



**Accrington and Rossendale College
Corporation Board – Audit Committee**

**Minutes of the Meeting
held on Tuesday 20th November 2012
in Room E 302, Broad Oak Centre**

Confirmed

Present:

Mrs R Andrews	Chair of the Committee and Independent Member
Dr A-M Coyne	Independent Member
Mr T Gill	Independent Member
Mr Steve Ireland	Independent Member
Prof Ian Smith	Independent Member

In Attendance:

Mrs K Musgrave	RSM Tenon
Mr T Wilson	Grant Thornton
Mrs S Taylor	Vice Principal (Curriculum)
Mr H Tallon	Vice-Principal (Quality and Standards)
Mrs C Jarvis	Director of Finance
Mr A Armiger	Clerk to the Corporation

Apologies were received from:

Mrs S Collinge	Vice-Principal (Corporate Services)
Mrs L Higham	Staff Member

Draft Minutes Prepared by: AA	Date: 21-11-12
Draft Minutes approved by the Chair of the Committee:	28-11-12
Minutes Approved by the Committee:	26-03-13

.....*Rosemarie Andrews*.....

Chair

62.1 Apologies for absence

Apologies had been received from Mrs Collinge and Mrs Higham

62.2 Declarations of Interest

There were no declarations of interest from the members

62.3 Minutes of the previous meeting

383 Resolved To approve the minutes of the meeting held on 12th June 2012 as being a true and accurate record

62.4 Matters arising (not on the agenda)

The Clerk referred members to the Record of Resolutions with Actions required paper and it was noted the actions required from the meeting which had been carried out. The Clerk also explained that there was one outstanding action and that this was in regard to resolution 382:

that Mrs Andrews, Mr Gill, The Clerk, Mrs Collinge and Mrs Jarvis would make up the panel to receive audit firm tender presentations at a date to be confirmed.

The Clerk told members that the process for tendering for internal and external auditors had not yet begun and was expected to take place in the new year

62.5 Approval of Financial Statements for the year ended 31st July 2012

a) Financial Statements Audit: Key Issues Memorandum including Regularity Opinion

Mr Toby Wilson, of Grant Thornton, presented the Draft Key Issues Memorandum (KIM) to members explaining that the documents purpose was to highlight, summarise and give context to key finance issues for the college, and also be used to report these issues to college management, the Board and also the Skills Funding Agency.

Beginning with section 1 of the KIM Mr Wilson ran through the important points in this section of the report, those being the Income and Expenditure account and the Balance sheet. Mr Wilson drew the member's attention to the College's surplus for 2011/12 and noted that they should be aware of the inconsistency created by guidance received in 2010/11, which had led to £443k of funding not 'clawed back' by the Skills Funding Agency (SFA) being brought forward into the 2012/13 accounts. Mr Wilson said that caution should be exercised in the anticipation of the surplus in 2013/14 and later years.

Mr Wilson moved on to the section regarding Retirement benefits and told members that the assumptions the College had applied with regard to this matter were within reasonable parameters and were in keeping with other North-west colleges

The Chair asked if there had been a large increase in employer contributions to pension schemes. Mrs Jarvis replied that there had been incremental rises over the past few years and that they would continue to rise in the coming years.

Mr Wilson moved on to Section 2, Key audit issues. He told members that Grant Thornton's financial audit was largely complete and that the financial statements were currently in the process of finalising the accounts and that pending final confirmation of funding from the SFA, an update of the going concern review and a post balance sheet event review Grant Thornton would anticipate issuing an unmodified opinion on the financial statements.

Moving on Mr Wilson informed members that there had been no issues discovered with regards to current covenants with Barclays Bank plc., Grant Thornton had investigated the relationship between the College and the Pennine Lancashire Education Trust (PLET) and had determined that the College and The PLET currently the two were related parties and that financial matters between the two had been disclosed as such within the College's financial statements. Members discussed further the relationship between the college and PLET. Mrs Taylor explained to members that the PLET was currently in the process of becoming a multi-academy trust and as such would become more independent from the college in-keeping with SFA and Department for Education (DfE) rules and regulations, and that it was important that all dealing with the PLET should be transparent.

Mr Wilson went on to confirm that following a review of the college's three year financial plan that the college has sufficient resources (within existing facilities) to continue in operation for the foreseeable future i.e. one year from the approval of the financial statements

Mr Wilson concluded his report by stating that Grant Thornton had noted that there were, as last year, no control recommendations arising from this year's audit and assuring members of his company's independence which enables the auditors to express an objective opinion on the financial statements. Members

384 Resolved to note the draft Key Issues Memorandum from Grant Thornton

b) Audited Financial Statements

The committee considered the report from the Director of Finance, who noted that the report would also be presented to the Finance and Employment Committee on 27th November 2012 at which point the financial content would be considered in more detail, before recommendation to the Corporation Board. In conclusion Mrs Jarvis advised members that Grant Thornton would be able to:

- issue a true and fair unqualified opinion on the Financial Statements of the college; and that they would be able to
- issue a final unqualified regularity opinion to the College and the Skills Funding Agency

Members

385 Resolved that the Audited Financial Statements be recommended for approval to the Corporation Board following the additional review by the Finance and Employment Committee on the

62.6 Annual Report of the Internal Audit Service 2010/11

Mrs Musgrave, of RSM Tenon, presented her report noting that it was a summary of all the work carried out during 2010/11 and that it also gave the overall opinion of the colleges control systems, commented on the nature and extent of any significant risks and report on the incidence of significant control failings or weaknesses. It was noted that RSM Tenon had concluded that they could give Adequate Assurance that the college's systems of internal control, governance and risk management were operating adequately.

Mrs Musgrave informed members that of the four audits agreed by the Audit committee and carried out during the year, two had received a substantial assurance opinion and two had received a reasonable assurance opinion. Within the audits carried out, there had been three medium and ten low risks identified, but no high risks.

Following further discussion members

- 386 Resolved to note the report and the audit opinions contained within the report, which will be presented to the Board as part of the Annual Audit Committee Report**

62.7 Internal Audit Service Follow Up Report 2011/12

Mrs Musgrave told members that she was pleased to inform them that from the 10 risks identified from internal audits carried out during 2010/11; 9 of the recommendations regarding these risks had been satisfactorily implemented and there was one which was still outstanding regarding CRB checks for Governors. The Clerk explained that this matter had been resolved as the DfE had very recently updated its guidance saying that '*there is no requirement for governors in a sixth form or FE colleges to be CRB checked*'. Mr Tallon also confirmed this. Mrs Musgrave confirmed that this meant that all 10 risks had been satisfactorily implemented. After further discussion members

- 387 Resolved to note the report**

62.8 Audit Findings Monitoring Report

The Director of Finance, on behalf of the Vice-Principal (Corporate Services), presented the report on the outstanding risk items from 2011/12 internal audits. Mrs Jarvis noted that there had been no audits carried out to date as part of the 2012/13 Internal Audit plan. Of the three medium risks identified from 2011/12 all had been implemented and, as discussed in the previous item, an outstanding risk item from 2010/11, CRB checks for Governors, had now been resolved.

Members discussed the item on 16 – 19 Bursary funding. Prof Smith noted that bursaries still did not reach the level of the now defunct EMA funding. Mrs Jarvis said that the college's approach was now much more targeted and from 2013/14 would include free transport for students as well as free uniform, where required and free breakfast. HE students would have other benefits. Mrs Taylor informed members that the college had received excellent feedback from its students about its support packages as it gave students what they need rather just money which could be spent on non-educational items. Members

388 Resolved to note the report

62.9 Outcome of External Audits 2011/12

The Director of Finance, on behalf of the Vice-Principal (Corporate Services), presented the report. There had been two external audits in 2011/12:

- Matrix Assessment of Progression Guidance Services
- Quality and Compliance Review by the National Careers Service

Both audits had had successful reports and demonstrated the excellent service the college's Information and Guidance team provide to its students and potential students. Members

389 Resolved to note the report

62.10 Audit Committee Annual Report 2010/11

The Clerk to the Corporation presented the report to the committee. He noted that the report (an SFA requirement) provided a summary of the decisions of both the internal and external auditors for use by the Board when making a decision as to whether or not to approve the Financial Statements. There were no changes recommended by the members.

390 Resolved to note the Audit Committee Annual Report 2011 / 12 and recommend it for presentation to the Corporation and the College's Principal Accounting Officer

62.11 Risk Management Action Plan 2011/12 – Final Outcome

The Vice Principal (Curriculum) began her report by reminding members that it was the responsibility of the Audit committee to monitor the College's Risk Management Action Plan. This report represented the final outcome for the risks identified against the college's Strategic Ambitions. Mrs Taylor noted that the Risk management plan had now been redone in a new format for 2012/13 and that this would come to the Audit committee at its next meeting. Following further discussion members

391 Resolved to note the report and Risk management plan Outcomes for 2011/12

62.12 College Sub-contractors Generic Contract

The Vice-Principal (Quality and Standards) presented this item. He began by saying that this contract is the one used with all subcontractors providing, assisting in the provision of education to learners or where the college uses the services of the subcontractor to provide education to learners. All subcontractors for this purpose are issued with the same contract to ensure compliance, continuity and quality standards. Mr Tallon went through the contract highlighting where changes had been made to the previous version. After further discussion members

392 Resolved to approve the Subcontractors Contract for use

62.13 Declaration of Confidential Items

Members agreed that there were no items deemed to be of a confidential nature

62.14 Time and Date of next meeting:

Tuesday 26th February 2013

The meeting closed at 9.20 am