



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

Date: Tuesday 20th November 2012

Venue: Sixth Form College

Room: Committee room

Time: 1730hrs – 1855hrs

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

Together with: Mr P Farrington (Audit Manager Mazars)
Mr D Fletcher (Audit Manager RSM Tenon)
Mr G Hitchmough (Audit and Assurance Partner Mazars)
Mrs A Pickup (Director of Finance & Personnel)
Ms G Yeadon (Deputy Principal)
Mrs JA Trainor (Assistant to the Clerk of the Corporation)
Dr J Burgess (Clerk to the Corporation)

Preliminaries

The Chair welcomed Mr Paul Farrington to his first meeting and Ms Yeadon, deputising for the Principal, who along with the Corporation Chair Mr J Boyle were representing the College at the Association of Colleges National Conference in Birmingham. Governors agreed to continue to feature the summary of the Committee's "Terms of Reference" on the agenda.

Action

29.2012 Apologies for Absence
None.

30.2012 Declaration of Interest
None.

31.2012 Consideration of any items of urgent business
None.

32.2012 Minutes of the meeting held on 19th June 2012
(Paper A)
32.2012 D1 Resolved: that the Minutes be approved.

33.2012 Matters arising from the Minutes of the Meeting held on the 19th June 2012 not covered elsewhere on the agenda
It was confirmed that a total of 36 Colleges were involved in the RSM Tenon Benchmarking Report.

	All other actions had been completed.	
34.2012	<p>“Guidance on the implications following rationalisation of audit arrangements for Sixth Form Colleges” (Paper C)</p> <p>Governors reviewed the joint Education Funding Agency and Sixth Form Colleges Forum Report following the consultation exercise earlier in the year and the subsequent decisions. In summary the guidance explored the removal of the mandatory requirement for internal audit; the removal of the requirement to submit an annual Financial Management and Control Evaluation and the lifting of the prevention of one audit firm providing external audit, internal audit and other assurance services.</p> <p>Following discussion and advice from Auditors it was agreed to delay any changes to arrangements and processes until the Joint Audit Code of Practice was finalised and published next year.</p> <p>34.2012 D1 Resolved: that the Report “Guidance on the implications following rationalisation of audit arrangements for Sixth Form Colleges” be received.</p>	Action
35.2012	<p>Internal Audit Annual Report 2011 - 2012 (Paper C)</p> <p>Mr Fletcher reviewed the key points in the Annual Report and particularly the Internal Audit Assurance Statement. Governors requested an update on the six low risk recommendations in the Health & Safety Report.</p> <p>35.2012 D1 Resolved: that, the Internal Audit Annual Report for the year ending 31st July 2012 be approved and recommended to the next meeting of the Corporation.</p>	Deputy Principal To action
36.2012	<p>Report and Financial Statements for the year ending 31st July 2012 (Paper D)</p> <p>The Director of Finance & Personnel reviewed the Report noting a £1,163k surplus on continuing operations had been achieved (£1,726k surplus last year). This was a very strong result given the prevailing economic pressures.</p> <p>The Chair sought and received clarification and assurance regarding the £500k investment with the Yorkshire Bank.</p> <p>Governors reviewed the key areas of the Report and requested a small number of minor typographical changes to correct errors. In discussion, it was explained how the College adjusted staffing costs in the face of a £230k reduction in funding and the benefits of modest over-recruitment to secure advantages in the lagged student numbers methodology. They were very supportive of the student bursary funding in place of the axed EMA. The scale progression system for younger teachers was explored in the light of no cost of living increases.</p> <p>36.2012 D1 Resolved: that, subject to the minor amendments identified, the Annual Report and Financial Statement for the year ending 31st July 2012 be approved and recommended to the next meeting of the Corporation.</p>	Clerk To action

37.2012	<p>Audit Completion Report on the Audit of the Financial Statement for the year ending 31st July 2012 (Paper E)</p> <p>Mr Hitchmough provided Governors with a comprehensive review and explanation of a number of key issues and audit risks within the Report. He was pleased to report that the audit had gone very well, the accounts were in a strong position and there were no matters identified during the audit that required adjustment. He was pleased to indicate that an unqualified opinion, without modification, would be forthcoming.</p> <p>In detailed discussion he drew attention to the 2.3% margin on the potential breach of bank covenants and the Director of Finance noted that this was now routinely checked in the management accounts. The initial financial transactions relating to the establishment of the Teaching School had been reviewed and confirmed as being completed satisfactorily.</p> <p>The Chair thanked Mr Hitchmough for the Report and his re-assurance. He also extended his thanks to the Director of Finance and her team for their excellent work.</p>	Action
	<p>37.2011 D1 Resolved: the Audit Completion Report on the Audit of Financial Statements for the year ending 31st July 2012 be received and recommended to the next meeting of the Corporation.</p>	Clerk To action
38.2012	<p>Letter of Engagement and Management Representations letter. (Paper F)</p> <p>Mr Hitchmough explained the delay in finalising the letter of engagement and drew attention to the text in Appendix 1 of the Audit Completion Report, which would be used to draft the letter from the College to Mazars. This was discussed and agreed.</p>	
	<p>38.2012 D1 Resolved: that the letter of engagement dated 28th September 2012 be received.</p>	
	<p>38.2012 D2 Resolved: that the draft text of the letter of representation (Appendix 1) be approved and recommended to the Corporation.</p>	Clerk To action
39.2012	<p>Draft Annual Report of the Audit Committee 2011 /12 (Paper G)</p> <p>Governors reviewed the key points within the Report and agreed to recommend it to the Corporation.</p>	
	<p>39.2012 D1 Resolved: that, the Annual Report of the Audit Committee 2011/12 is approved and recommended to the Corporation.</p>	Clerk To action
40.2012	<p>Audit Committee Key Performance Indicators 2011/12 (Paper H)</p> <p>Governors were satisfied to note the achievements against the Committee's Key Performance Indicators. In respect of the Performance Indicators for 2012/13, it was agreed to maintain the current 18 areas but delete reference to the Self-Assessment Questionnaire (FMCE).</p>	Clerk To action

40.2012 D1 Resolved: that the report on the key performance indicators for 2011/12 is approved.

40.2012 D2 Resolved: that, subject to the deletion of FMCE, the performance Indicators for 2012/13 is approved.

41.2012 Governors' Assessment of the Committee Skills Balance

(Paper 1)

Governors collectively reviewed the 34 skill areas and identified the top six which they considered essential for the Audit Committee. The Search Committee, at a later meeting, would review these.

All staff left the meeting

42.2012 Private meeting with the Auditors

Governors recalled that at their last meeting, they had agreed to repeat the private session with Auditors at this meeting when all members would be present. Mazars echoed the success of their recent audit, particularly following a major change to the College's accounting systems and viewed the Director of Finance and Management Accountant as an outstanding team. Mazars had no issues / concerns to share with the Committee. Similarly, the Internal Auditors had no urgent concerns and assured Governors that they would alert them immediately should anything arise.

Governors wondered about opportunities to share good practice and improve the cross fertilisation of ideas from the sector. Auditors believed this was undertaken informally with staff at the moment, along with briefings and emerging sector issues being made available to Governors.

The Auditors left the meeting

43.2012 Private meeting of the Committee

Governors reflected on the positive assurances provided by the Auditors. In the light of the College's very strong cash reserves they discussed the delicate balance of continuing the prudent financial housekeeping, in the face of on-going public sector spending cuts now and in the future, with the immediate responsibility to support and improve resources for the current under-performing areas within the College. The forthcoming Chancellor's statement would better inform this matter, and Governors needed to be alert to the trends.

44.2012 Estimation of Risk

Governors concluded that no new significant risk issues had arisen.

45.2015 Date of next meeting

The next meeting of the Committee is **Tuesday 5th March 2013 @1730hrs**

The Chair thanked members for their attendance and contributions and closed the meeting at 1855hrs.

Members
Please note

Signed:

Chair:

Date:
