

STAFFORD COLLEGE CORPORATION

**MINUTES of
AUDIT COMMITTEE, 9 MARCH 2010**

- Present: M R Bagguley (Chair), G Davies Marshall, Dr H Duggal, L S Glover, I Mason, Mrs V Woodward
- In Attendance: J P Charleton (Clerk), Mrs A Buick (RSM Tenon), Ms A Piercy, I Rigby, S Willis
- Apologies: P D S Slater
- Observer: Cllr M Winnington

PART I

592.0 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.

593.0 MEETING OF THE AUDIT COMMITTEE HELD ON 17 NOVEMBER 2009

(a) Minutes

It was RESOLVED:

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

(b) Matters Arising

Learner Number Assurance (minute 579.0)

The Vice Principal (Resources) confirmed the receipt of the Final Learner Number Assurance report for 2008/09 from KPMG. No changes had been made to the draft report with all recommendations made agreed by College Management.

594.0 PROGRESS AGAINST THE PERIODIC AUDIT PLAN

Mrs A Buick, RSM Tenon, presented a report which summarised the outcome of work completed to date against the periodic internal audit plan for 2009/10. The following five audit reports had been finalised since the last meeting:

- Marketing Strategy (advisory)
- Cash and Stocks - Nursery/Hair and Beauty
- Governance - Framework for Excellence
- Creditors
- Risk Management - Compliance with Policy

There were no fundamental recommendations arising from this audit work, with either substantial or adequate levels of assurance being given for each non-advisory review. Two significant recommendations had been made in relation to Cash and Stock controls regarding the collection of Nursery fees which had been agreed with College Management.

Mrs Buick reported that RSM Bentley Jennison had merged with Tenon Group PLC on 30 December 2009 to form RSM Tenon. While the College's current Engagement Partner and account team would remain unchanged, the new larger audit firm would provide added benefits with increased opportunities for sharing best practice and facilitating benchmarking amongst its clients.

It was RESOLVED:

that the report be received.

595.0 LEARNER NUMBER ASSURANCE

The Vice Principal (Resources) presented an oral report on proposed arrangements for the commissioning of audit work to review the College's learner number systems in 2009/10.

Following discussion members agreed that in the context of new FE funding arrangements it was important to maintain the practice of contracting for independent Learner Number Assurance work to provide assurance to the Committee and the Corporation on the key risks relating to learner number systems.

It was RESOLVED:

that it be recommended to the Corporation that KPMG LLP be commissioned to undertake a 5-day audit of the College's learner number systems in 2009/10 at a fee to be confirmed.

596.0 REVIEW OF PROVIDER EMPLOYER RESPONSIVE PROVISION

The Vice Principal (Resources) reported on the findings arising from the audit visit of the LSC's West Midlands Regional Audit team during December 2009 and January 2010. The audit had reviewed the College's operation of its contracts with the LSC for the Apprenticeships and Train to Gain funding streams.

The audit had resulted in a qualified (unsatisfactory) opinion for the Train to Gain funding stream while the Apprenticeships was unqualified (satisfactory). As a result of the unsatisfactory audit opinion, a very small proportion of the College's contract value for Train to Gain was being returned to the LSC.

Following discussion the Vice Principal (Resources) provided assurance for members that the unsatisfactory audit opinion was not a serious cause for concern with the issue that resulted in the majority of the payback relating to an issue affecting other colleges. It reflected the complexity and interpretation of the LSC funding methodology, and had required a ruling from National Office.

At the recommendation of the Clerk the Chair agreed that the supporting audit report should be treated as confidential since it included the personal details of individual learners.

It was RESOLVED:

that the report be received.

Cllr M Winnington left the meeting at this point.

597.0 FUNDING ASSURANCE REVIEW (FAR)

The Vice Principal (Resources) gave an oral report on the final outcome of the FAR audit conducted by KPMG on behalf of the LSC during the Autumn term 2009. The audit had been generally positive with only minor issues identified and all recommendations made agreed by College Management. The final written report would be presented to the Committee at its meeting in the summer term.

It was RESOLVED:

that the report be received.

598.0 RISK MANAGEMENT

The Vice Principal (Resources) presented the termly update on Risk Management processes and developments.

The Internal Audit Service had reviewed the College's Risk Management arrangements in January 2010, resulting in substantial assurance being given. The key risks above the agreed guideline risk appetite level remained unchanged in relation to funding and the redevelopment project. It was anticipated that the risk associated with the pandemic influenza outbreak could potentially be downgraded following recent data from the Health Authorities.

It was RESOLVED:

that the report be received.

599.0 PARTNERSHIP PROVISION

The Vice Principal (Resources) presented the termly report on the College's current arrangements for sub-contracted provision with partners. The College's only significant new partner contract in the year to date was with Francesco Group for Hairdressing provision as reported to the Audit Committee in November 2009. The College continued to contract on a smaller scale with partners to address specific provision requirements and to maintain community and local partnership links.

It was RESOLVED:

that the report be received.

600.0 AUDIT REVIEWS: PROGRESS AGAINST RECOMMENDATIONS

The Vice Principal (Resources) presented a report which identified progress of College Management in implementing the recommendations made by Internal and External Audit. The ongoing difficulties in resolving the recommendations regarding the Collegiate Partnership agreement were noted.

It was RESOLVED:

that the report be received.

601.0 NATIONAL AUDIT OFFICE (NAO) REPORT

The Clerk presented the NAO report on the 'Statement of Internal Control: A Guide for Audit Committees' issued in January 2010. This Guide set out the NAO's approach to considering the SIC as part of the annual audit of financial statements. The report highlighted good practice for Audit Committees on how they could add value to the risk management, governance and internal control processes within the College through effective challenge of the disclosures made in the SIC.

It was RESOLVED:

that the report be received.

602.0 JOINT AUDIT CODE OF PRACTICE

The Clerk presented Part 1 of the Joint Audit Code of Practice (the Joint Code) published by the LSC in February 2010 for consultation. The draft Joint Code sets out the inter-dependencies and responsibilities of the new funding bodies and learning providers following the demise of the LSC. The underlying premise is that one provider would have one funding assurer with cross reliance between the different regulators. The Skills Funding Agency (SFA) would take the lead for the College's assurance matters.

Subject to the results of this consultation on Part 1 of the Joint Code, a Part 2 document would be developed and consulted on later in 2010.

Following discussion members responded to the consultation questions in the Joint Code. Members supported the principle of one provider for one funding assurer and recommended that outline guidance only is required from the new funding bodies on assurance matters.

It was RESOLVED:

that the report be received.

At this point at the recommendation of the Clerk the Chair agreed that the next agenda item on the Appointment of the Financial Statements/Regularity Audit Providers be considered under Part II of the agenda given the commercial sensitivity of the matter under discussion.

Mrs A Buick left the meeting at this point.

603.0 DATE AND TIME OF NEXT MEETING

Tuesday 15 June 2010 at 5.30 pm

The meeting closed at 7.10 pm.