

CORPORATE GOVERNING BODY OF GODALMING COLLEGE

Minutes of a meeting of the Audit Committee of Godalming College held at the College on Tuesday 24th November 2009 at 7.00pm

Present: Sharon Ward (Chairman)
Margaret Jack
Philip Knights
Chris Kirton (Co-opted member)
Melanie Richardson (Co-opted member)

Advisor: David Adelman (Principal)

In Attendance: Jonathan Ericson (Baker Tilly)
Stella Halloran (Clerk to the Corporation)
Emma Crook (Tenon)

ACTION

- 1. Apologies for absence**
Shaneel Shajpal (College Accountant) was unable to be present and David Adelman (Principal) was attending in his place.
- 2. Declaration of Interests**
No member had any interests to declare on items on the agenda.
- 3. Minutes**
The minutes of the meeting held on 4th June 2009 were approved and signed.
- 4. Matters arising from the minutes**
Item 4 – Disaster Recovery Plan
The Principal advised that there was not yet a reciprocal arrangement with Charterhouse, although both IT managers were working on it. It was anticipated that this would be finalised during the current academic year.

Item 4 – New Finance System
The Principal reported that the changeover had happened as planned and, although not without teething troubles, was operating well on the accounts side. Reports were being produced in paper form, but staff did not yet have on-line access to their budget areas and reports.
All areas of the system should be working by Easter.
The supplier, Lake Sun Systems, had given good backup and training on the new system.
- 5. Accounts for the Year to July 2009**
Sharon Ward explained that the Finance and Estates Committee is responsible for the accuracy and presentation of the accounts; they were presented here in order to make sense of the Audit report.
Jonathan Ericson, of Baker Tilly, confirmed that the figures in the accounts were correct, but that there were still some minor adjustments to the presentation be made – a sheet detailing these was circulated.

6. **Annual Internal Audit Service Report 2008-09**

Emma Crook of Tenon, the internal auditors, presented their final report for 2008-09.

The opinion of the auditors was that 'the College has adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives'. It was a good report.

There were only two recommendations and these were grade 3 (low).

Governors questioned why it took a whole day to do the section of the audit on governance – Emma agreed to take this question back to Tenon.

The Chairman wished it to be recorded that, in the eyes of the committee, it was a credit to the whole team in College that such a positive report had been achieved. They were to be congratulated and thanked.

D ADELMAN

7. **Internal Audit Strategy and Annual Plan for 2009-10**

Emma Crook of Tenon presented the proposed plan for Internal Audit during 2009-10.

The areas to be looked at and the suggested time to be spent auditing each of these areas was documented on page 9 of the plan.

A governor asked whether the Disaster Recovery Plan should be included in the audit. It was suggested that this could be done as an extra, but that IT systems were covered anyway and the Disaster Recovery Plan would be looked at as part of this work. It was agreed that this was satisfactory.

The Plan for 2009-10 was approved subject to the comments about the time necessary to audit governance.

8. **Financial Statements Audit Funding Report**

Jonathan Ericson of Baker Tilly presented their report, which was considered alongside the accounts to 31 July 2009.

Jonathan highlighted the following:

- There was an adjustment to be made to the figures on page 3 of the report - £572,000 being changed to £469,000 and the totals adjusted accordingly.
- The audit could not be completed until the LSC confirm, in writing, the final funding figures.
- There would be a LSC clawback of about £50,000 associated with overfunding of some courses run by BTS. How this had come about was questioned and explained, and it was noted that since the College no longer had BTS this would not occur again,
- 'Going Concern' had become a big issue generally in the FE sector since the LSC would not exist after 31-03-2010. Although for the College an in-year deficit was shown, this was not a cash deficit and therefore the College could be classed as a 'Going Concern'. The deficit was as a result of depreciation of capital developments. Since, over the next few years there would be unlikely to be any funding for capital projects, the longer term reserves needed to be considered in order to allow for any necessary investment in the infrastructure.
- 'Pensions' would possibly become an issue over the coming years as the College had no say over the Local Government or Teachers Pensions schemes.

- There were no matters arising from the Regulatory Review.
- The Financial statements audit had raised a few issues, which were detailed on page 7 of the report - the energy efficiency grant had been satisfactorily sorted between capital and revenue. 'Depreciation' needs tidying up.

Jonathan Ericson reported that the audit had gone quite smoothly, although the question of opening balances still needed to be finally resolved. Baker Tilly would return in January 2010 for one day to check that the opening balances were input correctly to the new system. If these were agreed then next year's year end accounts should run smoothly and be ready more quickly than is currently the case.

Discussion continued in order that governors fully understood the differences between the Local Government and Teacher Pensions schemes – the former being a funded scheme and the latter unfunded. In neither case could the College be in any way in control of the contributions required.

With the change from LSC to SCC and the YPLA, there was uncertainty about who would require the accounts and auditors' reports in the future. Baker Tilly were in discussions with the LSC successor bodies and would keep the College informed when any definite information was known about future accounting requirements.

Sharon Ward thanked Emma Crook and Jonathan Ericson for their presentations and work.

9. **Financial Statements – Engagement Letter**

Jonathan Ericson of Baker Tilly advised that this was as agreed two years ago.

Emma Crook and Jonathan Ericson left the meeting

10. **Monitoring of Audit Recommendations**

The Internal Audit recommendations from their last report were that:

- Adjustments should be made to the final learning agreements to ensure that students were resident in England – this had been implemented.
- The disaster recovery plan for ILT be improved – this was in process but not yet complete.

The External Audit recommendations concerned the posting of opening balances, which had been discussed earlier in the agenda.

11. **Review of Draft Performance Indicators**

Sharon Ward explained that these were assessments of the College's satisfaction with both the Internal and External Auditors i.e. Tenon and Baker Tilly.

The Internal and External Audit Performance Indicators were accepted as presented.

12. **FMCE report**

This year a short report could be submitted so long as there were no changes in assessment from last year.

This was the case for the College; it continued to assess itself as

'Outstanding'.

The report was agreed for recommendation to the Corporation.

13. **Annual Risk Management Report**

The Committee considered that the College had a very robust Risk Management process, scrutinised at both committee and full Board meetings

The report was accepted.

14. **Audit Committee – Annual Report to Governors**

Sharon Ward presented her draft report, which concluded that both the Internal and External audits had gone well.

Members of the Audit Committee agreed that the report should be presented to the Corporation at their December meeting as it stood. CLERK

15. **Whistleblowing**

There was a nil return on this.

16. **Date of next meeting:**

Tuesday 2 March 2010 at 7pm

This was the final audit committee meeting for Margaret Jack. The Chairman thanked her for her years of service to the committee and wished her well.

The meeting closed at 8.40pm.

Signed:

Date: