



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

Date: Tuesday 24th November 2009
Venue: Sixth Form College
Room: Committee room
Time: 1730hrs – 1900hrs

Present: Mr G Curry (Chair)
Mr S Carswell
Mr J Corry
Mr R Hutchinson

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

Preliminaries

The Chair extended a warm welcome to Ms Higgins and Mr Fletcher to their first meeting of the Audit Committee. He expressed sadness about the recent resignation from the Corporation of Mrs Carol Neale due to family illness. On behalf of the Committee, he thanked Mrs Neale for her commitment to the work of the Audit Committee, and, particularly latterly, as Vice-Chair.

Action

- 22.2009 Apologies for Absence**
Mr T Nicholson, Miss K Musgrave (Audit Manager Tenon) and Ms H. Besant-Roberts (Partner Hurst & Company Accountants LLP)
- 23.2009 Declaration of Interest**
None were declared.
- 24.2009 Consideration of any items of urgent business**
None.
- 25.2009 Minutes of the meeting held on 9th June 2009**
(Paper A)
25.2009 D1 Resolved: that the Minutes be approved.
- 26.2009 Matters arising from the Minutes of the Meeting held on the 9th June 2009**
15.2009 Presentation by the College's Data Protection Officer – Due to illness, this would be featured on a later agenda in the year.
7.2009 IT Backup procedures – The Principal re-assured Governors that robust procedures were in place.

Clerk
To action

All servers were backed up daily and kept in a locked fireproof safe in the Holland building, a location away from the main Calder network office. In addition, a weekly backup is taken off-site each Monday by a trustworthy member of staff, in a locked and inaccessible container. Discussions are currently proceeding with Collegiate High School to organize a reciprocal arrangement. Server installation software is also kept off-site. Governors suggested that the current arrangements should be reflected in the College's Risk Register.

**Risk
Champion
To action**

In addition, the Principal confirmed that the College Network has been configured so that a new server location could be speedily re-sited and reconfigured in the event of a major fire. In such a disaster, internet connection would be re-established relatively quickly using the microwave dish on Brock building.

27.2009 Funding Assurance Review Audit 2008 -2009

(Paper C)

Mr Moss explained that since the LSC had stopped funding audits, a risk gap had occurred which this audit was designed to fill. The focus was on learner existence, eligibility and participation, particularly start and finish dates. The overall conclusion of the Audit was that the systems of controls in operation at the College are satisfactory. Three recommendations were made and these have been accepted and implemented.

27.2009 D1 Resolved: that the **Funding Assurance Review Audit 2008 - 2009 be received.**

28.2009 Annual Report and Financial Statement for the year ending 31st July 2009

(Paper D)

The Director of Finance provided an informative and detailed review of the key features of the Annual Accounts. She noted that the Administration and Finance Committee had reviewed a draft version of the Accounts in October and would be seeing the final draft the next day. An operating surplus of £259k had been achieved over the year, prior to adjustments in respects of the property strategy, which resulted in a net £107k surplus. The increase in the tangible assets was noted.

In response to Governor's questions, the Principal stated that student numbers in this current year were well above projections with increased class sizes. The aim was to continue steady and progressive growth in order to maintain the focus on improving student achievements and securing value for money. The Chair requested an update at the next meeting on changes in actual staff numbers in September 2009.

**Director of
Finance
To advise**

The Director of Finance explained that the pension liabilities, for the support staff, were determined by the Local Government Pension Scheme, from independent actuarial sources.

Governors considered the Accounts to be professionally well presented, readable and informative. They were re-assured that the high overdraft would be converted to a long-term liability loan by the next annual report.

28.2009 D1 Resolved: that the **Annual Report and Financial Statement for the year ending 31st July 2009** be approved and recommended to the next meeting of the Corporation.

29.2009 Management Report on the Audit of the Financial Statement for the year ending 31st July 2009

(Paper E)

Ms Higgins 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. She thanked the Director of Finance for a well-prepared set of accounts at the out-set of the audit. Three adjustments had been processed during the course of the audit. The Chair thanked Ms Higgins for her re-assurance.

29.2009 D1 Resolved: the **Management Report on the Audit of Financial Statements for the year ending 31st July 2009** be received and recommended to the next meeting of the Corporation.

30.2009 Management Report Annexes for the year ending 31st July 2009.

(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 LSC income was a matter of report, however, both Tenons and the Corporation were comfortable with the position. The progressive decline over recent years in the total staff costs as a % of total income was a very positive indicator. The very low current ratio reflects the revolving credit facility in place at the present time, which would change during the year when the loan was in place. This would also impact on the financial health score next year. The operating surplus was a good result. The remainder of the document provided some timely insights into sector developments and future uncertainties.

30.2009 D1 Resolved: that, the **Management Report Annexes for the year ending 31st July 2009** are received.

31.2009 Draft Representation letter.

(Paper G)

The standardized text of the draft letter from the College to Tenon was discussed and the situation with regard to claims from AA Projects agreed.

31.2009 D1 Resolved: that the **draft Representation letter** is approved and recommended to the Corporation.

32.2009 Annual Report of the Audit Committee 2008 /09

(Paper H)

Again concern was raised regarding the low level of Governor attendance at Audit committee meetings. Governors agreed that a 1730hrs start time would be more convenient and perhaps some choice / flexibility of dates could be provided in the calendar to assist governors in being able to attend the three scheduled meetings each year.

Clerk
To action

Search Committee
To consider

	<p>32.2009 D1 Resolved: that, subject to minor corrections, the Annual Report of the Audit Committee 2008/09 is approved and recommended to the Corporation.</p>	<p>Clerk To action</p>
<p>33.2009</p>	<p>Audit Committee Key Performance Indicators 2008/09 <i>(Paper I)</i> Apart from the attendance rate, Governors were pleased to note the achievements against the Committee's Key Performance Indicators. In respect of the Performance Indicators for 2009/10, it was agreed to maintain the current 18 areas.</p>	<p>Clerk To action</p>
	<p>33.2009 D1 Resolved: that the report on the key performance indicators for 2008/09 is approved.</p>	
	<p>33.2009 D2 Resolved: that the performance Indicators for 2009/10 are approved.</p>	
<p>34.2009</p>	<p>Self-Assessment of Financial Management and Control <i>(Paper J)</i> The Director of Finance introduced this new short return for 2009. As the College did not wish to make any changes to the previous year's self-assessment grades and there had been no significant changes within the College, it was only necessary to confirm the grades and submit an updated improvement plan.</p> <p>Governors were pleased to note the overall Outstanding grade, and offered their thanks and congratulations to the Director of Finance.</p> <p>34.2009 D1 Resolved: that the short return of the Financial Management and Control Evaluation be approved and recommended to the Principal for signing.</p>	
<p>35.2009</p>	<p>Strategy for Internal Audit 2009/10 – 2011/12 RSM Bentley Jennison <i>(Paper K)</i> Mr Fletcher introduced the Strategy Report and described to Governors the approach adopted by RSM Bentley Jennison to the task. He detailed the issues that had been considered and the approach the firm were proposing to adopt. It was noted that the management team had requested a change in the scheduling of the IT Health Check in order to accommodate a more urgent review of Examinations. Governors questioned this change. The Clerk informed the meeting that the Risk Champion had added three new risks to the Risk Register in October 2009, one of which was related to "breaches to examination rules affecting results and leading to a loss of reputation and possible litigation." Governors were happy to agree the change.</p> <p>35.2009 D1 Resolved: that, subject to the re-scheduling above, the Strategy for Internal Audit be approved and recommended to the Corporation.</p>	
<p>36.2009</p>	<p>Internal Audit Annual Report 2008 - 2009 <i>(Paper B)</i> In the absence of a representative from Hurst, the Director of Finance reviewed the Annual Report covering the activities of the internal audit service over the previous twelve months.</p>	

She drew Governors' attention to the audit areas covered during the two visits in the year and the unqualified statement of assurance on Page 4 and noted that there were no concerns.

Mr Fletcher drew attention to the five "good" judgements and two "adequate" assessments made by Hurst in the Operational Assurance. Governors requested the Director of Finance to seek clarification from Hurst on the two "adequate assessments".

Director of Finance
To advise

36.2009 D1 Resolved: that **the Internal Audit Annual Report 2008 / 2009 be approved and recommended to the Corporation's next meeting.**

37.2009 Estimation of Risk

Governors observed that from their perspective no new risk issues had arisen during the items discussed at the meeting. Clearly the uncertainties surrounding the changes in the external environment e.g. Machinery of Government and the bleak economic outlook for the public sector, following the global banking crisis, were unchanged.

Risk Champion
To note

38.2009 Date of next meeting

The next meeting of the Committee was confirmed as **Tuesday 9th March 2010 @1730hrs**

Members
Please note

The Chair thanked members for their attendance and contributions and closed the meeting 1900hrs.

Signed:

Chairman:

Date:
