

Audit Committee 6th December 2011, Committee Room, Ashington Campus

	<p>Present : P Langton, L Rickerby, P Down</p> <p>In attendance: K Allan, K Ramsey, S McNair (PWC), Mick Thompson, A Keelty (KPMG), Ros Smith (co-opted member)</p>	
Audit/6Dec11/01	<p>Confirmation of eligibility and quorum:</p> <p>The meeting was agreed to be quorate.</p>	
Audit/6Dec11/02	<p>Change in membership</p> <p>The Clerk confirmed that Sharon Barlow was no longer Chair of the Audit Committee, having resigned as a governor. It was agreed that Lesley Rickerby would chair today's meeting.</p> <p>Ros Smith was welcomed as a co-opted member, having been appointed by the Corporation on 29th November 2010.</p>	
Audit/6Dec11/03	<p>Minutes of the previous meeting</p> <p>The minutes of the meeting held on 20th September 2011 were approved as a correct record, subject to the following amendment:</p> <p>Audit/20Sept11/05 – replace “repeat audit of procurement” with “follow up and further testing”</p>	
Audit/6Dec11/04	<p>Matters arising from the minutes</p> <p>Audit/20Sept11/05: Procurement audit follow up – Susan McNair reported that out of six recommendations, four have been implemented and two are ongoing.</p> <p>Audit/20Sept11/08: SFA audit – Peter Down asked if the steps identified to improve processes and systems related to apprenticeships had been implemented. Kelly Ramsey responded that Mark Bolton was in the process of implementing those recommendations.</p>	
Audit/6Dec11/05	<p>Reconciliation of July 2011 Management Accounts to July 2011 Financial Statements</p> <p>Kelly Ramsey presented a report which provided governors with an explanation of the key differences between the results reported in the July 2011 management accounts and the July 2011 financial statements. The operating deficit after exceptional costs was £462k in the July financial statements which was £3k more than was reported in the July management accounts. Kelly outlined the reasons for this difference.</p> <p>The report was received.</p>	
Audit/6Dec11/06	<p>Annual Financial Statements – Northumberland College</p> <p>Kelly Ramsey presented the Report and Financial Statements for the Year Ended 31st July 2011 for Northumberland College.</p> <p>Members asked a number of points of clarification of the Statements and Kelly Ramsey provided explanations.</p>	

Mick Thompson explained that, since the draft statements were circulated to the audit committee on 29th November, further discussions had taken place between the auditors and the College executive team, to clarify any changes arising from the cancellation of the merger with NCG. As a result, he circulated an amendment to page 8 of the statements, which includes the sections below:

“Future Developments

The College is currently reviewing its strategic position in light of pulling out of the merger with the Newcastle College Group. The position of the College has significantly improved since the strategic options review was conducted in November 2010 and all the actions identified in the formal financial recovery plan are now in place. The College expects to achieve a “satisfactory” grade for financial health at the end of 2011/12, while projections going forward identify that this will improve further in 2012-13.

The Corporation are of the view that the College is capable of operating independently and this is backed up by a robust financial plan going forward and an ambitious, emerging strategy to sustain and secure further improvement.

Alongside this, the Corporation will be considering further options for securing the future of Northumberland College, specifically focussed towards additional purposeful partnerships and collaboration in line with our strategic objectives. This will be aimed towards the enhancement of a College that remains rooted in the local community, dedicated to serving the educational needs of the whole of Northumberland.

Going Concern

The College recognises that it’s financial performance in 2010-11 needs to be improved upon however the financial recovery of the College was not expected to be fully achieved until the end of 2011-12 and the College remains on track to deliver this.

The College secured a £3m secured loan from Northumberland County Council at commercial rates and with fixed repayment terms, which has helped stabilise the cash position in year. The College now has in place a robust cash management strategy and strong plans for improving financial performance going forward.”

It was noted that there was an outstanding issue, relating to the extent to which the Skills Funding Agency (SFA) would claw back funds relating to the underdelivery of student numbers against funded targets. This was a national issue, with several colleges awaiting confirmation of figures from the SFA.

Members of the Audit Committee asked for clarification on the steps which the Corporation could take in the event that the SFA had not clarified the clawback figure prior to the Corporation considering the

	<p>Report and Financial Statements on 13th December.</p> <p>Kelly Ramsey and Mick Thompson confirmed that the Corporation could either:</p> <ul style="list-style-type: none"> a) Delegate authority to the Chair of the Corporation to sign the accounts once the clawback figure had been confirmed b) Convene a special meeting of the Corporation to sign off the accounts, <p>The Audit Committee agreed to recommend that the Corporation should approve the Report and Financial Statements, with the amended text outlined above, and subject to the SFA clawback amount being confirmed.</p>	
Audit/6Dec11/07	<p>Annual Financial Statements – High Gain Business Consultancy Limited</p> <p>Kelly Ramsey presented the Report and Financial Statements for the Year Ended 31st July 2011 for High Gain Business Consultancy Limited.</p> <p>The Audit Committee agreed to recommend that the Corporation should approve the Report and Financial Statements.</p>	
Audit/6Dec11/08	<p>Audit highlights memorandum and management letter</p> <p>Mick Thompson presented the audit highlights memorandum and management letter. He stated that financial management in the College is robust and the accounts presented to the auditors were of a high quality. Future forecasts had always been based on a stand-alone college, not on an assumption of merger. Financial forecasts needed to be updated but any changes were expected to be positive.</p> <p>MT stated that pages 3,4, and 6 would be updated before presentation to the Corporation, to ensure that figures matched the Financial Statements.</p> <p>The audit committee welcomed the positive statements of the auditors and received the memorandum and management lett</p>	
Audit/6Dec11/09	<p>Any other business</p> <p>Kelly Ramsey reported that the SFA had confirmed that they had received an unqualified audit report from the auditors responsible for the College's learner responsive audit for the year 2010/11.</p>	
Audit/6Dec11/10	<p>Confidential items and items for the risk register:</p> <p>There were no confidential items or items for the risk register to report.</p>	
	Date of next meeting: 6 th March 2012	

Signed:

Date signed: