

STRATFORD-UPON-AVON COLLEGE CORPORATION

MINUTES OF AUDIT COMMITTEE MEETING TUESDAY 7 DECEMBER 2010

Present:	Geoff Thompson	Governor, Committee Chair
	Royston Hollyer	Support Staff Governor
	Gill Roache	Governor
In attendance:	Patrick Green	RSM Bentley
	Paul Oxtoby	Baker Tilly
	Norman Macdonald	Vice Principal Finance
	David Jackson	Clerk to the Corporation

1. APOLOGIES

Apologies were received from Lyn Aynslow and Garry Rollason.

2. DECLARATION OF INTEREST

Members were invited to declare any interest in business to be discussed at the meeting, following which there were no declarations of interest.

The Chair ascertained from the Internal Auditors that there were no issues regarding the Vice Principal Finance that would warrant his withdrawal from the meeting.

3. MINUTES OF THE PREVIOUS MEETING

It was resolved **THAT:**

The minutes of the meeting held on 19 October 2010 be regarded as correct and signed by the Committee Chair.

4. MATTERS ARISING

Item 8 - Risk Management Report and Action Plan

The Clerk to the Corporation reported on progress being made to revising the Risk Management Report and Action Plan and indicated that the revised document would not be available until January 2011. The Governors asked that the revised Report and Action Plan be available for the Governors' Development Day on 26 January 2011.

It was resolved **THAT:**

The report be noted.

5. INTERNAL AUDIT REPORT

The Vice Principal Finance updated the meeting on implementing the recommendation from an earlier Audit Report in relation to Lloyds TSB around the bank link. He indicated that he anticipated that this matter would be concluded by December 2010.

It was resolved **THAT:**

The report be noted.

6. INTERNAL AUDIT PROGRAMME 2010/11

The Committee reviewed the revised Internal Audit Programme for 2010/11 and felt that whilst it was not ideal it did go some way to making the balance of the work of the Committee more equitable and noted that three reports would be available for the next meeting.

It was resolved **THAT:**

The report be noted.

7. ANNUAL FINANCIAL STATEMENTS

Paul Oxtoby from Baker Tilly presented the Audit Findings Report following the recent audit of the 2009/10 accounts. He indicated that the audit process had gone well and that they would be issuing a clean opinion. At the time of the meeting there was only one outstanding issue and that related to the issue of a statement from the Skills Funding Agency around income targets. It was known that the SFA Audit had been completed and that no clawback was anticipated.

He took members through the report in detail and spent time going through the uncertainties, risks, exposures, judgemental issues and going concern. The Committee spent some time exploring the bank covenants and the need to keep cash flow under review, particularly in relation to CSR changes. At the end of the presentation,

It was resolved **THAT:**

- a) The College management be congratulated on the clean opinion in what had been a difficult year;
- b) The Audit Findings Report and Letters of Representation be recommended to the Corporation for approval and signature and forwarding to the Skills Funding Agency together with the Financial Statements from an audit perspective.

8. RE-APPOINTMENT/REMUNERATION OF FINANCIAL STATEMENT AUDITORS

No significant problems were arising from either College management or the Audit Committee in relation to the services offered by Baker Tilly.

It was resolved **THAT:**

Baker Tilly be confirmed as the College Financial Statement Auditors for 2010/11.

9. KPMG LEARNER NUMBER AUDIT

The KPMG Learner Number Audit which had recently taken place had yet to be received but the indications were that there were no significant issues to address and there would be no clawback of funds.

It was resolved **THAT:**

The report be noted.

10. FINANCIAL MANAGEMENT AND CONTROL EVALUATION (FMCE)

The Vice Principal Finance presented the FMCE Report that was required to be sent to the Skills Funding Agency on an annual basis. The Committee reviewed the FMCE after which:

It was resolved **THAT:**

- a) The Committee endorse the Financial Management and Control Evaluation Report issued to the Skills Funding Agency.
- b) The July meeting of the Audit Committee receive a report on progress being made to hitting the targets identified in the associated Action Plan.

11. AUDIT COMMITTEE ANNUAL REPORT, INCLUDING RISK MANAGEMENT

The Committee spent some time considering the draft Annual Report to the Chief Executive and Corporation. Members considered that the information contained within the report indicated the work being done by the Audit Committee and was a fair representation of what had taken place during the course of the year. They delegated authority to the Chair to agree the final report before its formal issue.

It was resolved **THAT:**

The Annual Report of the Audit Committee for 2009/10 be agreed in principle and the Chair be delegated to agree the final report for submission to the Corporation.

12. LSIS PROJECT – TENDERING FOR INTERNAL AUDIT SERVICES

The Committee considered a report on an LSIS project looking at shared services, one aspect of which was audit. The Audit Committee had been invited to participate in a re-tendering exercise for audit services for 2011/12. The Audit Committee, whilst fully supporting the notion of shared services, had serious reservations about its participation in this exercise at the present time. They were of the opinion that Internal Audit had been the subject of tender last year and a significant amount of time and debate was put in to ensuring that the Auditors appointed had the appropriate skills and expertise and additionally it was felt that the current incumbents represented value for money. After assurances were given that participating in the exercise did not commit the College to changing its internal auditors:

It was resolved **THAT:**

- a) Governors noted the process, however, they were mindful that the College had successfully undertaken a tendering process last year and would not be willing to enter into a new contract which would be less advantageous than that currently in place and without significant benefits to the College.
- b) Geoff Thompson be authorised to participate in the selection procedure but the actual decision on whether to change internal auditors would rest with the Audit Committee.

13. IDENTIFICATION OF REPORTS TO FUTURE MEETINGS

No additional reports were identified.

14. ANY OTHER BUSINESS

There was no other business.

16. DATE OF NEXT MEETING

The Audit Committee agreed to meet again on **Tuesday 15 March 2011 at 10am.**