



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

**Date:** Tuesday 22<sup>nd</sup> November 2010

**Venue:** Sixth Form College

**Room:** Committee room

**Time:** 1730hrs – 1900hrs

**Present:** Mr G Curry (Chair)  
Mr J Corry (Vice-Chair)  
Ms J Trembles

Mr J Boyle (Observer)  
Ms F Greeves (Principal)  
Mr D Fletcher (Internal Audit Manager RSM Tenon)  
Mr C Moss (Business Director RSM Tenon)  
Ms K Musgrave (Audit Manager RSM Tenon)  
Mr K Simmons (Assurance & Transaction Services Partner  
North West Region Mazars)  
Mrs A Pickup (Director of Finance & Personnel)  
Mrs JA Trainor (Assistant to the Clerk of the Corporation)  
Dr J Burgess (Clerk to the Corporation)

		Action
	<b>Preliminaries</b> The Chair extended a warm welcome to Mr Kevin Simmons from Mazars LLP to his first meeting of the Audit Committee.	
26.2010	<b>Apologies for Absence</b> Mr R Hutchinson & Ms L Randall	
27.2010	<b>Declaration of Interest</b> None were declared.	
28.2010	<b>Consideration of any items of urgent business</b> None.	
29.2010	<b>Minutes of the meeting held on 23<sup>rd</sup> June 2010</b> (Paper A) <b>29.2010 D1 Resolved: that the Minutes be approved.</b>	
30.2010	<b>Matters arising from the Minutes of the Meeting held on the 23<sup>rd</sup> June 2010</b> <i>16.2010 IT Server Backup procedures</i> – Governors were re-assured that robust procedures with Collegiate High School were now in place.	

18.2010 Amendments to the Governor's Header Sheet – These were under discussion and would be finalized shortly.

**31.2010 Update on Data Protection**

Ms Sarah Rainford, the College's Data Protection Officer, tabled the results of a recent staff development exercise, involving 157 responses, aimed at determining the level of understanding on data protection issues. Overall, the results were very pleasing, (with the low scoring questions being none critical). She confirmed that the exercise would be refined, updated and re-issued next year.

Focused training, with legal updates and scenario cases, had been successfully completed for the Management Forum and this had been followed-up by three Departmental Data Protection audit visits to identify good practice and areas for improvement. These visits had been successful in re-enforcing best practice in respect of password, file and office security, centralised records, and in developing a "clear desk" culture. The training plans and data storage / archiving proposals for 2011 and 2012 were outlined. Governors were very encouraged by the solutions being adopted and the general progress being made. Discussions highlighted the best practice in handling confidential waste / shredding and the need for a differentiated approach in high-risk areas. The use of data protection reminders on computer login screens was suggested for future consideration. The Chair thanked Ms Rainford for an interesting and comprehensive report.

**32.2010 Risk Management Update**

*(Paper B)*

The Director of Finance & Personnel noted that Mr Saffery had commenced the International Certificate in Risk Management Course; had visited and reviewed risk management software at a neighbouring college and as a result had amended procedures for trips/ visits in respect of equipment leaving the College. The work on an in-house computer software package has been prioritised and is progressing.

**32.2010 D1 Resolved:** that the **November 2010 Risk Management Update be received.**

**33.2010 Annual Internal Audit Report 2009 - 2010**

*(Paper C)*

Mr Fletcher drew attention to the three "green" judgements in respect of the adequacy and effectiveness of Governance, Risk Management and Control. The operational assurances for the year in the seven areas required in the Code of Practice were all rated as "Good".

**33.2010 D1 Resolved:** that, subject to a couple of minor amendments, **the Internal Audit Annual Report 2009 / 2010 be approved and recommended to the Corporation's next meeting.**

**34.2010 Report and Financial Statements for the year ending 31<sup>st</sup> July 2010**

*(Paper D)*

The Director of Finance & Personnel noted that a £773k surplus on continuing operations had been achieved, prior to costs relating to the property strategy.

The accelerated depreciation of £930k was on buildings demolished in August & September 2010 as part of the Phase 3 property re-development strategy. The methodology was based on an sq meter write down upon the value of the original transferred asset.

Governors reviewed the key areas of the Report and requested a number of minor typographical changes.

**34.2010 D1 Resolved:** that, subject to the minor amendments identified, the **Annual Report and Financial Statement for the year ending 31<sup>st</sup> July 2010 be approved and recommended to the next meeting of the Corporation.**

**35.2010 Management Report on the Audit of the Financial Statement for the year ending 31<sup>st</sup> July 2010**

*(Paper E)*

Ms Musgrave provided Governors with a comprehensive review and explanation of the Management Report, and was pleased to report no matters of weakness were identified during the audit. In addition, in respect of the Regularity Audit, Tenon's anticipate issuing an unqualified regularity opinion, with no significant issues to report. In discussion on Bank Covenants, Mr Boyle requested the assistance of RSM Tenon to review the proposed revised loan agreements.

The treatment of the pension valuation gain of £167k resulting from the move to the Consumer Price Index was explained and the interim nature of the guidance was noted.

The Chair thanked Ms Musgrave for the Report and her re-assurance.

**35.2010 D1 Resolved:** the **Management Report on the Audit of Financial Statements for the year ending 31<sup>st</sup> July 2010 be received and recommended to the next meeting of the Corporation.**

**36.2010 Management Report Annexes for the year ending 31<sup>st</sup> July 2010.**

*(Paper F)*

Mr Moss explained that the Annexes were management information for the Audit Committee involving national averages. The issue of the high dependency on a single income source was a matter of report, however, this was not unusual. The remainder of the document provided some timely insights into sector developments and future uncertainties.

**36.2010 D1 Resolved:** that, the **Management Report Annexes for the year ending 31<sup>st</sup> July 2010 are received.**

**37.2010 Draft Representation letter.**

*(Paper G)*

The standardized text of the draft letter from the College to RSM Tenon was discussed and the situation with regard to FRS17 Pension Costs agreed.

	<b>37.2010 D1 Resolved: that the draft Representation letter is approved and recommended to the Corporation.</b>	Action
<b>38.2010</b>	<b>Draft Annual Report of the Audit Committee 2009 /10</b> <i>(Paper H)</i> The Chair was pleased to see the improvement in the Governor attendance at Audit Committee meetings.	
	<b>38.2010 D1 Resolved: that, subject to a minor correction, the Annual Report of the Audit Committee 2009/10 is approved and recommended to the Corporation.</b>	Clerk To action
<b>39.2010</b>	<b>Audit Committee Key Performance Indicators 2009/10</b> <i>(Paper I)</i> Governors were satisfied to note the achievements against the Committee's Key Performance Indicators. In respect of the Performance Indicators for 2010/11, it was agreed to maintain the current 18 areas.	Clerk To action
	<b>39.2010 D1 Resolved: that the report on the key performance indicators for 2009/10 is approved.</b>	
	<b>39.2010 D2 Resolved: that the performance Indicators for 2010/11 are approved.</b>	
<b>40.2010</b>	<b>Financial Management and Control Evaluation</b> <i>(Paper J)</i> The Director of Finance & Personnel introduced the short return for 2010. She explained that this format had been adopted the previous year and, as the College did not wish to make any significant changes, it was only necessary to confirm the grades and submit an updated improvement plan. The Principal requested that in the improvement plan, reference is made to the fact that appropriate and timely financial training to Management Forum and other colleagues is routinely provided.  Governors were pleased to note the overall Outstanding grade, and offered their thanks and congratulations to the Director of Finance & Personnel.	Director of Finance To action
	<b>40.2010 D1 Resolved: that, subject to the amendment above, the short return of the Financial Management and Control Evaluation be approved and recommended to the Principal for signing.</b>	
<b>41.2010</b>	<b>Estimation of Risk</b> Governors observed that from their perspective no new significant risk issues had arisen during the discussions at the meeting.	
<b>42.2010</b>	<b>Any other business</b> a) Catering preferences – the meeting confirmed that the current level of refreshments supplied is appropriate and welcomed.	

