

**Minutes of Norton Radstock College Audit Committee meeting
held on Wednesday 24 November 2010 at 6.00pm**

Present:	Mr M Suddaby (Chair)	MS
	Mrs S Arayan (Principal)	SA
	Ms S Barter	SB
	Mr A Thomas	AT
	Mr R Wynn-Jones	RWJ
In Attendance:	Ms J Barber (Finance Director)	JB
	Mrs C Bamford (Clerk)	CB
	Ms K Williams (RMS Tenon Group)	KW
	Mr M Burnett (Moore Stephens)	MB

1. Apologies for absence

Apologies had been received from Jenny Clifford.

There were no declarations of interests.

**2. Minutes of Audit Committee meeting held on 6 July 2010
for approval**

The meeting unanimously agreed to approve the Minutes.

3. Matters arising

JB A7101 – Revised loan covenant wording still awaiting approval from the Bank. Ongoing and will be discussed at next meeting.

JB A7102 – Reference to retention now added to risk register

4. Internal Audit report on Learner Numbers – Key Controls for information

KW went through the report. An audit of Learner numbers was undertaken as part of the approved internal audit periodic plan for 2009/10. The audit focused on the key controls of the Learner Numbers system and also provided advisory feedback on the new register system Celcat. As Celcat has made some of the old register audit checks redundant the College has devised a new audit process that is still in its infancy.

KW stated that no weaknesses were identified and there was only one minor recommendation.

MS commented that he was pleased to hear this and that the team should be congratulated.

5. **Annual Report of the Internal Audit service year ended July 2010 for information**

KW went through the report, explaining that as an internal audit service they are required to provide an opinion on the adequacy and effectiveness of the College's governance, risk management and control arrangements. All three areas were deemed to be adequate and effective, the grades for governance and risk management were based on the positive PFA report.

AT queried why the headline statement regarding the College performance against other organisations in the RSM Tenon portfolio was not detailed throughout the report. It was agreed to leave the report as it stands but to make comments consistent for future reports.

6. **Updated Action Plan for information**

The report was noted.

RWJ queried why it was not possible for students to enrol online (action 1.2). JB clarified that this was due to the finance of courses which needed to be dealt with on an individual basis. SA commented that perhaps it would be possible to adopt an on-line system where students could register their initial interest of a course via an on-line application form and the College could acknowledge receipt.

Action : DG/PR A11101

7. **Management Letter from Moore Stephens year ended July 2010 for information**

The report was tabled at the meeting. MB thanked JB and her team for the diligence with which they dealt with queries, which greatly helped Moore Stephens conduct their work.

Two adjustments were noted which increased the surplus for the year by £284,000 and were mainly in respect of FRS 17 pension adjustment. There were also two 'unadjusted misstatements' during the course of the audit. JB explained that the difference on the SFA clawback was due to timing.

MB stated that this audit report should give the College management team confidence in the accuracy and high standard of accounts produced.

8. **Report on FRS17 for information**

MB went through the report. He explained that index-linking for pension entitlements in the public sector would in future be linked to the Consumer Price Index (CPI) in place of the Retail Prices Index (RPI). In general, it is

expected that CPI will be lower than RPI in the long-term and therefore pension obligations will be reduced by the change.

A discussion took place on this and what the future effects would be. JB pointed out that a section had been added into the College financial statement report which states that 'the Corporation believes that the principle upon which FRS17 is based is fundamentally flawed and is not (nor is ever likely to be) capable of providing an accurate or equitable method to enable determination of the value of a pension scheme'

9. **Financial Accounts 2009/2010 to approve forwarding to the Corporation**

The report was tabled at the meeting.

JB explained that the revised figures were shown in red. MS asked if any members had any questions.

MS stated that he was happy for the MARG committee to look at the accounts in detail and forward to the Corporation and that the Audit committee should keep a close eye in future months due to changes in funding.

AT proposed the Financial Accounts be forwarded to the Corporation, this was seconded by RWJ and unanimously agreed by the meeting.

10. **Annual Report to the Audit Committee to approve forwarding to the Corporation**

The report was noted.

SB proposed that the report be forwarded to the Corporation, this was seconded by AT and unanimously agreed by the meeting.

11. **Paper on Financial Management and Control Evaluation to note Appendix A and to approve summary of grades and improvement plan**

The report was noted. JB explained that we are proposing to submit the version of the FMCE validated by the PFA. Since the PFA audit was completed there have been no significant changes and therefore the same grades have been used. It was also noted that the internal control systems had been graded as outstanding.

SB commented that the overall self-assessment grade was missing from the summary table. Subject to this being added, SB proposed that the FMCE be approved for forwarding to the SFA, this was seconded by RWJ and unanimously agreed by the meeting.

12. **Annual Report for risk management and update on top ten risks for information**

JB went through the paper which gives an annual report for risk management in 2009/10 and sets the risk management approach, timetable and action plan for 2010/11.

MS commented that there was no mention of staffing on the top ten risk report and this may need to be reviewed in light of funding changes.

RWJ noted that there were a few year date changes required in the timetable on item 5.1

There was a discussion regarding the wording of the current and original matrix. It was proposed that this be changed to inherent risk and residual risk. The group asked JB to look at this wording and how the risks are represented.

Action : JB A11102

13. **Any other business**

There being no further business, the meeting closed at 7.05pm.