

STAFFORD COLLEGE CORPORATION

MINUTES of AUDIT COMMITTEE, 21 JUNE 2011

- Present: M Bagguley (Chair), Mrs J Deaville, Prof H Duggal, L S Glover,
G Taylor-Marshall, Mrs V Woodward
- In Attendance: J P Charleton (Clerk), A Argyle (KPMG), Mrs A Buick (RSM Tenon),
M Dawson (KPMG), Ms A Piercy, I Rigby, S Willis
- Apologies: I Mason, P D S Slater

PART I

649.0 DECLARATION OF INTERESTS

The Chair reminded members of their duty to declare an interest, financial or otherwise, in any item on the agenda. No interests were declared.

650.0 MEETING OF THE AUDIT COMMITTEE HELD ON 15 MARCH 2011

(a) Parts I and II Minutes

It was RESOLVED:

that the minutes be confirmed as a true record and be signed by the Chair.

(b) Matters Arising

Review of the Policy for the Prevention of Fraud, Corruption and Irregularity (minute 648 (b))

The Vice Principal (Resources) reported that following a review of the Policy for the Prevention of Fraud, Corruption and Irregularity by College Management, no changes to this Policy had been proposed to the Resources Committee at its meeting in March 2011, as part of the annual review of the College's Financial Regulations and Contract Standing Orders.

651.0 PROGRESS AGAINST THE PERIODIC AUDIT PLAN

(a) General Update

Mrs A Buick, Client Manager RSM Tenon, presented a report which summarised the outcome of work completed to date against the periodic internal audit plan for 2010/11. The College had received six positive 'green' opinions for work conducted in the year to date with no major issues identified that could impact on the annual audit opinion. Delivery of the Plan was almost complete with the final review on Learner Number Systems planned for the end of June.

Three Client briefings had been issued to members since the last meeting of the Committee on the Bribery Act 2010, Corporate Websites – Use of Cookies, and Academies Pre-16 Funding Options.

(b) Capital Project

This review had assessed the Capital Project in relation to the controls in place for achieving value for money and for delivering the Project on time and to budget.

Substantial assurance had been given that controls in this area operate effectively. One low priority recommendation had been made and agreed by College Management with an implementation date set.

(c) Recommendation Follow Up

This review had considered the progress made by College Management in implementing previous internal audit recommendations and had concluded that good progress had been made. Testing had confirmed that 82% of recommendations had been implemented, with the remainder either superseded or ongoing.

Recommendations not yet implemented had been reiterated using the new agreed priority ratings of high, medium, low and suggestion.

It was RESOLVED:

that the report be received.

652.0 STRATEGY FOR INTERNAL AUDIT 2011/12

Mrs Buick presented the proposed Strategy for Internal Audit and the updated Internal Audit Plan for 2011/12. The Strategy and Plan had been prepared following discussions with College Management regarding the College's risk profile and key issues in the sector, including the impact of Government's spending plans.

Following discussion it was suggested and agreed that the Plan be amended to include details of planned audit days and rates charged for each review.

It was RESOLVED:

that it be recommended to the Corporation that subject to the agreed amendments, the proposed Strategy for Internal Audit and the updated Internal Audit Plan for 2011/12 be approved.

Prof H Duggal joined the meeting during discussion on the following item of business

653.0 FINANCIAL STATEMENTS 2010/11

Mr M Dawson, Senior Manager KPMG, presented the Audit Strategy and Planning Memorandum for the Financial Statements and Regularity Audit for the year ended 31 July 2011. Key risks to be considered in the audit included the College's overall financial performance, the impact of the Government Spending Review, the Capital Project, pension liability and loan covenants.

Mr Dawson outlined key sector developments arising from government policy and legislative changes including the implications of the Education Bill, the Bribery Act 2010 and changes in pension reporting arrangements.

After discussion the Vice Principal (Resources) confirmed that following the implementation of the Bribery Act, College Management would be reviewing its Financial Regulations including guidance to staff on Gifts and Hospitality.

It was RESOLVED:

that the report be received.

654.0 RISK MANAGEMENT

The Vice Principal (Resources) presented the termly update on the College's Risk Management arrangements. Key risks in the Risk Register scoring above the guideline risk appetite level continued to relate to two key areas of Government funding levels and the Capital Project.

In relation to Government funding the Register had been changed to reflect an additional risk arising from the SFA/YPLA commitment to introduce a new funding methodology in 2012/13.

The Capital Project section of the Register had been amended to reflect the risk that banking loan covenants may be breached and that the main Project contractor or a key sub-contractor/consultant may cease trading.

The Vice Principal (Resources) highlighted actions taken by College Management to mitigate key risks which included regular review of financial forecasts and sensitivities and regular monitoring of the financial health of partners/contractors.

It was RESOLVED:

that the report be received.

655.0 PARTNERSHIP PROVISION

The Vice Principal (Resources) presented a report on current arrangements for sub-contracted provision which highlighted the following developments:

- Following review of sector best practice, the College had produced a New Partnership Agreement Procedure for considering and contracting with new partners, including risk assessment and due diligence.
- A contract with Law Training Limited had been agreed to provide learner responsive funded provision for employees of Chasetown Football Club.
- A company in the same group as a College partner who employed 56 College apprentices had gone into receivership. Due to the difficulty of finding alternative placements in the current economic climate, the majority of these learners may have to be withdrawn.

Following discussion on the New Partnership Procedure, the Vice Principal (Resources) agreed to review the wording in the document to clarify requirements for SFA approval.

It was RESOLVED:

that the report be received.

656.0 AUDIT PROVIDERS: PROGRESS AGAINST RECOMMENDATIONS

The Vice Principal (Resources) reported that good progress had been made by College Management in implementing the recommendations made by the College's audit providers.

The recommendation regarding the adoption of a Training Review record for apprentices was currently being implemented by the College's recently appointed Workforce Development Manager.

It was RESOLVED:

that the report be received.

657.0 NATIONAL AUDIT OFFICE (NAO) REPORT

The Vice Principal (Resources) presented a summary of the key points in the recent NAO report on 'Getting Value for Money from the Education of 16-18 year olds'.

The report concluded that while there were positive indicators of value for money, variations in performance monitoring in the schools sector meant that VFM was not consistently delivered. Recommendations included the provision of improved guidance for young people to enable them to make informed choices and better tracking of learners into employment.

It was RESOLVED:

that the report be received.

Mrs A Buick and Mr M Dawson left the meeting before the next item of business

658.0 PERFORMANCE OF INTERNAL AUDIT SERVICE

The Chair of the Committee reported on a review performance of the IAS during 2010/11 using agreed performance indicators. Following discussion members agreed that the performance of the IAS had been satisfactory throughout the year.

It was RESOLVED:

that it be recommended to the Corporation that RSM Tenon be re-appointed as IAS provider for 2011/12 at an annual charge to be confirmed.

659.0 DATE AND TIME OF NEXT MEETING

Tuesday 15 November 2011 at 5.30 pm.