



SOUTHGATE COLLEGE GOVERNING CORPORATION

Audit Committee

Minutes of the meeting of 3rd December 2009 held at Southgate College, commencing at 5 p.m.

Members Attending

Mohamed Manjra (Chairman)
Reshma Bell
Sheila Dawson
Chris Gill
Ingrid Mustoe

In Attendance

David Byrne (Principal)
Richard Teare (Director of Finance)
Phil Gale (RSM Bentley Jennison, Financial Statements auditor until item 10
Karen Tinsley “ “ “
David Chaplin (Chaplin Frobisher Welling, Clerks to the Corporation)

1. Auditors briefing

None required.

2. Apologies

All members were present.
The Internal Auditors apologised that they had a clash of meetings.

3. Declaration of Governors' interest

The Clerk reported that no declarations had been notified.

4. Notification of any other urgent business

None.

5. Minutes of the meeting of 16th July 2009

Received: minutes of the Audit Committee meeting of 16th July 2009

The Minutes of the meeting held on 16th July 2009 were approved as a true record and signed by the Chairman.

6. Matters arising

6.1 FMCE meeting (para 12)

This meeting had not taken place as the announcement of the OFSTED inspection and PFA audit at the start of term had precluded it. It was an item for the current meeting (see item 9 below).

6.2 Audit Committee Calendar of Business (Para 13)

The Clerk reported that he had completed this, and provided it to the PFA auditor but had omitted to send it to Maureen Medien for inclusion as the back cover of future agenda. He would include it with the minutes (but see item 9 below).

7. Internal Audit Annual Report

Received: the Internal Auditor's Annual Report

This report was very brief, and the Performance review was omitted.

The Report concluded that “the College had adequate and effective management control and governance processes which should enable the College to manage the achievement of its objectives”.

The Report was received and would be attached to the Committee's annual report.

8. Risk Management

Received: the College Risk Management Policy and Risk Register

The Committee felt the new statement of Policy was generally satisfactory, but suggested some amendment before paragraph 5, to distinguish the following sections (which were instructions for implementation) from the preceding statement of Policy Intent and Principles.

The Committee also asked that para 10.6, on the responsibilities of the Audit Committee should be revised as follows:

“10.6

- The Audit Committee at each meeting receive a report of additions to or deletions from the register, and details of items where there had been significant changes of risk classification.
- The Audit Committee should receive an annual Risk Management report at its December meeting.
- The Audit Committee would ensure regular audit of the Risk Management process.”

The Report was received, and would be reported to the Corporation.

9. Financial Control and Monitoring Information

Received: the FMCE return posted to the LSC in September 2009 and the LSC validation of the return, and the PFA auditors recommendations)

The Principal, Director of Finance and Clerk all confirmed that they felt more confident with the revised FMCE and the evidence base, and this had been confirmed by the PFA auditor as “accurate and comprehensive”.

The auditor identified nine strengths:

- satisfactory day –to-day financial management and control;;
- high standard of clerking with a well qualified and independent clerk;
- open tendering of auditor appointments;
- publication on College web-site of all agenda and minutes;
- direction of auditors to review identified specific risks;
- governing body strong in business experience and commitment to the College;
- no governor vacancies, and good attendance;
- financial ,problems fully discussed with governors and notified to LSC.

He had identified four weaknesses or matters meriting attention:

- importance of rigorous pursuit of cost savings;
- need to revise and improve financial reporting to governors;
- need to develop a course costing model, to update the Fraud and Financial irregularity policy and introduce governor training;
- to recruit a more representative gender and ethnic mix of governors .

The Principal reported that all of these issues were being addressed.

The Committee received the FMCE report.

The Committee asked that the PFA report be circulated to all governors.

It was agreed that an additional meeting be included in the audit committee calendar in order that proper consideration could be given to the updated FMCE.

10. Report and Financial Statements 2008/9

Received: the Report and Financial Statements for the year ended July 31st 2009; the Management report from the FS auditors; the draft letter of management representations to the FS auditors

Phil Gale spoke to the management letter, which drew attention to the financial challenges facing the College in the light of the collapse of LSC capital funding and the ever increasing deficit on the local government pension fund.

However, he was able to give an unqualified audit assurance.

A minor amendment was made to the representations letter.

Sheila Dawson enquired if the pension deficit, and the probable increase in employer's contribution to be required in future years was generic to the Enfield fund or specifically calculated in respect of Southgate College fund members. Richard Teare promised to provide her with the full report.

Having taken into consideration the two sets of auditors report, the Committee agreed to recommend to the Corporation that they could sign the statements (“the Turnbull statements”) of risk management and internal controls contained in the Report and Financial Statements.

It was agreed to recommend that in future years the FMCE, and the Report and Financial Statements be considered by both Finance and Staffing and Audit Committees before being considered by the Corporation

11. Committee Self-assessment

Received: a draft SAR prepared by the Clerk

The Committee reviewed and amended the Clerks draft, and agreed that the overall assessment of the Committee's performance was "Good".

The final draft would be included with the Committee's annual report.

12. Annual Report of the Audit Committee to the Governing Body and Principal

Received: the incomplete draft of the report prepared by the Clerk

The Committee revised this in some detail, adding in the issues raised at the current meeting, and including the assessments of the auditor's performance.

In respect of the Internal Auditors, the Director of Finance said he had been very satisfied with the way they had undertaken their work in the College; reports had always been produced on time for the management and the Committee

Members of the Committee hoped that there would be clarification of the definitions of assurance levels in the forthcoming year. Surprise was expressed that the Internal Auditors had not attended this important meeting, and at the rather brief and incomplete Annual Report. It was agreed to rate the Internal Auditors performance as "adequate".

In respect of the FS auditors, Richard Teare was very pleased with the way the audit had been conducted, and the helpful advice offered on a number of points. The Committee had also found Phil Gale's commentary clear and helpful and it was agreed to rate the FS auditors performance as "Good".

13. Date and time of next meeting

Thursday 11th March 2009, at 5 p.m.

The meeting finished at 7.0 p.m