B)</p> <p>This annual report provides the Audit Committee with a benchmarking assessment of the College's Internal Audit performance in respect of the assurance opinions and the recommendations made by RSM Tenon to its clients in the Further Education Sector. Mr Rushton was pleased to detail a very favourable report for the College, based upon a sample of approximately 2,000 reports that placed it both ahead of the sector as a whole and other sixth form colleges.</p> <p>18.2013 D1 Resolved: that the RSM Tenon Benchmarking Report 2011 - 2012 be received.</p>	Action
19.2013	<p>Risk Management Report, updated Risk Register and revised Risk Policy. (Paper C)</p> <p>Mr Saffery confirmed that he had acted upon the majority of the recommendations made at the last meeting. The risk standardisation process, involving a panel including the Finance Director, Vice-Principal and Risk Management Champion is scheduled to commence later in the week. He drew attention to Risk 6.18 (relating to inability to appoint to vacancies), which had been missed off the photocopied reports. Governors agreed that 'Expired Risks' should be shown once and then removed from the Register.</p> <p>Governors carefully reviewed the higher rated risks and the associated Key Risk Management Action Plans for all risks rated 9 and above. Mr Saffery advised that work was ongoing to mitigate the risks associated with the Bribery Act 2010. In addition, a number of minor drafting changes and enhancements had been made to the Risk Management Policy.</p> <p>The Chair asked how he could be assured that all the risks are captured in the Register. Whilst recognising that no Risk Register could be perfect, Mr Saffery detailed the regular meetings he has with Senior Management colleagues, coupled with the input received from SMT meetings and all governor meetings. Governors questioned whether there should be an overarching Safeguarding Risk separately identified and this was agreed. Clarification was provided on Risk 7.17 and it was thought appropriate to move responsibility for Risk 3.11 to the Principal & Corporation.</p> <p>19.2013 D1 Resolved: that the June 2013 Risk Management Report, updated Risk Register and revised Risk Policy be received.</p> <p>19.2013 D2 Resolved: that, subject to the amendments above, the June 2013 Risk Management Report, updated Risk Register and revised Risk Policy be recommended to the Corporation.</p>	<p>Risk Man Champion To action</p> <p>Risk Man Champion To action</p> <p>Clerk To action</p>
20.2013	<p>Internal Audit Reports 2012 - 2013 (Paper D1, 2,3,4, & 5)</p> <p>Mr Rushton introduced the five Reports.</p>	

Internal Audit Progress Report

This Report summarised the programme of work for 2012-13, which covered five areas and had been successfully completed. All the opinions were positive and there were no significant issues in any of the reviews. RSM Tenon had included some topical Client Briefings within the Report.

Action

Internal Audit Follow-up Report

An assessment of "adequate progress" was the Auditors' judgement (despite no major concerns) as only 10 of the 15 recommendations had been fully implemented. It was noted that 3 of the other 4 accepted recommendations were dependent upon the approval of the updated Recruitment and Selection Policy, which had now been completed. The Deputy Principal agreed to ensure that First Aid and Fire Marshal Training documentation is now maintained on the personnel system and also to ascertain the likely time to report computer losses.

**Deputy
Principal**
To action

Corporate Governance

Mr Rushton confirmed that this was a particularly pleasing report with substantial assurance, ("green") and there were no recommendations made as part of this review. Governors extended their congratulations and thanks to the Clerk and Deputy Clerk.

Mr Boyle advised that he was scheduled to meet the Chair and Principal of Priestley College, Warrington to explore governance benchmarking later in the week.

Risk Assurance Stocktake

Similarly, Governors were re-assured that a substantial assurance conclusion ("green") had been given with only two low priority recommendations. This was a significant achievement and congratulations and thanks were extended to the Risk Management Champion and Director of Finance. The Committee explored possible enhancements to the current Risk Register based upon an assurance framework and template circulated by RSM Tenon. It was hoped that either a worked exemplar or information shared at a Governance Workshop in Manchester the previous day might aid clarification.

RSM Tenon
To action

Procurements and Payments

This audit was designed to assess the implementation of the new Corero Resource finance system. It was pleasing to note that a substantial assurance conclusion ("green") had been given with three low level recommendations.

Strategy for Internal Audit 2013/14

Mr Rushton explained that this Plan was not yet available as it was awaiting final authorisation by a 2nd senior partner at RSM Tenon. Discussions had commenced in April 2013 with the Director of Finance on a range of potential areas of risk and audit coverage. However, due to delays the SMT feedback was too late for the document to be ready for today's meeting. It would be presented at the November 2013 meeting of the Committee and following approval would allow for the audit programme to commence in time in 2014.

Governors expressed concerns that a planned reduction in the number of days from 24 to 20 might endanger and impact negatively on the scope, quality and final judgement of the Internal Auditor. Mr Rushton assured Governors that there was sufficient work across the spectrum of the College's activities to provide an informed opinion.

20.2013 D1 Resolved: that, **the Internal Audit Reports in respect of: Progress Review, Follow Up, Corporate Governance, Risk Assurance Stocktake, Procurements and Payments be received.**

20.2013 D2 Resolved: that, **the Internal Audit Plan 2013/14 be considered at the November 2013 meeting.**

21.2013 Draft External Audit Strategy Memorandum for the year ending 31st July 2013

(Paper E)

Mr Hitchmough carefully briefed Governors on the Mazars' approach to the forthcoming External Audit. Governors were perplexed about the wording of certain paragraphs and sought clarification. There were no significant changes anticipated from previous years. The significant risks and planning schedule were reviewed and the fees will be maintained for 2013 at £8,500 with £650 for Teachers Pension and Regularity Audits.

21.2013 D1 Resolved: that, **the Draft External Audit Strategy Memorandum for the year ending 31st July 2013 be received.**

22.2013 AoC Audit and Accountability Annex to the Foundation Code of Governance

(Paper F)

Mr Boyle explained the College's position in adopting the AoC's Foundation Code of Governance and contextualised the Audit & Accountability Annex as a focused and dedicated document for the sector in the move to Self-Regulation. Mr Hitchmough considered that, if adopted by the Corporation, the Annex would become effective for the accounting year 2013 – 2014.

Governors sought further clarification about the development of the Annex, the extent of the mapping done to the Financial Reporting Council's UK Corporate Governance Code, the participation of the main audit firms in its development, the validation process of the document, and the likely impact upon the Audit Committee's Terms of Reference and responsibilities of the Corporation.

Clerk
To action

22.2013 D1 Resolved: that, **the AoC Audit and Accountability Annex to the Foundation Code of Governance be received.**

22.2013 D2 Resolved: that, **subject to satisfactory assurances being received, the AoC Audit and Accountability Annex to the Foundation Code of Governance be recommended to the Corporation for adoption.**

23.2013

Draft Joint Audit Code of Practice Part 2

(Paper G)

Governors discussed the draft Code and sought clarification from the Auditors of the proposed changes and possible further amendments following the consultation period. The Committee was advised that the final version will be effective from 1st August 2013 and that a careful review of the Audit Committee's Terms of Reference would be necessary thereafter.

Action

Clerk
To action

24.2013

Estimation of new risks

Whilst there were uncertainties surrounding the Internal Audit Plan for next year, the new Joint Code of Practice and change of chairing responsibilities for the Audit Committee were not considered significant risks.

All staff and observers left the meeting.

25.2013

Private meeting with the Auditors

Both Audit firms reported that they had no significant areas of concern regarding the processes and personnel at the College. The maternity cover arrangements in the Finance Department were in place for the Financial Audit. They apologized for not being fully informed about the detail of the AoC Audit and Accountability Annex to the Foundation Code of Governance, which was still relatively new.

Governors explored the mechanisms, ramification and potential impact upon the Sixth Form College of the financial and reputational risks associated with the Teaching School and the Multi Academy Trust.

Governors supported the importance of maintaining an open, direct line of communication between Audit Committee members and Auditors, without the involvement of College Management and observers.

The auditors left the meeting.

26.2013

Private meeting of the Committee

Governors concluded that the private meeting with the auditors had been useful to maintain. They sought clarification of the membership and roles of the Audit Committee in the forthcoming year and wished the Chair every success in his new appointment.

27.2013

Date of next meeting

The next meeting of the Committee was confirmed as **Tuesday 19th November 2013 @1730hrs**

Members
Please note

The Chair thanked members for their attendance and contributions and closed the meeting at 1945hrs.

Signed:

Chair:

Date:
