

CORPORATION OF KIDDERMINSTER COLLEGE

Minutes of the Audit Committee held on Thursday 2 December 2010 at 17.30 hours

- A603 Present** Paul Crowley, (Chair)
Mick Cooper
Derek Arnold
- A604 Quorum** 2
- A605 In Attendance** Derek Harrison, Director of Resources
Judith Simpkins, Senior Finance Officer
Andy Dobson, Principal
Patrick Green, RSM Tenon
Jonathan Grice
Paul Oxtoby, Baker Tilly
- A606 Apologies** Stella Hammond

A607 Declaration of Conflict of Interests

M Cooper asked whether he should declare a potential conflict of interest given that he was also a member of the Finance and Personnel Committee. A debate followed regarding whether Governors should be members of both Committees. P Green advised that the Chairman of Governors should not be a member of the Audit Committee but there were no regulatory restrictions for other Governors.

A608 Minutes of the Meeting held on 17 June 2010

A Dobson was not a member of this Committee and his attendance at the last meeting was recorded under 'in attendance.'

A609 Matters Arising

A609.1 Stourport ICT Centre Contract

It was confirmed that the contract had now been signed by the College and Ricide Limited.

A609.2 Audit Reports 2009-10 – Implementation of November 10 updates

D Harrison confirmed that the College would await the outcome of the January 2011 audit of 'Key Financial Controls' before updating its Financial Regulations and Procedures.

A609.3 Internal Audit Plan 2010-11

Corporation approval in July 2010 of the internal audit plan for this year was noted.

A609.4 Baker Tilly fee calculation

It was confirmed that the 3% increase in audit fees was in line with the contract.

A609.5 Re-appointment of Internal/External Auditors

Corporation had confirmed the appointment of Baker Tilly (external audit) and RSM Tenon (internal audit) for 2010-11.

A610 Baker Tilly Management letter and Financial Statements 2009-10

P Oxtoby presented his audit findings report. He confirmed that the audit work had been substantially completed and was awaiting the Skills Funding Agency funding reconciliation statement to confirm the SFA income for last year. This was expected shortly. There would also need to be confirmation before signing off the accounts that there had been no material Post Balance Sheet events. Baker Tilly expected to issue an unqualified opinion. P Oxtoby reported on the FRS17 technical debate and how the adjustments had been treated in the Accounts.

A key consideration for Governors was the assessment of the College as a 'Going Concern' and being confident of our ability to meet financial liabilities over the next twelve months. The College had strong cash reserves which placed it in a good position to meet the funding challenges in the short term. J Simpkins was thanked for her work in preparing the accounts and for a positive audit process. J Grice suggested three amendments to the financial review commentary which were accepted and would be incorporated into a revised document.

A611 Internal Audit Reports

A611.1 Performance Management Review

P Green introduced the report following a thematic review of 'Organisational Performance Management.' A benchmarking report would follow when the results of similar audits in the Sector had been completed and information collated.

The report had highlighted potential areas of expenditure that may warrant further investigation by the College. Control of costs would be very important in a financial environment of reduced public funding. The College had already identified many cost savings and would continue to seek opportunities to maximise its income and deliver cost efficiencies.

A611.2 RSM Tenon Annual Report 2009-10

P Green reported that, following their work during the year, RSM Tenon were able to confirm that the College had adequate and effective risk management, control and governance processes in place to manage the achievement of its objectives.

A611.3 Internal Audit Strategy 2010-13

Following discussions between the College and RSM Tenon the audit plan for the current year had been revised. The ICT review was deferred to 2011-12 together with the audit of Personnel.

Following Corporation approval of the project to extend the College building it had been agreed an early review of internal controls would be beneficial to provide assurances to Governors. The other areas remained unchanged.

A612 Risk Report and Risk Management Plan 2010-11

D Harrison reported that the Risk Register had been reviewed and updated to reflect the SMT assessment of current risks. Approved. Significant risks, using the approved scoring matrix, had been identified and were included in the Risk Plan. This plan provided further information on how the risk was being managed, early warning indicators and corrective action. Approved.

A613 Risk Reports: update on key risks

The SMT had identified two significant risks (building project and data security) and provided separate reports on how these issues were being managed in practice. Both reports were accepted.

A614 FMCE Self Assessment 2009-10

D Harrison reported that the individual grades of the eight areas to be assessed were the same as last year. The College was making satisfactory progress in addressing the areas for improvement

identified in the Improvement Plan although the extension of the profit-centre management to other parts of the College was likely to be delayed. The document was approved and would be submitted to the SFA.

A615 VFM Annual Report 2009-10

D Harrison presented the Annual Report which identified a number of positive actions and developments last year. It was agreed that the College did secure 'good' value for money from its activities.

A616 Audit Committee Annual Report 2009-10

The Committee had reviewed the work of the Internal and External Auditors throughout the year and had received regular reports from College Management. On the basis of this information the Committee were able to report to the Corporation that the College had adequate and effective systems of internal control.

A617 Any Other Business

None

A618 Date of Next Meeting

Thursday 24 March 2011 at 17.30 hours.

The meeting closed at 19.00 hours.

Chair _____ Date _____