



SOUTHGATE COLLEGE GOVERNING CORPORATION

Audit Committee

Minutes of the meeting of 4th December 2008

Members Attending

Mohamed Manjra (Chairman)
Reshma Bell
Chris Gill;

In Attendance

Michael Blagden
Shah Alam
Tanya Allaway (MacIntyre Hudson, Internal auditors) until item 7.2
Michael Phillips {RSM Bentley Jennison.
Karen Tinsley {Financial Statements auditors, until item 11.2
David Chaplin (Chaplin Frobisher Welling, Clerks to the Corporation)

1. Auditors briefing

None required.

2. Declaration of Governors' interest

The Clerk reported that no declarations had been notified.

3. Notification of any other urgent business

None.

4. Minutes of the meeting of 17 July 2008

Received: minutes of the Audit Committee meeting of 17 July 2008.

The minutes of the meeting held on 17th July 2008 were approved as a true record and signed by the Chairman.

5. Matters arising

The Chairman reported that following open tender, presentations and interviews the Appointments panel were recommending that both Internal Auditors (MacIntyre Hudson) and Financial Statements auditors (RSM Bentley Jennison) should be re-appointed for a further five year period, subject to annual confirmation by the

Governing Body . No new letter of engagement would be required.
The Chairman thanked the Principal and College staff for their help in arranging the tender and interview process.

The Committee agreed to recommend the re-appointment of Auditors to the Governing Body.

6. Apologies for absence

Apologies had been received from Angelique Gainza and Ola Fadoju.

7.1 Internal Audit

Received: the Internal Audit Annual Report for 2007/08.

Tanya Allaway presented this Report, which gave an unqualified audit opinion that:
“ I am satisfied that sufficient internal audit work has been undertaken to allow me to draw reasonable conclusion as to the adequacy and effectiveness of the College’s Risk Management, control and governance processes. In my opinion Southgate College has adequate management, control and governance processes which should enable the College to manage the achievement of its objectives”

Tanya drew the Committee’s attention to the audit needs assessment and strategic framework for Internal audit. Now that the College had embedded its Risk Management Policy for over three years it was appropriate to move from a systems-based approach to one which focused on the College’s own assessed high risks.

It was confirmed that the 2008/09 plan, which envisaged 312 audit hours at a fee of £20,985, included 7 hours of follow up work and 20 hours to be used in consultation with the College later in the year.

The Committee accepted the Internal Audit Annual Report, and agreed to recommend the Audit plan to the Governors for adoption.

Tanya Allaway left the meeting

7.2 Performance indicators

The Committee reviewed the overall performance of the Internal auditors and graded it as Good (The highest point of a four point scale). Detailed Performance Indicators are attached to these minutes.

8. Review of Risk Register

Received: the College’s Risk Register as at December 2008

The Committee noted the latest updates of the Risk Register and **agreed to recommend it to the Governing Body for formal adoption**, whilst recognising that it was a “work in continuing progress”.

9. Financial Management and Control Evaluation (FMCE)

Received: the College’s response to the LSC evaluation questionnaire.

Michael Blagden and Shah Alam took the Committee through their detailed responses and underlying justification for these, including the gradings:

- Strategic oversight - Good
- Operational oversight – Good
- Sub-contracted providers - Good
- Long –term financial planning - Good
- Short-term Financial planning - Good
- Risk Management – Good
- Internal Control System - Good
- Financial Monitoring - Good

The Committee concurred with management’s view that although there were some individual features that were outstanding, the overall rating of ‘Good’ was appropriate.

The significance of some reported strengths and weaknesses were amended. The Committee noted the most significant weakness was the urgent need to develop a more reliable course costing system.

10. Non-audit Consultancy by Auditors

It was confirmed that neither firm of auditors had undertaken any non-audit related consultancy during the year.

11. Report and Financial Statements

11.1 *Received: the Auditors Management report, the draft Report and Financial Statements for the year ended July 31st 2008, and the Auditors request for a letter of representations.*

Michael Phillips took the Committee through the very comprehensive and useful management letter which included an unqualified audit opinion.

He congratulated the College Management on the Financial turn-round achieved in the past two years, and on their recognition as outstanding by the LSC.

Shah Alam thanked Michael and Karen for the careful but unobtrusive manner in which they had conducted the audit.

The need to open early discussions on the treatment of the accelerated depreciation of the buildings being replaced or re-furbished was noted.

The Committee considered the draft Report and Accounts, in particular noting the Corporate Governance statements.

The Committee agreed that they were satisfied that there was a formal ongoing process for identifying, evaluating and managing the College’s significant risks, and would recommend to the Corporation that the “Turnbull Statement” be included in the Corporate Governance statement which forms part of the Report and Financial Statements.

The Committee agreed the contents of the Annual Report and Financial Statements for submission to the Governing Body.

Michael Phillips and Karen Tinsley left the meeting

11.2 Performance Indicators

The Committee reviewed the performance of the Financial Statements auditors and Graded it as “Good”, the highest point on a four point scale. Detailed Performance Indicators are attached to these minutes.

12. Health and Safety

Received: the summary sheet of the record of the assurance-seeking visit in respect of health, safety and welfare by the LSC inspector.

The Committee noted that this was a very positive report, which indicated that Southgate set a very high standard of Health and Safety standards for learners. The report commented that it was refreshing to have such a high degree of support from all levels of management, and that Health and Safety was visible throughout the College

13. Annual Report of the Audit Committee

Received: the draft Report of the Audit Committee to the Governing Body and Principal.

The Committee considered, amended and recommended the report to the Governing Body.

It was agreed to ask the Governing Body to amend the Committee’s terms of reference to include the new requirement to review the FMCR College’s response.

The Committee agreed the content of the final version of the Annual Report for publishing and submission to the Governing Body and Principal.

14. Date and time of next meeting

Thursday 12th March 2009, at 1700 hours.

Chris Gill apologised that he would be abroad on this date. The Clerk asked the Committee to note the urgent need for at least one additional member, perhaps an external member as recommended by the LSC.

The meeting finished at 6.10 p.m