

Minutes of the Audit Committee Meeting held on Monday 29 September 2008 at 3.00pm in Conference Room 1, the Astral Centre

Members present:

John Eade: Co-opted Committee Member
Jane Hore: Chair/Member of Corporation
Anne Swietlik: Member of Corporation

In attendance:

Teresa Miller: Acting Deputy Principal Finance & Resources
Ruth Harrison: Quality Manager
Dan Harris: RSM Bentley Jennison Internal Auditors
Charles Reynolds: Clerk to the Corporation

WELCOME:

The Chair welcomed those present to the first Audit Committee meeting of the current business cycle. A special welcome was extended to Ruth Harrison, the College's Quality Manager, who was attending her first meeting, and also Dan Harris from RSM Bentley Jennison.

APOLOGIES FOR ABSENCE:

Apologies for absence had been received from Wendy Mawer and Bob Russell.

1) DISCLOSURE OF INTEREST

There were no disclosures of interest relevant to the agenda items.

2) MINUTES OF THE PREVIOUS MEETING

The minutes of the Audit Committee meeting held on 30 June 2008 were agreed to be a correct record and were signed by the Chair subject to the following amendment:

Page 1 and heading for item 3.2 to read 'Internal' and not 'international'.

3) MATTERS ARISING FROM THE MINUTES

3.1) Review of Committee Effectiveness

Members reviewed the action plan which had resulted from the review of the Committee's effectiveness at the last meeting. It was agreed to be a correct record of the outcome of the review and should be forwarded to Corporation to be considered as part of the Self-Assessment of Performance.

4) CORRESPONDENCE

There had been no items of correspondence relevant to the Committee.

5) RISK MANAGEMENT UPDATE

Presented by Teresa Miller who advised that the big risk to the College was the consequences of the down turn in the economy. In particular the likely impact on the

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borrowing rate for money needed with respect to the property development. Members were advised that, having spoken informally to both Barclays and Lloyds TSB, it was clear they would lend money for the development. Lloyds TSB had also indicated that they would look at a 3 month revolving LIBOR rate which, Teresa Miller advised, would impact significantly on the balance sheet. In turn this would impact on how the College was viewed externally, which was likely to be different from that of the Learning and Skills Council, where there would be a greater understanding of the position of the College financially.

Responding to this information and with specific reference to strategic risk 3 which related to the Capital Strategy, the Chair expressed the view that the wording associated with this risk needed to be changed to reflect the current financial climate. Members agreed that this would be appropriate. Teresa Miller was therefore asked to produce an amended statement for circulation to members for comment and agreement.

It was further agreed that the Chair would raise the concerns of the Committee with Corporation as part of the review of Audit Committee activity at the next Corporation meeting. Finally on this point, it was agreed that the entry in the 'latest update' box should be moved into the 'overview' box.

With reference to the other risks identified in the register Teresa Miller advised that there were no issues to report as they were believed to be in hand.

Members thanked Teresa Miller for her report.

6) INTERNAL AUDIT 2007/08

All reports were presented by Dan Harris.

6.1) Internal Audit Reports

6.1a) Payroll

The outcome of the audit was that of 'substantial assurance'. There was one 'merits attention' recommendation which was clarified with members by reference to the action plan. The recommendation had been accepted by management.

Members were advised by Dan Harris that the audit had shown progress had been made. The previous audit of payroll had resulted in 5 recommendations for action. Teresa Miller also observed that when payroll had been 'outsourced' there had been significant issues regarding the service provision so it was really pleasing to have a good audit now the service was being provided by the College. Members agreed that it was good to have a positive report about a fundamental College system.

With reference to page 7 and item 7 of the action plan the Chair sought clarification on the reference to three budget holders who had not committed to their staff lists. Teresa Miller was pleased to advise that all budget holders had complied with the requirements.

In summary members were pleased to receive a good report and expressed their thanks to all staff involved in providing the service.

At this point and at the request of Dan Harris, members agreed to review the Follow-Up report next.

6.1c) Follow-Up Report

Members were taken through the detail of the report which, in summary, identified that the College had made 'reasonable progress' in implementing agreed actions following internal audit reviews. It was confirmed that this positive opinion would be reflected in the end of the year Internal Audit report.

Currently there was one 'significant' recommendation, which related to Marketing, and four

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'merits attention' recommendations that related to Marketing and Quality Systems, that had not yet been implemented. In total there was currently non compliance on 6 issues. Responding to this point Teresa Miller advised that these were the reasons for the Quality Manager, Ruth Harrison, to be more closely involved in the internal audit process.

John Eade observed that it can be extremely time consuming to be constantly checking up on staff compliance. However in discussion members agreed that a message should be stressed with all staff that compliance was not optional. It was further agreed that the expectation from Audit Committee was a better than 'Reasonable Progress' outcome.

To this end it was proposed by John Eade and seconded by Anne Sweitlik that all staff should be advised that Audit Committee expects full compliance on all internal audit recommendations.

Members voted unanimously in favour.

Finally, and on the matter of Education Maintenance Allowances (EMA's) the Chair asked if there were any concerns. Responding Teresa Miller advised that nationally there were issues in the delivery of the EMA system. Locally however staff were dealing with the situation efficiently with a local system in place and working well.

6.1b) Annual Internal Audit report 2007/08

Dan Harris confirmed that all internal audit work planned for the year had been completed according to the agreed plan and that the outcome was that the College had adequate and effective controls and processes. The internal auditors were therefore satisfied and had issued an unqualified opinion.

Members were taken through the detail of the report, reviewed the way the programme of internal audit provision had been carried out throughout the year and also considered the benchmark data and performance indicators used by RSM Bentley Jennison. The Chair observed that the Audit Committee had been pleased to get reports in on time.

The Clerk sought clarification on when the outcome of the national review of Governance carried out by RSM Bentley Jennison would be available. This information could be useful for self-assessment purposes.

Dan Harris agreed to find out when this report was likely to be available and inform the Clerk.

Having thoroughly reviewed the Internal Audit Annual Report 2007/08 it was proposed by the Chair and seconded by Anne Sweitlik that it be recommended to Corporation for approval.

Members voted unanimously in favour.

6.2) Internal Audit Reports 2008/09

6.2a) Progress Report

Dan Harris was pleased to advise that, as planned, work was due to commence during the current week with the Commercial Activities review.

The Chair sought clarification on what was meant by the Risk Management Maturity Review, which was advisory. Responding Dan Harris advised that the purpose of the review was to test across the whole organisation to see how mature developed risk management was. This was done against a set of criteria. Anne Sweitlik asked if members could have sight of the criteria as well. John Eade asked whether the criteria was based upon that developed by the Institute of Internal Auditors. Dan Harris could not confirm this to be the case. Members however stated that they looked forward to receiving the outcome of the review. They received the progress report with thanks and hoped that all future reports would be received

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on time.

Dan Harris was thanked for his contribution to the meeting.

7) Business Continuity Plan

Presented to the Committee by Teresa Miller who advised that the plan, which was a 'living' document, was reviewed by Audit Committee annually. There were no major changes to identify and it was clarified that whilst key contact details had been removed from the document circulated for confidentiality and data protection reasons, they were in the document as used.

In reviewing the document members felt that it should take account of the recent situation which had resulted in the need to appoint an Acting Principal. On this point specific reference was made to section 3 and page 7 where key functions were noted.

John Eade also asked whether there was reference to a Post Incident Review. Responding Teresa Miller believed that there was.

Having reviewed the document it was proposed by the Chair and seconded by John Eade that it be recommended for approval to Corporation.

Members voted unanimously in favour.

8) AUDIT RECOMMENDATIONS UPDATE

In presenting this report Teresa Miller again stressed the importance of the new processes in place which involved the Quality Manager in ensuring compliance.

With specific reference to the report Teresa Miller was pleased to advise that the College was on track in actioning the agreed recommendations. Reference was however made to 2 outstanding recommendations which related to the Examinations Advisory Review.

In future and to ensure compliance the Quality Managers team would be requesting copies of evidence from relevant managers to confirm compliance. Work was now underway to seek such evidence with reference to 2007/08 audits and Audit Committee would be advised of any issues of concern highlighted by this process.

Members thanked Teresa Miller for her report.

9) ANY OTHER BUSINESS

There were no items of any other business.

12) DATE AND TIME OF NEXT MEETING

Monday 24 November 2008 at 3.00 pm, Conference Room 1 in the Astral Centre.

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