

**Minutes of the Audit Committee Meeting held on Monday 7 December 2009 in  
Conference Room 2 at 3.00 pm in The Astral Centre**

**Members present:**

John Eade: Co-opted Committee member  
Alan Debenham: Corporation Member (Induction)  
Sarah Smith: Corporation Member  
Anne Swietlik: Chair/Corporation Member

**In attendance:**

Teresa Miller: Vice-Principal  
Ruth Harrison: Assistant Principal  
Dan Harris: RSM Bentley Jennison  
Bill Lumsden: KPMG  
Charles Reynolds: Clerk to the Corporation

**Apologies for Absence**

No apologies for absence had been received. An apology for lateness had been received from Bill Lumsden.

The Chair welcomed all present to the meeting. For the benefit of the meeting she explained her previous experience with respect to audit activity.

**1. Disclosures of Interest**

There were no disclosures of interest relevant to the meeting.

**2. Minutes of the Previous Meeting**

The minutes of the Audit Committee Meeting held on 21 September 2009 were agreed to be a correct record and were signed by the Chair.

**3. Matters Arising from Previous Minutes and not Agenda Items**

**3.1 PFA Train to Gain (previous agenda item 8)**

The Clerk advised the meeting that progress had been made in locating the report and, along with a PFA Work Based Learning Report, it was hoped to bring them both to a future meeting.

**4. Correspondence**

There were no items of correspondence relevant to the meeting.

**5. Risk Management Update**

It was agreed to defer this item until it had been possible for a workshop to be arranged to work through the proposed Strategic Risk Register and also to score the risks appropriately.

The Clerk was asked to organise the workshop in order that a completed draft Strategic Risk Register could be presented to the next meeting.

**Action**

Dan Harris asked to be involved advising that the workshop time could be absorbed into the agreed internal audit programme, therefore at no additional cost to the College.

## **6. Internal Audit Reports 2009/2010**

Presented by Dan Harris.

### **6.1a Safeguarding – Every Child Matters**

Members were advised of the scope of this piece of internal audit work and that the outcome had been that of “Substantial Assurance”. There had been one “Merits Attention” recommendation which had been accepted by College management and was already being acted upon.

Members’ attention was also drawn to section 1.5 which listed examples of “good practice” that had been identified whilst the audit had been carried out.

Teresa Miller informed members that because of the importance of safeguarding and the “Every Child Matters” agenda the College management had asked RSM Bentley Jennison to build in to all future relevant pieces of internal audit work “tests” for both these areas.

Members were pleased with the outcome of the report which was received.

## **6.2 Internal Audit 2008/09**

### **6.2a Annual Internal Audit Report**

Dan Harris reminded members that Mark Jones had given a detailed presentation of this document at the last meeting. He confirmed that the required changes agreed at that meeting had been made and that the document was now ready for presentation to Corporation.

**In the absence of any further discussion or questions, and in view of the very detailed review that the paper had undergone at the last meeting, it was proposed by John Eade and seconded by Alan Debenham that the Annual Internal Audit Report 2008/09 be approved and recommended to Corporation.**

**Members voted unanimously in favour.**

## **7. Financial Statements Auditors Reports 2008/09**

Presented by Bill Lumsden

### **7.1 Management Letter**

Before commencing his presentation Bill Lumsden referred members to the “Independence” statement contained in the Introduction section of the Management Letter. He also acknowledged the impact that the failures surrounding the LSC Capital Fund had had on the College outturn

Members were taken in detail through each section of the Highlights Memorandum with reference to College income Bill Lumsden advised that confirmation was still being sought from the LSC with respect to the College recurrent grant. The relevant data had been sent on time but without this confirmation KPMG would be unable to sign off the accounts.

Reference was made to issues surrounding FRS17 Pensions which affected all colleges and impacted on the Balance Sheet.

Whilst the overall outturn for the College was showing a deficit of £578,000. Members were advised that, if the impacts of the Capital Project, costs of restructuring and the effects of FRS17 were taken out of the equation the College had in fact achieved an underlying trade surplus for the year of £101,000 and an overall deficit of just £38,000. It was acknowledged that, considering the challenges faced by the College, this was a good outcome.

Details were provided on the Colleges governance performance which confirmed full compliance.

Finally members were taken through Section Five, which detailed observations arising from the 2008/09 audit, which included recommendations for action and management responses, Section Six which confirmed there were no issues from the regularity audit and Section Seven which highlighted matters for future consideration. With regard to the follow-up from the previous year's audit it was confirmed that there were no issues.

**In the absence of any further discussion it was proposed and seconded that the Management Letter be recommended to Corporation for approval.**

**Members voted unanimously in favour.**

## **7.2 Funding Assurance Report 2008/09**

Again members were taken through the detail of the report. Specific attention was given to the "Assessment of Controls" section on page 4 which clearly indicated year on year an improving picture. The overall judgement from KPMG was "satisfactory".

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