

**Minutes of the Audit Committee Meeting held on Monday 3 October 2011 at 3.00pm in Conference Room 1, the Astral Centre**

**Present:**

Emma Beese : Staff Governor  
Alan Debenham : Chair/Governor  
John Eade : Assistant Governor  
Deanna Law : Governor

**Observer:**

Richard Perkins : Governor

**In attendance:**

Dan Harris : RSM Tenon  
Ruth Harrison : Assistant Principal  
Charles Reynolds : Clerk to the Corporation

The Clerk welcomed all to the first meeting in the new business cycle.

**Apologies for Absence**

Apologies for absence had been received from Anne Swietlik. Apologies had also been received from Tina Ellis who was to have attended as an observer and also Teresa Miller and Rachel Delara.

**1. Disclosure of Interest**

There were not disclosures of interest relevant to the agenda items.

**2. Appointment of Committee Vice-Chair for 2011/2012**

The Clerk asked for nominations for the post of Vice-Chair, Anne Swietlik having been appointed by Corporation to be Chair.

Emma Beese proposed Alan Debenham continues as Vice-Chair. **Alan Debenham agreed to the nomination which was seconded by Deanna Law.**

**The vote was unanimous in favour.**

In the absence of Anne Swietlik, Alan Debenham chaired the rest of the meeting.

**3. Minutes of the previous meeting**

The minutes of the previous meeting held on 20 June 2011 were agreed to be a correct record and were signed by the Chair.

**4. Matters Arising from the Minutes**

**Action**

#### **4.1 Review of Committee Effectiveness**

**It was proposed by John Eade and seconded by Alan Debenham that the outcome of the review of committee effectiveness as set out in the meeting papers, was a correct record.**

**The vote was unanimous in favour.**

Richard Perkins asked whether the Committee felt its membership was robust enough. The review of the Committees effectiveness had not raised this as an issue. However and following discussion, it was agreed that the issue could be part of the Chairs report to Corporation as it was at that level that membership of Committees was determined.

#### **5. Correspondence**

No items of correspondence had been received.

#### **6. Risk Management Update and Annual Report 2010/2011**

In Teresa Millers absence this report was presented by Ruth Harrison. Referring members to the meeting paper, Ruth Harrison provided an update on the current situation regarding the lecturer's contract. She also advised on a change in policy by the Skills Funding Agency with respect to post 19 funded activities.

With specific reference to the Strategic Skills Register, Ruth Harrison confirmed that Teresa Miller was requesting the establishment of a short-life group to review its contents in the light of the review currently being undertaken by Corporation of its Strategic Aims and Objectives and also to review its effectiveness. This review to be carried out with the aim of making recommendations to the December board meeting.

Dan Harris asked how frequently the operational Risk Register was subject to review and monitoring. Responding, Ruth Harrison confirmed this to be a monthly ongoing situation.

With respect to the Annual Risk Management Report for 2010/2011, Ruth Harrison took members through the detail of the report which was reviewed, subject to discussion and accepted.

Returning to the issue of the report to set up a short-life group as outlined above, and in recognition of the need for the strategic Risk Register to be updated, it was proposed by the Chair and seconded by Emma Beese that such a group be established. The Clerk to work with Teresa Miller to facilitate.

**Clerk**

The vote was unanimous in favour.

**It was further proposed by John Eade and seconded by the Chair that the Annual Report be accepted and reported to Corporation.**

**The vote was unanimous in favour.**

#### **7. Internal Audit Reports**

These items were presented by Dan Harris.

##### **7.1 Internal Audit 2010/2011**

### **7.1a Procurement and Payment**

The outcome of this piece of internal audit activity was that of a 'Green' opinion. There were two recommendations for action, one medium priority and one low priority, and two areas of good practice had been identified.

Referring members to the meeting paper, Dan Harris confirmed the scope of the audit and took them through the action plan explaining the background to the recommendations made both of which had been accepted by management.

Members were pleased at the outcome of the report which was accepted.

### **7.1b Draft Internal Audit Report 2010/2011**

In anticipation of the review of the document it was confirmed by the Clerk that the final version would be brought to the next meeting.

Dan Harris confirmed the role of the Internal Auditors in providing the report. He also advised the draft opinion was that of 'Green' for the areas of Governance, Risk Management and Control which was a very pleasing outcome.

It was confirmed that all recommendations made as a result of the Internal Audit Work had been accepted and that good progress had been made in their implementation.

Responding to the draft report the Chair observed that it was a very pleasing one to receive.

## **7.2 Internal Audit 2011/12**

### **7.2a Strategy for Internal Audit 2011/12 – 2014/15**

Dan Harris took members through the detail of the proposed strategy confirming that it had been the subject of discussion and agreement with the College Senior Management Team.

Members were firstly advised of the key issue that had been identified as necessary for the strategy to cover. It was also confirmed that the proposed strategy was based around the identified College Strategic Risks. The final part of the introduction to the strategy was to confirm the role of Audit Committee and specifically factors that should be considered in determining whether the plan was fit for purpose.

Having set the scene, Dan Harris took members through the proposed strategy through to 2014/15 (Appendix A) and the plan for 2011/12 (Appendix B). He also advised the Committee on what were perceived to be the 'Emerging Issues' not covered in the plan but that should be taken note of (Appendix C).

Responding to the proposals and whilst identifying that it was perfectly adequate, John Eade reminded members that during the tender exercise recently carried out, it had been made clear that what Audit Committee wanted was to have a strategy that would push the College to a new level and drive improvement. He asked how the proposed strategy would do this.

Responding, Dan Harris advised that there was a change in approach to the delivery plan. This would now be by block visits and that the Manager would remain on site to 'add value' at a senior level to the audit activity. Indeed in some cases carrying out the activity themselves.

John Eade asked whether the Committee could be assured that College Management would be challenged more.

Responding, Dan Harris again observed that the strategy was based upon the identified Key Strategic Risks. He observed that if these were not delivering what the Committee wanted they should be revisited.

Ruth Harrison advised the Committee that there were new areas in the strategy that were important to the College for example, Work Based Learning, which would be very stretching for the College. It was her view the strategy did provide the challenge required.

John Eade asked if there were any other audits that could be included that could drive the College forward. He also asked to see the full list of audits that had been considered in discussion with College Management. Other members agreed this would be useful to see.

Clerk/ RH

Having thoroughly reviewed the proposed strategy and recognising that here was a level of discomfort about its contents, **it was proposed by the Chair and seconded by Emma Beese that a meeting be convened as soon as possible with the Chair of Audit Committee and to include Alan Debenham, John Eade, Teresa Miller and Dan Harris, to try to address the concerns raised. Preferably the meeting to be before 17 October in order that a revised strategy can be put to Corporation for approval.**

Clerk

**The vote was unanimous in favour.**

## **8. Fraud Self-Assessment**

In Teresa Millers absence, this paper was presented by Ruth Harrison. It was confirmed that the purpose behind bringing the item to the Committee was to comply with an International Accountancy Standard requirement to provide assurance to auditors on controls and processes aimed at preventing fraud as well as confirming whether or not fraud had occurred. On this last point also to confirm that there had been no examples of fraud identified.

Not only was it important to provide assurance to auditors but also Audit Committee and Corporation.

With reference to the meeting paper, Ruth Harrison advised that a self-assessment had been carried out of key financial areas as listed in the Executive Summary. The outcome of each piece of self-assessment was reviewed.

Having thoroughly reviewed the self-assessment and in recognising that there was no evidence of any fraud, **it was proposed by John Eade and seconded by Deanna Law that the Fraud Self Assessment be accepted and recommended to Corporation for approval.**

**The vote was unanimous in favour.**

## **9. Audit Recommendations Update**

Presented by Ruth Harrison who advised that as had been identified within the Draft Annual Internal Audit Report reviewed earlier in the meeting, there were no areas outstanding and out of time. To that end there was nothing of concern to bring to the Committees attention. Members were taken through the meeting paper that confirmed

this to be the case.

Members thanked Ruth Harrison for her report which was noted.

#### **10. Chairs report to Corporation**

Members agreed the following should be reported by the Chair to Corporation:

- Membership of Audit Committee
- Draft Annual Internal Audit Report
- Internal Audit Strategy – concerns
- Fraud Self Assessment
- Strategic Risk Annual Report 2010/2011

#### **11. Any Other Business**

There were no items of any other business

#### **12.) Date and Time of Next Meeting**

The next meeting of the Audit Committee will take place on 28 November 2011 at 2:00pm. The venue to be Conference Room 1, the Astral Centre.

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