

Minutes of a Speical Meeting of the Audit Committee AUD1112-1**Held on Monday 3 October 2011 at 4.00 pm****In The Principal's Office****Present:**

Audit Committee			
Garry Charles	Chair	Adrian Stallard	Co-opted Member
Rob Setchell	Member	Jill Jeffreys	Absent
Hollie King	Apologies	Harry Hodgkin	Apologies
In attendance			
Peter Avery	Principal	Marc Webb	Director of Finance
Jane Scott	Clerk to Corporation	Martyn Owen	Assistant Principal: Curriculum and Operations

The meeting opened at 4.11 pm and was quorate throughout.

As this was a special meeting of the Committee convened for consideration of tenders in respect of External Audit Services, there was no consideration of minutes of the previous meeting or other business.

1. Apologies for absence

Apologies for absence are recorded above.

2. Declarations of Financial Interest

There were no declarations of personal or financial interest in the business of the meeting.

3. Consideration of Tenders for External Audit Services

Members noted the summary of tenders received in respect of external audit services at the College for the period commencing 1 January 2012. In examining each tender in detail, the following points were noted:

- The tender from Francis Clark LLP, current External Audit providers, was the lowest priced. As the current providers, Francis Clark had not prepared full tender documents as it was understood that the Committee would base any decision to shortlist the firm on knowledge of the current working relationship with the College. Members noted that current provision amounts to some 200 hours of work. Francis Clark places reliance on the work of the Internal Audit Service for much of its work associated with financial statements auditing. The firm does not offer extensive additional sector knowledge or related services.
- In consideration of the tender from Grant Thornton, members noted the lack of precise detail and were not clear about additional services which would support the second most expensive quoted level of fee.

- The tender from KPMG LLP was the second lowest in price. Information contained within the tender indicated considerable 'value-added' services which the firm is able to offer as one of the UK's leading audit providers within the sector. Knowledge of emergent issues may be critical as the sector moves into a phase of unprecedented change. Previous experience of working with KPMG as external auditors has been positive.
- As the most expensive tender, members expressed some anxiety about the way in which PwC fees had been quoted as 'specially discounted'. Although potentially bringing a lot of value-added expertise to the external audit process, members were fearful that the option could potentially incur significant additional expense over and above that already quoted.
- The tender from Nexia Smith and Williamson indicated limited sector knowledge despite the firm being significantly larger than that of the current External Audit providers. When comparing the number of audit days and fees with that of the current provider, members considered the tender significantly more expensive for a potentially comparable style of service.

In deciding which firms to invite to deliver a more detailed presentation about their services, members noted that the over-arching decision about any appointment would have two key factors: whether or not the College wished to secure a basic level of service at the most economical rate with little or no added value

Or

whether it would be more prudent to incur additional fees in order to receive a substantially enhanced audit service, and able to draw on the specialist sector knowledge of the appointed organisation

Garry Charles proposed that the two lowest priced tenders, the current External Audit Service, Francis Clark LLP and KPMG LLP, both be invited to present their tenders for External Services. This was seconded by Adrian Stallard and agreed *nem con*.

Action: The Clerk to the Corporation will invite Francis Clark LLP and KPMG LLP to deliver presentations to the Committee on 23 November 2011.

There was no other business.

The meeting closed at 4.46 pm.

Chair.....

Date.....