

New College Corporation

Audit Committee

Wednesday 25 November 2009

Minutes

Present: Mr S Walton (Chairman)
Mr P Boulter
Mr J Dean

In Attendance: Mr R Moist (Grant Thornton LLP) (Part)
Mr G Clark
Mrs B Tyley
Mr R Goodrich
Mr P Taylor (Clerk)

1 Appointment of Chairman

Mr Walton was appointed Chairman of the Audit Committee for the ensuing year.

2 Apologies

Mrs J Millington, Mr S Islam (KPMG LLP), Mr Barnes (Grant Thornton LLP).

3 Confirmation of Minutes

The minutes of the meeting of the Audit Committee of 20 May 2009 were confirmed.

4 Declarations of Interest

None.

5 Internal Audit Annual Report for the Year Ended 31 July 2009

In the absence of Mr Islam, Mrs Tyley introduced the report (copy in minute book) for the Committee, explaining that the report provided an account of the work of the College's internal audit service provider for the year, and their assessment of the College's risk management control and governance processes. She drew the Committee's attention to the results of the four assignments undertaken in the year set out in the report's executive summary, noting that the conclusion was 'adequate' for all areas covered. She referred the Committee to the internal audit service's overall assurance opinion (set out at page 6 of the report) which was that 'the college

has adequate and effective risk management, control and governance processes to manage its achievement of the 'college's objectives'. She described this as being a very positive outcome for the College and was gratified that the internal audit service had sufficient coverage in its assignments to reach the opinions, notwithstanding that coverage was somewhat reduced from that planned. She noted that the programme had been reduced for operational reasons with the deferral of two assignments (Strategic Planning and Curriculum Planning) from the 2008/09 programme to that for 2009/10.

Mrs Tyley referred to the opinions given on the individual assignments shown in the report, and in response to a question from Mr Dean on the capacity for improvement, noted that each assignment was the subject of an individual report brought to the Committee containing recommendations for improvement as well as identifying areas of good practice. She also noted that the reports had included no high priority recommendations. After further questions on matters of detail from Mr Dean and Mr Walton, the Committee resolved to receive the report.

6 Financial Statements Auditor's Key Issues Memorandum for the Year Ended 31 July 2009

Mr Moist from Grant Thornton LLP introduced the report (copy in minute book) for the Committee on behalf of Mr Barnes. He noted that the report's purpose was to highlight key issues affecting the results of the College and the preparation of the College's financial statements for the year ended 31 July 2009. He noted that the auditor's work was substantially complete with some finalising work to be undertaken, and anticipated an unqualified opinion being offered. He was happy to report that it had been a straightforward audit, and that there were no matters of concern to be brought to the attention of the Committee in relation to internal controls.

He noted that in terms of the regularity audit two matters recorded in the report (cashflow reporting and Barclays Business Premium account) had been identified, but that these refer to procedural issues rather than indicators of irregularity. On cashflow reporting he noted their recommendations that the cashflow statement be included within future management accounts. Responding for the College, Mrs Tyley noted that a rolling cashflow forecast is included with the mid-year review reports brought to the Corporation, and that given the sound cashflow position of the College this was adequate to keep governors informed. Should there be a deterioration in the cashflow position of the College, the procedure would be adapted as expanded accordingly. On the Barclays account (College fund) Mr Moist noted that since it related to money collected from students he concurred with the College management's view that the account fund should not be disclosed as an asset within the College's balance sheet. Mr Boulter asked about the practice in the use of any surplus funds collected from students for a specific trip. Mrs Tyley responded that the College fund was considered regularly by the F&GP Committee and surplus balances normally related to payments in advance. Trip surpluses were unusual (indeed the College has had to subsidise some trips), but she would examine the practice and revisit the treatment of the College fund within the College's Financial Regulations.

Mr Moist concluded his remarks by paying due credit to Mr O'Connor and other New College staff for their assistance in the audit, and commented that it had been a very smooth audit and an excellent key issues memorandum for the College had emerged from the process.

Mr Walton thanked Grant Thornton for their work, and recorded the Committee's appreciation for the work undertaken by New College staff.

The Committee resolved to accept the report and commend it to the Corporation for approval.

7 Audit Committee Annual Report Year Ending 31 July 2009

The Clerk introduced the report (copy in minute book) for the Committee explaining that its consideration by the Corporation before accepting the Reports and Financial Statements was required by the Audit Code of Practice. He explained that it set out to describe the work of the Committee for the year in question, and of necessity referred to matters considered by the Committee in the present agenda, and would be finalised for signature by the Chairman in due course.

The Committee resolved to accept the report and subject only to the recording of relevant resolutions to approve the report for signature and presentation to the Corporation and Principal.

8 Internal Audit Strategy and Annual Plan 2009/10

In the absence of Mr Islam, Mr Goodrich undertook to introduce the report (copy in minute book) for the Committee, explaining that it covered much the same ground as the previous audit strategy and annual plan presented to the Committee, and it focussed on the reviews scheduled for 2009/10. Mr Goodrich reviewed the key elements of the annual plan for 2009/10 noticing in particular the increased programme resulting from a carrying forward of the 'strategic planning' and 'curriculum planning' reviews from 2008/2009 programme. Mr Goodrich commented that the revised programme had been the subject of discussion between the College and KPMG LLP. Mr Walton noted that there will be a resultant increase in reports to Committee in the forthcoming year.

The Committee resolved to accept the report.

9 Financial Management and Controls Evaluation

Mrs Tyley introduced the report (copy in minute book) for the Committee noting that it was required for all further education colleges by the Learning and Skills Council. She reported that it was compiled on the basis of self assessments, and that those assessments will be tested by an LSC review to be undertaken at the College in the course of the recently announced inspection of the College by Ofsted in the second week of December 2009. In response to questions from Mr Walton and others she described the basis of the LSC's review. The Committee acknowledged that some 'fine tuning' of the report might prove necessary, and resolved to approve the Financial Management and Controls Evaluation, together with the associated improvement plan as a near final draft.

10 Insurance Renewals 2009/10

Mr Goodrich introduced the report (copy in minute book) for the Committee explaining that it provided a summary of the insurance policies in place and costs for 2009/10 with previous year comparisons. He described briefing the remit of each policy. He described the nature of a recent significant claim and reported the helpfulness of the insurers involved.

The Committee resolved to receive the report.

11 LSC Funding Audit 2008/09

Mrs Tyley reported on the College's selection as one of 75 colleges nationally where the LSC's contractors examined in detail the accuracy of funding claims made to the LSC. She noted that the College's MIS team had dealt with the audit very effectively and that although one or two minor points were still being finalised, a positive outcome for the College was anticipated with no matters of concern arising.

She understood that this was not necessarily the case for all the other colleges participating. She noted that it remained uncertain as to whether there would be a formal reporting of the audit remit.

The Committee resolved to note the oral report.

12 Date of next meeting

The next meeting of the Audit Committee will take place at 5.30pm on Tuesday 27 April 2010.